



Connecting the Region
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Strategy for the Adriatic and Ionian Region (EUSAIR)

3rd Meeting of the Thematic Steering Group - for Pillar 2 (TSG2) “Connecting the Region” Rome, 14- 15 December 2015

MINUTES AND OPERATIONAL CONCLUSIONS

Venue: Ministry of Foreign Affairs and International Cooperation, piazzale della Farnesina 1, Rome, Italy

Chairs: Pillar 2 Coordinators, respectively:
Transport Networks: Mr Antonio Cancian (Italy, Ministry of Infrastructures and Transport) and Ms Tatjana Jovanović, (Republic of Serbia, Assistant Minister, Ministry for Construction, Transport and Infrastructure);
Energy Networks:
Mr Sergio Garribba (Italy, Ministry of Economic Development) and Ms Mirjana Filipović (Republic of Serbia, State Secretary, Ministry of Energy and Mining).

Participants: EUSAIR Thematic Steering Group 2 (TSG2) members, representatives of the European Commission (DG REGIO, DG MARE, DG MOVE, DG ENER), representatives of SEETO Secretariat, CEI Secretariat, Energy Community Secretariat, EIB as guests invited to attend only specific working sessions of the agenda, Managing Authority of ADRION Programme. The Italian EUSAIR National Coordinators and representatives of the Italian Ministry of Transport and Infrastructures, Italian Ministry of Foreign Affairs and International Cooperation, the Italian Coastguard are also attending.

MINUTES:

Representatives of the eight EUSAIR Member Countries attend the Meeting. Albania, Italy, Montenegro, Serbia and Slovenia are represented by delegates from the transport sector. Bosnia Herzegovina, Croatia, Greece, Italy, Serbia and Slovenia are represented by delegates from the energy networks sector. The list of participants is attached.

1. Welcome and Introduction. In his welcome address H.E. Andrea Orizio, Head of the Unit for the Balkan Region of the Ministry of Foreign Affairs and International Cooperation underlies the strong commitment and support of the Government of Italy towards the EU Strategy for the Adriatic and Ionian Region. Actions and projects should reinforce existing EU policies while EUSAIR Member Countries would share benefits resulting from co-ordinated planning of the actions and projects, their funding and implementation.

The Italian Pillar Coordinators open the first working day stating the need for concrete and clear results. The TSG2 could achieve success if the necessary financial available resources will be gathered in an efficient and smart way while enacting the common and joint Action Plan. An effective financial framework is required to attract private investments. Considerable steps forward have been made since the last TSG2 Meeting thanks to the joint efforts and contributions of all the Member countries and help by the Technical Support Unit. Enhanced cooperation on projects with macro-regional impact is mentioned as an urgent step forward.



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The Serbian Pillar Coordinators stress that the political commitment has to be associated to a higher level of attendance and active participation from all countries. It is important that the TSG2 work is recognized directly by the respective administrations.

DG REGIO underlines the two main goals of the TGS2 Meeting: i) to reach an agreement on the priority actions and sub-actions on which to concentrate the work in the first stages, ii) to start the discussion on the possible specific criteria guiding the work in order to identify projects and measures.

The Technical Support Unit informs that the list of formally appointed TSG2 Members has been uploaded in the new EUSAIR Intranet web site and recalls that the updating and possible revision of the list of TSG2 representatives should be communicated to the TSG2 Pillar Coordinators in due agreement with the respective EUSAIR National Coordinators.

2. Adoption of the Agenda. The draft Agenda is adopted.

3. Formal Adoption of the Minutes and Operational Conclusions of 2nd TSG2 Meeting held in Belgrade, 6-7 July 2015. The Minutes and Operational Conclusions are adopted.

4. Update on EUSAIR Progress.

a) **The Serbian Pillar Coordinators inform about the main outputs achieved during the first technical meeting of EUSAIR Pillar Coordinators held in Zagreb on 6 October 2015.** TSGs functioning and their first experiences were reviewed: top-down commitment as well as bottom-up support are not sufficient and a new administrative approach has to be shaped; good preparation of TSG meetings – under the lead of Pillar Coordinators and with inputs from all participating countries – is crucial for raising participation; lack of participation of some countries has to be duly tackled. TSGs need operational (technical and financial) support and funds for seed money, feasibility studies as well as permanent staff and qualified expertise. Inter-pillar coordination in implementing EUSAIR Action Plan has to be duly envisaged.

b) **DG REGIO reports on the key topics discussed during the Governing Board Meeting which took place in Zagreb last 7 October 2015.** In particular invites the participants to think about how the TSGs could factor in the current refugee crisis, keeping in mind that the EUSAIR did not foresee such specific goal.

c) **DG REGIO informs that the 1st EUSAIR Forum which will be held in Croatia on 12-13 May 2016** represents the next key political event where TSG2 Pillar Coordinator may report on TSG2 activities and achievements.

d) **DG REGIO summarizes the current state of play of the EU Strategy for the Danube Region (EUSDR).** This Strategy which started in 2011 has a stable governance structure with a rotating Presidency, a Group of National Coordinators and a Danube Strategy Point hosted in Brussels by Baden Württemberg, running since last July. The Strategy is currently revising the original targets which could imply a revision of the Action Plan, both to be endorsed by the High Level Group. **The Slovenian Coordinator of EUSDR Priority Action 1b “Mobility” introduces the experience within EUSDR** (*see the Presentation attached*) emphasizing the need to have the right framework conditions for the selection of joint measures with a real added value.

Following the presentation of the transport-related activities an invitation should be forwarded to the EUSDR to present the energy networks-related activities during the next TSG Meeting.

5. Priority Actions for TSG2 and 6. Introduction on General and Specific Criteria for Identifying (Actions and) Projects. Exchange of Views. The TSG2 separates into the Sub-Group on Transport and Sub-Group on Energy Networks which meet separately.



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In both Sub-Groups **the respective Pillar Coordinators present background papers sent earlier to the TSG2 Members and drafted on the basis of the contributions received.** Such background paper, to be discussed for endorsement, identify a list of Priority Actions and corresponding Priority Sub-Actions, on which to concentrate the TSG activities in the initial period. The Sub-Groups Members are asked to express their opinion on the methodology used and no objections are raised. **A joint exam and discussion on proposed Priority Actions and Sub-Actions take place.**

TSG2 Sub-Group on Transport

Two Priority Actions proposed for Topic 1. (“Improving and harmonizing traffic monitoring and management” and “Developing ports, optimizing port interfaces, infrastructures and procedures/operations”) **and three Priority Actions proposed for Topic 2.** (“Developing the Western Balkans comprehensive network”, “Developing motorways of the sea”, “Cross-border facilitation”) **are deeply analysed.**

The Italian Pillar Coordinator, supported by the Serbian Coordinator, starts the discussion proposing an integrated perspective for the connection of port communities in the Region with the neighbouring TEN-T corridors. The last mile connection is currently the most important missing factor. Interconnectivity (of ports with axes and corridors), intermodality (making easier for operators to choose between different options available) and financial integration (trying to blend financial sources through grants, loans and guarantees) constitute the three key factors to establish a macro-regional mindset going above national interests and driving the possible elaboration of some parts or phases of wider projects. Labelling should be carried out according to this logical framework.

DG MOVE invites the Sub-Group to take into account the rational of proposed Priority Actions and the way they complement the existing initiatives in the Region: an additional component to the proposed approach could be foreseen making it more explicit the possible synergies with the ongoing interventions. It is advisable to look on short-medium timeframes in order to avoid excessive difficulties in the implementation. Furthermore, it seems important to define more precisely the Priority Actions, using concrete targets and shifting the focus on the core network given that IPA Programmes provides funds specifically on that.

An open debate is conducted among the TSG2 members: integration on missing elements such green shipping, improvement of last mile connections and substitution of the “comprehensive” focus with the more general “transport network” in accordance with the “Berlin process-WB6” are settled.

Italian Cost Guard intervenes on the relevance of reducing administrative burden as much as possible. The creation of common data sharing in the Mediterranean and Balkan area will allow the Countries to be provided with data reception and distribution. The intention is not having the same PCs but rather to have a table for the Adriatic and Ionian area, as was done for the Baltic Sea Region, where the discussions can take place between representatives who have clear mandates. A technical meeting will be held with the support of EMSA after March 2016 and the outcomes will be submitted to the TSG2.

In relation to the specific selection criteria the participants agree upon a possible identification for the next meeting.

Before concluding the working session a shared slight revision of the original text and a better formulation of some sub-actions are agreed by the Sub-group as reported in Annex 3 of the present minutes.

TSG2 Sub-Group on Energy Networks

Three Priority Actions proposed for Topic 3. (“Construction and establishment of a well-connected power system and well-functioning electricity market”; “Construction and establishment of an integrated natural gas infrastructure and a well-functioning gas market”; “Clean fuels for maritime transport and their logistics”) **are debated.**

Clearly, the degree of involvement in the three proposed Priority Actions depends upon the country. Countries that do not have access to the sea or have a limited access bear much less interest in the Priority Action on Clean Fuels for Maritime Transport and Its Logistics. This point should be noted and the inclusion of natural gas use for road transport should be considered to address this issue and to cover landlocked Countries. Indeed, during the debate the Serbian Coordinator for the TSG2 and the Energy Sub-Group said the Serbian priorities are referred to “Construction and establishment of a well-connected power system and well-functioning electricity market”, and “Construction and establishment of an integrated natural gas infrastructure and a well-functioning gas market”.

2020 and 2030 are defined as possible time horizons while the proposed Sub-Actions are considered as an open list. It should be noted that the energy framework and context are undergoing continuing change, and some projects appear like a “game changer” more than others. The project of bringing gas from the South-East Mediterranean through Cyprus, Crete and Greece is amongst these projects though its timing might appear quite long.

It is observed that guidelines, criteria and lists of projects (and measures) of interest for the proposed Priority Actions and Sub-Actions are contained in the work performed and ongoing on Projects of Energy Community Interest (PECIs), the Central and South-Eastern European Gas Connectivity (CESEC) Initiative, and the Poseidon Programme. In this respect, forms of co-operation can be envisioned with existing European and multilateral organisations having similar or converging objectives, in order to avoid overlaps and find synergies and complementarities (e.g. with projects linked to capacity building or the regulatory framework). **A special case is the Energy Community Secretariat which would be consulted and in cooperation with EC offer support and analysis relevant to the compliance with the EU and Energy Community rules and initiatives upon request by the TGS2.**

DG ENER proposes to build on and possibly complement the CESEC initiative and suggests that work done in the EUSDR PA 2 Energy can be a model both in terms of content and procedure.

The concept of master plans and policy frameworks for the Region with regard to each one of the three proposed Priority Actions could be discussed during forthcoming TSG2 Meetings. In particular, the TSG2 may focus on the identification of projects (and measures), their assessment and ranking according to specific criteria and the availability of (public and private) means for financing before these projects (and measures) are endorsed by the TSG2 to promote their implementation and accomplishment.

In the Sub-Group on Energy Networks a debate is conducted on the background paper on Cross-Cutting Issues and its Priority Actions and Sub-Actions. The background paper is endorsed. Two aspects appear of utmost importance, capacity building and the construction of an industrial capability which might take advantage from existing and new small and medium-size enterprises on the Region. The private sector must be involved. It is important

to think about creating some kind of industrial capability while understanding how different companies from different EUSAIR Members can work together. This subject should be developed and lead to practical measures.

As far as the specific criteria are concerned and identification of projects and measures a broader discussion is expected be taken during the next meeting based on a proposal to be circulated in advance.

7. Report on the Main Conclusions of the Two Sub-Group on Transport and Energy Networks. The main conclusions of the two Sub-groups are reported by the TSG2 Coordinators in the plenary session. The importance of building actions and projects on existing initiatives in order to exploit synergies and create complementary interventions is put in evidence and the two Background Papers on Priority Actions and Sub-Actions for Transport and Energy Networks are adopted.

With regard to the Cross-Cutting Issues the Priority Actions are shared by both Sub-Groups. The Background Paper on Priority Actions and Sub-Actions for the Cross-Cutting Issues as endorsed by the Sub-Group on Energy Networks would be jointly discussed by the two Sub-Groups during the next TSG2 Meeting before its eventual adoption.

8. Process of prioritisation. It is evoked the technical support of European Commission through its expertise to accompany the TSG2 work. **DG REGIO reminds that the ownership of the Strategy belongs to the countries: TSGs are required to set realistic targets, together with a clear roadmap indicating steps, criteria, indicators and baseline, and how to move to the next phase.**

9. Potential Financial Resources to be Activated and Data Base Available. Given the Priority Actions and Sub-Actions as adopted by the TSG2, DG REGIO proposes a deeper exercise of mapping the EU, national and regional available resources. Such exercise implies a strict coordination and cooperation with national and regional authorities responsible for Funds. Each TSG2 representative, keeping in mind the approved Priority Actions, is invited to check how and which EU and national programmes and funds operating in their countries could be aligned, screening and reporting them to the Pillar Coordinators in order to have a global vision on all possible funding. The activities will be performed jointly thanks to the Technical Support Unit on the basis of a template which will be prepared and circulated.

EIB presents the possible financial instruments to be activated. Single projects or even programmes that can be deemed as a single operation could be financed. They must be in line with EIB guidelines and all EU directives, solid and technically sound; the economic rate of return must be positive, including social factors. EIB complements the cost of operations not covering the whole project (maximum rate of 50%, in some cases 75%). Maturity and tenor of long lasting projects are also taken into consideration. The cost-benefit analysis is mandatory and extremely important. There are 3 criteria to be fulfilled: quality, contribution to growth and employment, consistency with policies and objectives. EIB is a lending and blending advisor: all available resources must be optimized by combining EIB funding with

other programs. The Juncker Plan can be accessed by projects covering Balkans area only in the case of big projects that connect different countries and the MS are involved.

DG MARE informs that this Directorate will launch next month a series of calls for the implementation of maritime policy in the Mediterranean. In the next year program of the UfM (Union for the Mediterranean) the involvement of the Western Balkan area is foreseen. The so-called "blue calls" will cover the issues related to skills, research and development with a specific focus on concrete actions and private sector involvement.

CEI introduces its three funds which can be used by EUSAIR countries also for infrastructures, notably the CEI fund at the EBRD (*see the Presentation attached*). It is outlined the positive role that EU-funded projects (both through Interreg/ETC such as ADRION Programme and CEF/H2020 funds) can play for the implementation of all preparatory and preliminary studies (CBA, environmental impact, preliminary and final designs, etc.) in view of a later concrete realization within EIB or WBIF financial instruments. CEI expresses full support to the TSG2 of EUSAIR for the analysis of relevant EU-funded projects already implemented or under implementation in the Region and the related outcomes.

SEETO, presenting its institutional role (*see the Presentation attached*), **gives a specific contribution on the work planned and under realization within the “Berlin process-WB6”** for the creation of efficient and functional network which integrates the Western Balkan Region in the global transport flows. Different kinds of databases available are mentioned which are affecting in terms of traffic flow regional, national and Corridors levels. Both soft and hard actions/measures have been drawn up. There are two distinct types of priority project, Project Eligible for Funding (mature projects) and Project for Preparation, not yet finalized that are in their early stages.

The Energy Community Secretariat (*see the Presentation attached*) **explains that all projects promoted are supported by the Ministerial Council of the Community** and can be considered as an opportunity for investment in the Balkan region.

10. ADRION Programme and Progress

The **ADRION Managing Authority Core Team (Emilia-Romagna Region) delivers a presentation on the ADRION Programme** (*see the Presentation attached*) explaining the current state of implementation. ADRION, endowed with about 99 mil € of EU Funds, covers the same area of the EUSAIR and is also matching the EUSAIR Pillars (with the exception of the Energy) About 17,8 mil € are allocated to the Priority Axis “Connected Region” and EU co-financing rate of projects is up to 85%.

The first open call will be launched between January- February 2016 and 40% of the total budget will be activated. Projects that comply with the EUSAIR objectives will receive bonus points (additional score). The second call, expected in 2017, will be more targeted on the identified priority actions and sub-actions within the different TSGs of the EUSAIR.

Some disappointment is expressed by some of the participants in relation to the operational Support that the ADRION Programma should give to EUSAIR Operation and “Governance given the delays and uncertainties.

TSG2 operation implies a cost for its Members while other costs are absorbed by the Technical Support Unit and means for covering some of these costs should be found. On the other hand, according to the functions as stated in the Rules of Procedure the TSG2 should to Work for “promoting relevant regional surveys, technical and economic feasibility studies and comparative analyses” and this work needs financial means. The misalignments between EUSAIR and the ADRION Programme should be contained and ways should be found according to TSG2 Members to bring coherence. The search for means for funding TSG2 operation and governance should continue.

REGIO informs that the strategic project to define the EUSAIR Facility Point is under preparation and the Partners appointed by each Country are in the process of defining the specific support activities. The identification of specific projects of common interest for the Region, of their possible key actors and means of financing are the core activities towards projects labelling by the TSG2.

11. TSG2 Work Programme for Year 2016. About three TSG2 Meetings are envisaged for the year 2016: one in early Spring, the second in Summer and a third one during late Autumn. **Specialized ad hoc workshops might be organized to deepen topics of interest of both Transport and Energy Sub-Groups and therefore a clear definition of the key stakeholders to be involved has to be finalized.** Mapping of relevant financial resources should be completed in close cooperation with the administrations responsible for the different financial instruments. Close relations should be ensured with the other macro-regional strategies with special attention to Transport and Energy Networks Issues. Communication tools and activities to disseminate and make more visible the TSG2 activities are necessary.

12. Joint Operational Conclusions and Next Steps

a) The next 4th TSG2 Meeting is tentatively scheduled on early April 2016. The Meeting would be hosted by the Republic of Serbia.

b) **DG REGIO informs that the 1st EUSAIR Forum will be organised in Dubrovnik (Croatia) on 12-13 May 2016:** among the parallel events a session on connectivity in the region has been planned, TSG2 will be requested to actively contribute. The 3rd EUSAIR **Governing Board Meeting will take place on 24 February 2016 in Brussels. The first Annual Report** of the TSG has to be submitted to the Governing Board Meeting (a template will be circulated). A technical meeting between Pillar Coordinators has been scheduled back to back to the next Governing Board meeting (to take place on 23 February 2016).

OPERATIONAL CONCLUSIONS:

1. The Minutes and Operational Conclusions of 2nd TSG2 Meeting held in Belgrade, 6-7 July 2015 are adopted.
2. Two main goals are advocated, namely the need a) to reach an agreement on Priority Actions and Priority Sub-Actions with regard to the three Topics of the Action Plan and the related Cross-Cutting Issues, b) to start discussion on possible specific criteria and



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funding mechanisms in order to identify projects and measures of interest to the Region.

3. Progress in the EU Strategy for the Danube Region is noted with regard to transport-related activities. Links should be maintained with this Strategy. An invitation should be sent to PA2 for the possible presentation of energy-related activities during the next TSG2 Meeting.
4. Priority Actions and Priority Sub-Actions are endorsed by the TSG2 Sub-Group on Transport and adopted by the TSG2 with regard to the Topics of Maritime Transport and Intermodal Connections with hinterland.
5. Priority Actions and Priority Sub-Actions are endorsed by the TSG2 Sub-Group on Energy Networks and adopted by the TSG2 with regard to the Topic of Energy Networks.
6. Concerning the Cross-Cutting Issues, both the TSG2 Sub-Group on Transport and TSG2 Sub-Group on Energy Networks endorse a list of proposed Priority Actions which are adopted by the TSG2. A list of Priority Sub-Actions is also endorsed by TSG2 Sub-Group on Energy Networks for joint consideration with the Sub-Group on Transport during the next TSG2 Meeting.
7. Forms of co-operation and support with regard to “relevant regional surveys, technical and economic feasibility studies and comparative analyses” might be envisioned and would be further explored between the TSG2 on one side and the South-East Europe Transport Observatory and the Energy Community on the other. To the purpose, proposals would be evaluated during the next TSG2 Meetings.
8. According the functions as stated in the Rules of Procedure, the TSG2 would consider during its next Meetings: a) proposals of specific criteria for identifying and endorsing projects (and measures); b) mapping “relevant EU, international, national and private funding sources” for projects (and measures) with regard to the Priority Actions and Priority Sub-Actions as adopted by the TSG2.
9. Precisely, given the importance of ensuring adequate funding for projects (and measures) close co-operation will be sought in the TSG2 with relevant EU funds management administrations and other administrations responsible for different sources of financing. With aim at mapping funding mechanisms and sources, as well as their scope, timing, and procedures for access, with the help of the Technical Support Unit an ad-hoc template would be prepared that TSG2 Member countries will be asked to fulfill before the next TSG2 Meeting.
10. The need for funding TSG2 operation (including the operation of the Technical Support Unit) is highlighted as well as the need for finding ways to finance the work which should be conducted for “promoting relevant regional surveys, technical and economic feasibility studies and comparative analysis” according to the functions of the TSG2 as



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stated in the Rules of Procedure. Some misalignment regarding objectives and timing between TSG2 needs on one side, and funds which might be made available under the ADRIAN programme on the other side, is noted.

11. A draft TSG2 Programme of Work for the Year 2016 is prepared by the TSG2 Coordinators assisted by the Technical Support Unit. The draft is circulated with the draft Minutes and Operational Conclusions of the 3rd TSG2 Meeting for comments before endorsement.
12. As for next steps, the TSG2 Pillar Coordinators would: a) attend the EUSAIR TSG Pillars' Coordinators Meeting in Brussels on Brussels on 23 February 2016; b) present the TSG2 Annual Progress Report before the EUSAIR Governing Board Meeting in Brussels on 24 February 2016; c) present TSG2 activities and achievements during the EUSAIR Forum convened in Dubrovnik on 12-13 May 2016.
13. The next 4th TSG2 Meeting will be convened on early April 2016 in the Republic of Serbia.

Annexes

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| Annex 1. | 3rd TSG2 Meeting, Rome, 14-15 December 2015: List of participants |
| Annex 2. | 2nd TSG2 Meeting, Belgrade, 6-7 July 2015: Minutes and Operational Conclusions adopted by the TSG2 |
| Annex 3. | TSG2 Sub-Group on Transport: Background Paper on Priority Actions for Transport (endorsed by the TSG2) |
| Annex 4. | TSG2 Sub-Group on Energy of Networks: Background Paper on Priority Actions for Energy Networks (endorsed by the TSG2) |
| Annex 5. | TSG2 Sub-Group on Energy Networks: Background Paper on Priority Actions for Cross-Cutting Issues (endorsed by the Sub-Group on Energy Networks) |
| Annex 6. | TSG2 Draft Programme of Work for the Year 2016 (for comments) |
| Annex 7. | Selected presentations delivered during the 3rd TSG2 Meeting (for information) including: 1b PAC of EU Strategy for the Danube Region, Central European Initiative, South East Europe Transport Observatory, Energy Community. |