



Four principles for a participatory just transition in the Western Balkans and Ukraine



Kolubara, Serbia. Photo credit: Dan Wilton / ClientEarth

Over 30,000¹ people are employed by the coal industry in five Western Balkan countries.² The majority of them – over two thirds – are employed in open-cast coal mining, and the rest in power plants. The number may not seem strikingly high if the overall population of the five coal producing countries is taken into account – some 14.5 million – but for the regions where coal is being mined and burned, this industry has been the dominant employment option for decades.

¹ Authors' calculation based on CEE Bankwatch Network: [The Great Coal Jobs Fraud - 2018 update](#), June 2018, updated with information from the energy companies' public reports.

² Albania does not have a coal sector.

In Ukraine, some 40,000 thousand miners still work in the coal industry, down from about one million in the early nineties, at the time of the Soviet Union's collapse.

In both Ukraine and the Western Balkans, the number of jobs in the coal sector has been on a constant descending trend for several years, and planning for a just transition is long overdue.

Western Balkans

In Serbia, employment in the sector looked steady for many years, yet between 2017 and 2019³ over 3,000 jobs disappeared in the Kolubara mining basin, in spite of new mining fields being opened. In the Kostolac mining area, the mine jobs have decreased considerably over the last decade – from 2,000 in 2009 to 1,479 in 2019⁴ – in spite of the mine increasing its production capacity.

In Montenegro⁵, the number of workers in the mines has been reduced by nearly half over the last decade, from 1,200 in 2010, to 670 in 2019. Since the new Pljevlja II unit has been officially cancelled, no additional coal will need to be mined and layoffs will continue. Even if the existing unit continues working after the planned modernisation works in the next few years, its poor economics means that planning for a just transition is an urgent imperative.

In Bosnia and Herzegovina (BiH), the situation differs between the entities. In Republika Srpska, employment in the mines and coal plants overall increased between 2013 and 2018,⁶ especially in election years, making it hard to escape the impression that new workers are being taken on for political reasons rather than because they are needed.

In the Federation of BiH, Elektroprivreda BiH steadily decreased the number of workers in its mines between 2008-2018, but the company's projections about how much of a reduction in the workforce are needed also appear unrealistically low while its mines have among the lowest productivity in the region.

In North Macedonia's Kichevo region, where the mine feeding the Oslomej power plant has been depleted for years, regional re-development is already taking shape – however, without a clear participatory process to guide it. Most of the employment here is generated by the trade, processing industry and agricultural sectors, so the domination of the coal sector in employment figures has already been eroded. Coupled with the conversion of old mining fields into a [solar PV](#) plant, this is a prime example of the need for transition being understood by the community, business sector and decision-makers alike. Meanwhile, North Macedonia's larger coal region around the city of Bitola also needs to start making plans for a just transition, as the plant is likely to close within the next decade.

In Kosovo's Sibovc mining field, the public electricity company, KEK, had 3,249 employees in 2016, but it has been estimated that if maintenance, overhauls and production of mining equipment was outsourced, the mine would need about 2,000 employees⁷. Now that Kosovo has withdrawn from its highly unfavourable plans for a new coal unit, it finally has an opportunity to concentrate on developing a just and sustainable transition.

³ Electric Power Industry of Serbia, [2019 Environmental Report](#), May 2020, page 46.

⁴ Ibid., page 59.

⁵ CEE Bankwatch Network: [The Great Coal Jobs Fraud - 2018 update](#), page 32; Pljevlja Coal Mine: [Financial Report for 2019](#).

⁶ CEE Bankwatch Network: [The Great Coal Jobs Fraud - 2018 update](#); BN Televizija: [U izbornoj godini 300 radnika više](#), 30 March 2019.

⁷ CEE Bankwatch Network: [The Great Coal Jobs Fraud - 2018 update](#), page 29.

The mine and plant operators can no longer hide the fact that most of the plants and mines are already uneconomic. But continuing to subsidise the sector and giving false hopes to the workers that their jobs are safe is not an option. Coal-affected communities need to start inclusive processes for envisioning and planning a future beyond coal. Change is happening already, and the region's decision-makers are late with realistic strategies. Such strategies are crucial to prevent future social unrest, but they should act also as an opportunity to let the people of coal regions imagine the future they want and plan for life beyond coal.

Ukraine

For decades in Ukraine, the transition from coal mining has been associated with deep social and economic crises in the regions dependent on the industry. Yet recently, there have been hopeful signs of affected regions trying to take control of the situation. In May 2019, six coal mining towns in eastern Ukraine, three NGOs and a regional Chamber of Commerce and Industry established a Platform for Sustainable Development of Coal Towns of Donetsk Region. This partnership is aimed at the transformation of the region's socio-economic conditions and image and to help the mining towns lobby for their vision and communicate their needs to the government. In March 2020, the seventh coal town joined the Platform. The association now includes all key towns in the region where coal is extracted, and in July 2020, the seven mining towns (Dobropillia, Myrnohrad, Novohrodivka, Pokrovsk, Selydove, Toretsk and Vuhledar), announced that they will start developing a joint transformation strategy. This fall, representatives of the Platform for Sustainable Development of Coal Towns of Donetsk Region became official members of the Coordination Center for Transformation of Coal Regions (the CC), which means the national authorities will take their voices into account in central-level decision-making.

The Western Balkans and Ukraine Coal Regions in Transition Platform

In the EU it has been accepted as the norm that the coal era is coming to an end. Only six countries are yet to commit to a coal phaseout before 2030, while some southeast European countries – Greece and Slovakia – have committed to doing so even much earlier. The challenge is to plan alternatives as soon as possible and do so in a manner that is representative of the interests of workers and communities from the coal regions.

Against this backdrop, the Western Balkans and Ukraine Coal Regions in Transition Platform has been established, encompassing a broad variety of institutional involvement.

The Platform Initiative is **led by the World Bank**, with the **political leadership from the European Commission** and support from the Government of Poland.

The Energy Community Secretariat is the lead regional institutional partner, bringing its strategic knowledge and analysis of the region to bear on the design of activities.

The European Bank for Reconstruction and Development will coordinate the work on and **provide financing** for transition projects and programs.

The College of Europe in Natolin is the institutional host of the Learning Academy and will define and execute the Coal Regions Learning Academy activities.

The Platform Initiative for the Western Balkans and Ukraine is the sister initiative of the Platform for Coal Regions in Transition, established for the EU countries in 2017 and aimed at supporting regions to move away from coal. Considerable progress has been made in the EU: a funding mechanism has been created to support coal regions to redevelop, and numerous regions in central and eastern Europe are now working on their Territorial Just Transition Plans.

The initiative for the platform derives from the Western Balkan countries' commitment to a clean energy transition, expressed in the Podgorica Joint Statement of 21 February 2019, which was complemented by a commitment to decarbonisation in line with the EU Climate Law, as expressed in the Sofia Declaration on the Green Agenda for the Western Balkans⁸

While some attempts have been made to start a dialogue on just transition in coal regions of the Western Balkans, mostly by civil society groups, so far none of the regions has a participatory plan for a just transformation of their mining areas.

The Western Balkans and Ukraine Coal Regions in Transition Platform will hold its inaugural meeting on 10-11 December 2020. The CSOs endorsing this paper are drawing the Platform leadership's attention to four key principles which, if well taken into account and reflected in the Platform's working principles, would make the common work towards a just transition of the regions smooth, inclusive and relevant.

- 1. The Platform must have clearly defined, consistent and measurable goals**, set up within a clear time frame. With the announcement of the Platform, it was stated that it will aim to support coal regions in transition in the Western Balkans and Ukraine through knowledge exchange, peer-to-peer learning visits, technical assistance, access to a global learning academy for coal regions, and financial assistance for transition projects. Well-defined and realistic indicators need to be agreed and presented as soon as possible.

The goals should be consistent with other processes related to the coal industry, such as the energy transition process led by the Energy Community Treaty. This is underpinned by the decarbonisation goals of the EU, including the transposition of the EU Climate Law as planned in the Sofia Declaration on the Green Agenda for the Western Balkans.

- 2. The Partnership Principle must be a mandatory part of the Platform**, which should put in place conditions to ensure that all stakeholders – local communities, NGOs, trade unions, educational institutions, local businesses, etc. – are involved, from participation in the Platform's meetings, to the selection of pilot regions, to project selection and implementation. Although the sister EU Platform for Coal Regions in Transition has become more participatory over time, the country teams – where important decisions are made – remain open only to those recommended by national governments. Such practices should be avoided. Concrete measures to ensure effective participation are detailed in a Europe Beyond Coal briefing from 2019, endorsed by seven NGOs⁹.

This principle must apply on all levels downstream of the Platform. Thus, the planning processes that will kick off in the countries **must take a bottom-up approach, engage communities and build ownership** of the process. The processes need to be integrated, taking into account economic development but also infrastructure, education, participation and social and public policies. The local people know their needs best, so it's imperative they be at the heart of the process. Civil society organisations, who have been defending the rights of coal affected communities for many years, should also be included, as they bring expertise on public participation and monitoring of public funds.

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<https://www.rcc.int/download/docs/Leaders%20Declaration%20on%20the%20Green%20Agenda%20for%20the%20WB.pdf/196c92cf0534f629d43c460079809b20.pdf>

⁹ <https://beyond-coal.eu/wp-content/uploads/2020/03/Seven-Golden-Rules.pdf>

The participation of trade unions from day one is also essential, as they represent the workers for whom new employment must be designed. When sectoral restructuring decisions were made without their consultation, they were met with resistance, as they usually failed to meet the workers' expectations.

3. Funding the transition. Funding for the just transition of coal regions, which we imagine either as a Just Transition Fund (equivalent to the EU level one) or as grant-based co-financing for local development measures, supported by European funds, the EIB, the EBRD, World Bank and others, should fulfil several criteria:

- These must be based on **participatory and transparent local development plans**, created bottom-up.
- The projects supported must have a regional positive impact within the coal regions (e.g. encourage inter-municipal cooperation on joint projects).
- Such **funds must exclude support to any kind of fossil fuel investments** (not only coal, but also oil or gas), as well as to other investments likely to hinder the achievement of EU policy objectives, such as waste incinerators. They must move the regions from polluting to healthy and sustainable economies.
- The **allocation of funds** to coal regions must be fair, i.e. it should **reflect the magnitude of the transition challenge**:
 - More funds should go to NUTS-3 level regions¹⁰, whose economy and population are currently more dependent on coal.
 - It should reward coal closure commitments. The **Platform needs to incentivise** the participating countries to set **a coal phase-out date** and to commit to **clear mine and plants closure dates** for participating regions.¹¹

Two of the Western Balkan countries – Serbia and Bosnia and Herzegovina – are still planning to build new coal fired power plants and open new lignite mining fields. Ukraine, too, is planning to reconstruct one of the units at the Slovianska coal power plant, which has been in conservation since 1993, and extend its lifetime by 25 to 30 years. **The Platform should make it very clear that such developments are incompatible with a just transition of coal mining regions**, and no funding will be allocated to countries with active plans to bring online further coal capacity.

- Options for diversification of funds should be considered, e.g., creating a special fund in case a Carbon Border Adjustment tax is applied by the EU to the energy sector, which would affect the Western Balkans and Ukraine. Revenues collected through this fund could be used by the Platform to incentivize change in the respective countries.

¹⁰ In the countries where NUTS region definition exists (e.g. Montenegro, North Macedonia, Serbia) and apply the same criteria for NUTS 3 in countries where they are not defined yet: <https://ec.europa.eu/eurostat/web/nuts/nuts-maps>.

¹¹ More detailed comments with regard to the EU Just Transition Fund that may also be applicable to the Western Balkans can be found in Bankwatch's input to the recent consultation [here](#).

If the countries join the EU ETS before becoming EU members, through the possible extension of the scheme to the Energy Community Contracting Parties, part of the proceeds from the purchase of ETS allowances could also be used for financing just transition.

4. All the Western Balkan countries are currently preparing National Energy and Climate Plans (NECPs) for the period up to 2030, with a view to 2050 decarbonization ambitions. Provisions for a just transition away from coal need to be included in these plans, as well as in all local development plans. These need to be widely consulted at a stage where all options are still open. **The Platform should incentivize the adoption of territorial just transition plans, which should be consistent with the NECPs.** If needed, the just transition plans should go beyond the NECPs, to ensure consistency with achieving climate neutrality in the region by 2050.

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