

EIGHT STEPS FOR A JUST TRANSITION

When the Paris Agreement was signed in 2015, a sense of doom pervaded across Europe's miners, from the west of Spain to eastern Poland. It must have felt like another nail in the coffin, perhaps the last one, for an industry which has been aching in recent decades. The document ratified by Romania in 2017 is the basis for worldwide correlated efforts, focusing on reducing greenhouse gas emissions through a number of different measures, including coal phase out.

Coal mining regions, once pictured as the backbone of the economy, ensuring that nations don't suffer from the winter's cold or the summer's heat, now feel abandoned. As Europe pledges to spend billions to undo the harm done in a century of unsustainable development, the communities which unearthed the fuel for this growth are left wondering what will happen to them.

On the other side are the environmentalists, fighting against a seemingly distant and invisible threat, climate change, by trying to make

the giants of the fossil fuel industry reduce pollution. For too long, these organizations were perceived as enemies in the regions that depend on said giants. The companies were threatening employees with redundancy, claiming that the pressure of NGOs results in tighter regulations that make production too expensive.

The struggle for just transition changes these premises because it must begin immediately, regardless of how long the dominant industry will operate. Just transition is a development model based on locally designed public policies to create the context for a fair income and a decent life for all workers and communities affected by pollution reduction measures. Working on just transition brings all actors to the same side of the table, coming together to find what is best for their regions and communities.

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Understanding the concept

The definition from the introduction outlines the central elements of just transition. They are:

Economic development model: Just transition does not mean only attracting investors, although this is a central element. More is needed – an integrated approach which takes into account all relevant components to produce long-term effects. Therefore, we are talking about elements such as: infrastructure, public and social policies, taxation, education and participation.

Locally designed: Unlike other growth strategies that have already been produced in Romania, just transition is defined by the fact that is thought, implemented and evaluated from the grassroots, from the bottom to the top. Although expertise from the centre is welcome, local potential and needs

are better known by those who are in contact with them on a daily basis.

Fair income and a decent life: Not every solution is welcome. Mining communities have been affected by the heavy-polluting industry for decades and the impoverishment of these areas as a result of the disappearance of the dominant industry or of emission reduction is unacceptable to those who live there. Most newly created jobs must be comparable to those that disappear in terms of wages and level of qualification required.

Pollution reduction measures: Opening a solar panel factory or installing wind turbines will not be possible everywhere. Although ideal, the solutions for these regions do not have to be directly related to combating climate change. Depending on the area's potential, any idea is welcomed as long as it pollutes significantly less than the industry that is being replaced.

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Choosing an area

The concept of just transition is designed for areas defined by the following attributes:

- the existence of a dominant industry which has a negative impact on the environment;
- a significant percentage of the population which works or has worked in that industry;
- local economy directly or indirectly dependent on that industry;

Gorj County needs just transition because:

- Roughly 80% of coal-based electricity in Romania is produced by the Oltenia Energy Complex [OEC]. Hundreds of thousands of tons of polluting substances such as nitrogen oxides or sulphur dioxide reach the atmosphere annually, and the emission of

carbon dioxide amplifies the effects of climate change.

- In the early 1990s, 40000 people were working in mining and electricity production. Today there are only 13 000 employed in 10 mines and 4 power plants, half of the latter in the neighbouring county Dolj [Işalnia and Craiova II]. OEC has laid off 800 people in 2016, 1 000 in 2017, and plans to make redundant another 750 employees in 2018.
- Other large companies in the county depend on the Oltenia Energy Complex, providing various services and goods to the Complex. A significant number of employees are working for the state apparatus, in administration, education, health, public order, etc.



Knowing the potential

We need to have a good understanding of the region in order to come up with solutions. In an initial phase, this can be done by centralizing all the relevant data already collected by different national or local institutions. The necessary information is highly diverse and should answer questions such as:

- Demographic data - Who are the people who will benefit from this process and who will support it? What is the age structure of the population? How many young people are left in the county and how many have migrated already, in the country or abroad? What are the most common professions?
- Infrastructure - What are the main roads in the county? Where are the functional or decommissioned industrial parks? How well developed is the utilities network?
- Business Environment - What

other businesses are or have been created in the past 20 years? What are the needs of these companies? What factors influenced their evolution and what is needed to increase their number of employees?

- Geography: Where is the most fertile soil and which are the lands suitable for certain types of agriculture? Which are the areas with the best tourism potential? How much degraded land can be reforested or where can wind turbines or high efficiency solar panels be installed?

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Decision-maker agreement

The concept of just transition can be promoted by a single entity to some degree, but the process itself cannot be started individually. This follows from the principle of consultation, but also from the project's ambition to have a regional impact. County leaders have an essential role for many reasons: understanding local realities is a defining element for their occupation; they confer legitimacy because they are elected or appointed to represent the interests of citizens; they own the tools to implement community-agreed measures; they have expertise in a specific field.

In order to promote this concept in Gorj County, from the end of 2016, Bankwatch Romania and Greenpeace Romania had a series of meetings with trade union and political party leaders, mayors, the prefect, representatives of the county council, the academia and

the business environment. Although the objectives related to the activity of the Oltenia Energy Complex were not always common, all the actors agreed that there is a need for economic alternatives in the county. In April 2017, a round table event was organized in Târgu Jiu and was attended by a large number of these local representatives. They agreed to analyse the county's needs by the end of the year in order to kick off this process.



Community consultation

If we have a critical mass of local actors to support the initiation of the just transition process, the next step is meeting the people who are affected by the polluting industry and its diminishing activity in a daily and direct manner. Namely, this can be every person living near the area in which these companies operate, regardless of age, gender, occupation, political or religious affiliation etc. All opinions are welcome because one of the defining principles for a just transition is its development from the bottom up. Surely, county leaders know the needs and potential of the region they represent, however some aspects are better understood by those living near a coal mine, for example. Furthermore, in this way we can reach those who did not have the opportunity to express their ideas or put them into practice.

Consulting the affected communities

is a challenge if the goal is to have an inclusive process. Ideally a culture of consultation or local organizations to facilitate already exist. Contacting local councillors or village delegates as well as people who talk to most of the village's residents – teachers, doctors, shop owners etc. – is a good alternative. Meeting all affected persons is impossible in the short term, as just transition is an extensive process catering to an entire county or region.

The first community event on just transition in Romania was organized by Bankwatch and Greenpeace in June 2017 in Rovinari, a city which hosts a coal-fired power plant and is surrounded by the Rovinari, Tismana, Pinoasa and Roşia mines.

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Success stories

Fortunately, we are not pioneers in looking for solutions for mono-industrial areas. Although the concept of just transition is new, the need for economic alternatives in regions which relied on underground resources has existed in the past. We do not want to reinvent the wheel, but to use what we find useful in examples from other countries.

In the Ruhr region of Germany the deindustrialization process began in the 1950s due to the rise of coal prices. A decade later, the local government prepares, together with mining unions, banks, chambers of commerce and small and medium enterprises, a series of interventions to restructure and retrain the workforce, promote technological innovation and redesign residential areas. As a result, the region has managed to develop new sectors of economic activity, mainly oriented

towards information technology, biomedicine or environmental protection technology. In this context, the region has developed the densest network of academic institutions in Germany, comprising of 5 universities and 8 technical schools, and hosts over 600 businesses.

In Cornwall, UK, an important mine of kaolinite is closed after 150 years of exploitation. The construction of the Eden Project started in 1995 and represents the largest collection of greenhouses in the country, as well as a research and education centre. Roughly 400 jobs were created and in the first year the company recorded revenues of approximately 190 million EUR.

Park City in Utah, USA, was known for its tremendous development until the 1950s, when the price of gold and silver began collapsing. In the 1970s, the community's main industrial activity,



mining came to an end and Park City gradually turned into a ghost town. Thanks to the small rents, the city becomes attractive for organizing a film festival – Sundance, which brings to the economy an annual contribution of about 80 million USD.

The Loos-en-Gohelle region in northern France has hosted coal mines since 1850. Threatened by the gradual phasing out of mining activities in the region, the municipal council decided in 1997 to implement sustainable development policies with the active participation of citizens. The initiative had a great success, with the municipality having built a business centre that has led to economic diversification in the area, and a research centre on sustainable development resources which has generated about 350 jobs.

From 1996 the city of Gelsenkirchen in the Ruhr region of Germany gradually started its transition from the mining industry to other alternative activities by building a science centre specialized in developing new technologies on both energy efficiency and the use of solar energy and clean fuels. In this way, up to 26 000 jobs have been created and the region has grown into a large student and research hub.

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Support from the centre

As just transition is a bottom-up process, on the previous pages we have detailed the steps to be taken starting from the ground level. Once the project is outlined it will need support from the centre. Power of decision and the necessary resources are concentrated at the national level. Over the past 25 years, several development strategies have been created in Romania, most of them containing good ideas. However, without transparent co-operation between the centre and the project implementation site, a number of problems and conflicts arise that further complicate the achievement of the desired outcomes.

Support from the centre can take many forms. Promoting a legislative project involves a lengthy endeavour and a correlated push of all local actors, but it could contain almost all the necessary measures once it is

promulgated. A faster way is to adopt a package of measures by the Executive, which would trigger an irreversible process. Specific measures at a smaller scale, such as kicking off essential investments or customized education programs can also come from the centre. Last but not least, this can be materialized by allocating locally managed financial resources to fund just transition.



Identifying financial instruments

An amendment voted by the European Parliament on 15 February 2017 as part of the review of the carbon emissions trading directive provides for the creation of a just transition fund starting with January 1st 2021, which will be funded by pooling 2% of the revenue generated from auctioning these certificates. The revenues will remain at Union level and will be used to support regions where there is a high share of workers in carbon-contributing sectors and a GDP per capita well below the Union average. The revenues intended for just transition will be used in different ways, such as:

- Educational / training initiatives for requalifying workers;
- Support job-seeking;
- Businesses development;
- Monitoring and prevention measures to avoid or reduce

the negative impact of the restructuring process on physical and mental health.

Apart from this planned fund, European funding that can be used for this purpose already exists. Several Operational Programmes that can allocate resources contain priority axes such as Regional [enhancing the competitiveness of small and medium sized enterprises, supporting the transition to a low carbon economy, supporting sustainable urban development], Human Capital [jobs for all , local development under the responsibilities of the communities], Large Infrastructure [promoting clean energy and energy efficiency in order to support a low-carbon economy], Competitiveness [research, technological development and innovation supporting economic competitiveness and business development].

What's next?

Just transition implies profound changes that will penetrate all levels of society. Mono-industrial areas have had this characteristic for decades, so they have come to be defined by these traits, even the negative ones - polluted environment, few opportunities, poor quality services, etc.

To change these aspects a long-term continuous effort is needed.

There is no recipe for implementing just transition because mono-industrial regions are very different from each other and are defined by unique social, political, economic or cultural factors. At the same time there is no need for revolutionary procedures. If we follow the principles outlined at the beginning of this guide, the next steps can be deducted. It will be necessary to institutionalize the working groups to start this process. The form under

which it will continue - associations, government agencies or departments within the local government, and the list may continue - remains at the beneficiaries' discretion. This body will have a complex role not only in implementing projects but also in consulting the population continuously so that the transition is truly just.

Thus, a just transition in coal regions, acceptable and beneficial for all, becomes possible. It is up to the regions to demand the transition and up to the politicians to support it or not. Actions in this direction will be beneficial to the affected communities and the industry in the process of restructuring, but also to the security of energy systems, since the change will occur gradually, in an agreed and anticipated context by all those involved.