



„SI TEATRUL  
GOZING”

PROVIZORIU  
SERIZORIUL  
&  
ILUZORIUL  
10/11 d. STRB

# Eight steps for a just transition in the Western Balkans

## **Authors**

Alexandru Mustață

Victoria Shevchuk

## **Editing**

Emily Gray

## **Design**

Milan Trivic

## **Cover**

Andrei Ducea for Greenpeace Romania



*This publication has been produced with the financial assistance of the European Union. The content of this publication is the sole responsibility of CEE Bankwatch Network and can under no circumstances be regarded as reflecting the position of the European Union.*

# Introduction

As climate change becomes a reality, many countries are already paying a high price for its effects. This has forced them to speed up their actions to address the crisis. Therefore, 197 countries committed to stop harmful activities and change their consumption practices by signing the Paris Agreement. Under this Agreement, they promised the following:

- to limit the global temperature increase to pre-industrial levels well below 2°C, aiming at limiting it to 1.5°C;
- to reduce national emissions and adapt to the impacts of climate change through the measures they choose; and
- to launch a just transition to combat climate change and to further develop decent work and quality jobs in accordance with nationally defined development priorities.

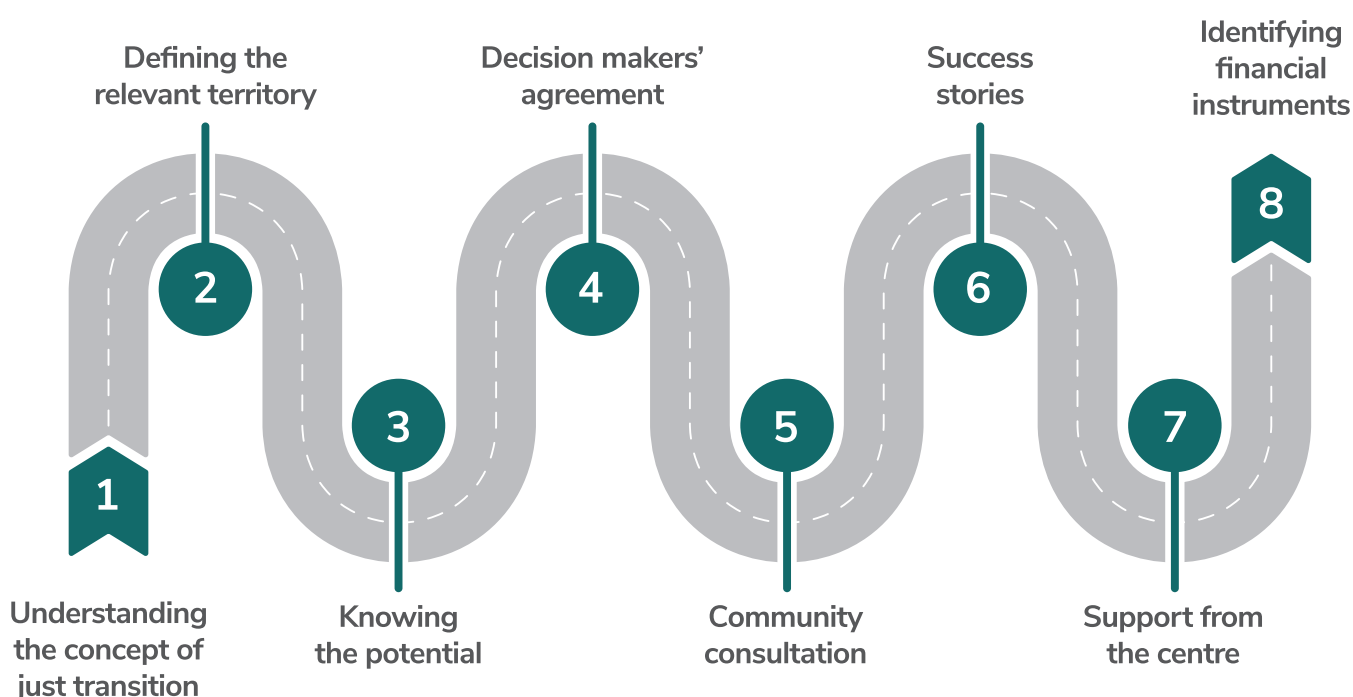
As an outcome of this agreement, coal mining regions around the globe faced a new reality: countries were supposed to take immediate action to close coal-fired power plants, shift to carbon-neutral technologies and install energy efficiency measures. This shocking news spread across Europe's miners from the west of Spain to eastern Ukraine.

Coal mining regions, once upheld as the backbone of the economy, were now considered one of the reasons for the climate crisis.

Today's world cannot afford carbon-intensive industries. For this reason, regions rich in coal and lignite must now address the challenge of just transition. The Western Balkans countries, many of which are still dependent on these resources, have nevertheless signed the Sofia Declaration and committed to becoming climate neutral by 2050. In order to do so, they must ensure their countries transition towards decarbonisation, and just transition is a key aspect of this process.

*Eight steps for a just transition* aims to encourage national campaigners, civil movements, and local activists to begin the just transition process in their communities. This publication introduces the concept of just transition and the main benefits and challenges that might arise on the way. In this guide, we have included all of the practical knowledge we have gained from working with just transition communities and elaborated recommendations - how to engage the community, how to achieve the just transition process at the national level, where to allocate the funds - as well as successful stories from all over Europe.

## Eight steps for a just transition





# 1. Understanding the concept of just transition

## What does just transition mean?

Just transition is a **redevelopment model** based on **locally designed** public policies which creates **quality jobs and a decent life** for all workers and communities **decarbonising their economies**. Just transition cannot be achieved without the application of an integrated approach which takes into account all relevant components to produce long-term effects. The concept was created by trade unions in the 1980s and is now a mainstream component of climate action.

**Redevelopment model:** new jobs in different sectors are not the only thing needed; an integrated approach that includes infrastructure or reskilling must be taken.

**Locally designed:** although expertise from the centre is welcome, local potential and needs are better known by those who live there, so the approach is bottom-up.

**Quality jobs and a decent life:** most new jobs should be comparable to those that have been lost in terms of wages and level of qualification.

**Decarbonise the economy:** the climate crisis does not allow for action to be postponed. A coal phase-out date should be set, investments in fossil fuels should stop and zero carbon projects should be prioritised.



Here are the benefits of just transition for the main groups of stakeholders:

### Coal communities

- reskilling and education
- employment generation and job upgrading
- social protection and poverty reduction
- a clean and healthy environment
- sustainable and resilient infrastructure
- access to cheaper green services and products
- development of local small and medium-sized enterprises

### Companies

- job upgrades
- support for the transition to carbon-neutral and resource efficient technologies
- avoiding pollution and managing natural resources sustainably
- easier access to loans and financial support from international and state organisations
- investments in new companies and start-ups
- equitable distribution of sustainable and resilient infrastructure
- investment in research and innovation
- new investment opportunities

### States

- reskilling and education
- employment-generation and job upgrades
- social protection and poverty reduction
- a clean and healthy environment
- development of sustainable and resilient infrastructure (digital connectivity for energy infrastructure, district heating and transportation networks)
- access to cheaper green services and products
- development of local small and medium-sized enterprises
- transition to carbon-neutral and resource efficient technologies
- regional development
- investment in new companies and start-ups
- integration of climate neutral policies
- investment in renewable energy sources

## 2. Defining the relevant territory

The concept of just transition is designed for areas with 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;
- a local economy directly or indirectly dependent on that industry.

### Case study

In the town and municipality of **Banovići**, located in the **Tuzla Canton** of the **Federation of Bosnia and Herzegovina**, lignite and brown coal mining have been the only income source for decades. Two thousand seven hundred and eighty employees worked in the coal mining sector in 2017, over 12 per cent of the municipality's entire population. Fortunately, the situation changed in 2021 when the newly elected mayor initiated a dialogue with international financial organisations (IFIs) on investors' involvement in developing the renewable energy sector and making Banovići a thriving, modern, competitive, and climate-neutral town. Banovići has also developed a Green Agenda for 2021-2031 that sets forth the municipality's vision for its future.



Photo: Banovići, Wikipedia

Photo: Majda Ibraković

Gacko, Bosnia and Herzegovina





# 3. Knowing the potential

We need to have a good understanding of the region in order to come up with solutions. In the initial phase, this can be done by centralising 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?
- **Business environment** – What other businesses are there 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?
- **Infrastructure** – What are the main transport routes in the county? Where are the functional or decommissioned industrial parks? How well developed is the utilities network?
- **Geography** – Where is the most fertile soil and which land is suitable for certain types of agriculture? Which areas have the best tourism potential? How much degraded land can be reforested, or where can wind turbines or high efficiency solar panels be installed?

# 4. Decision makers' agreement

Just transition requires involvement from employers, unions, governments and communities, all working together to plan and deliver the transition of their economies, sectors, and companies to carbon-neutral and socially and environmentally sustainable activities. On the one hand, just transition promotes a bottom-up approach, starting from the needs of local communities. On the other, the heads of the regions and the local authorities have an essential role for many reasons: they confer legitimacy because they are elected or appointed to represent the interests of citizens; they own the tools to implement community agreed measures; and they have expertise in specific fields (sustainable development, policy, engineering, renewable energy, etc.).

To start the just transition process, all stakeholders should be considered decision makers; therefore, all parties should be involved in reaching an agreement on the process and should have a shared understanding and vision.



Photo: Majda Ibrakovic

Kakanj, Bosnia and Herzegovina

# How to reach a decision makers' agreement

## Identify the main actors

All actors are involved equally and have access to information.

## Begin consultations

All plans, strategies and processes for just transition have clear procedures to ensure participation. This includes all phases: initial discussions about climate action, analysis, target setting and planning, delivery, monitoring and evaluation.

## Decide on your collective vision

All actors have a common understanding and vision. This step is crucial.

## Go public

To ensure your decision, inform the public about it.

## Plan your action

A good just transition plan is concrete, applies indicators and sets measurable goals.

## Take action

You are now ready to take some positive action.



Photo: Nitra, Wikipedia

## Case study

The municipality of **Upper Nitra in Slovakia** initiated a discussion with the main national actors required for a coal phase-out and the preparation of the National Strategy for Upper Nitra. The mayor and her team launched a series of public debates and workshops to create an action plan for the region's post-coal development and to identify alternatives. To participate in this broad discussion, the municipality invited the prime minister, representatives from the European Commission, mayors, local entrepreneurs, environmental activists and various experts. Upper Nitra was later chosen as one of four pilot areas for the EU's programme supporting the transition of European coal mining regions, announced at the end of 2017 (Available at: [Heroes of Just Transition](#)).

## 5. Community consultation

Just transition is a serious challenge for the entire society, but the communities and local citizens are the most vulnerable and most affected by transition processes and require support and protection. It is important to plan community involvement in the transformation of coal regions carefully. If there is a critical mass of local actors ready to support the just transition process, the following recommendations should help them engage the wider community.

# Recommendations on designing community engagement

**Early bird.** The sooner the community is involved in the just transition planning process, the better for the community. Who should be involved? This can be any person living near the areas in which coal mining 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. Local leaders, who can take the lead and be a pillar of early engagement, should meet directly with other stakeholders to build trust.

**Mapping and engaging stakeholders.** A community's stakeholders are diverse, and an inclusive process is required to engage them. Stakeholders have different perspectives on transition and its impacts on the community, and the process should ensure that these different opinions are heard and given meaningful consideration.

**Honesty and transparency.** During the dialogue with the local communities, avoid using utopian statements. It is essential to give a clear understanding of the process and to present the community's risks, opportunities and future challenges openly.

**Community voice.** The community is a valuable resource, because they have their own view of the impacts of the transition and their own ideas for solutions. It is important to bring them together and invite them to share so that they can have a voice in this process and contribute meaningfully to the plans and visions.

**Celebrate heritage.** In just transition communities, coal is usually at the heart of recent local history, shaping not only the economy, but also most aspects of community life. The industrial heritage must not be erased; instead, it should be celebrated, and it can serve as the foundation for reimagining the region's future development.

**'Maybe' is not a strategy.** Ensuring that just transition is a great opportunity for the community requires changing the old, more conservative vision of development. Visualise and plan for decades, not for only a few years, ahead. For this reason, it is vital to clarify all facts and to prepare a questionnaire to collect information about the community's current state and understanding of the situation using the questions in step 3 of this publication.



Photo: Konin, Wikipedia

## Case study

In 2017, local activists who were representatives of non-governmental organisations (NGOs) were the first to raise the idea that **Eastern Wielkopolska** needed a just transition, due to high unemployment, a dangerous opencast mine, environmental degradation and the migration of young people. Civil movements further recognised the region's potential for developing green energy. As a result, Eastern Wielkopolska became the first region to be granted member's status in the EU Platform for Coal Regions in Transition and has committed to become climate neutral by 2040.

Following in the the civil movements' footsteps, the Regional Development Agency in **Konin** initiated the Agreement on Eastern Wielkopolska's just energy transition. A highly diverse group of stakeholders, more than 40 entities from the region, signed the Agreement and confirmed their willingness to support energy transition and sustainable development (Available at: [Eastern Wielkopolska's just transition vision brings all actors together](#)).



## 6. Success stories

Fortunately, the process of just transition is already ongoing in many parts of Europe and globally. There are plenty of success stories from various countries, each of which has its own context, priorities and visions, action plans and results.



Photo: Ruhr, Wikipedia

### Case studies

In the **Ruhr region of Germany**, the deindustrialisation process began in the 1950s due to a rise in coal prices. A decade later, the local government collaborated with mining unions, banks, chambers of commerce and small and medium-sized enterprises to prepare 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 five universities and eight technical schools, and hosts over 600 businesses.



Photo: Jiu Valley, Mihai Stoica for Bankwatch Romania

The residents of **Jiu Valley in south-western Romania** still remember when more than 100,000 people were working in coal mines, and no one would have predicted that many of them would soon lose their jobs. Almost twenty years after the coal mines' closure, local activist Ion Barbu has given a new lease of life to a former mining town in the region. Barbu has restored old buildings, organised art festivals, built world-class biking trails, and even convinced the government to preserve the mine Petrila as a monument to the heritage value of mining infrastructure. All of these activities attracted the attention of the public and government and breathed life into this former mining community (Available at: [Heroes of Just Transition](#)).



Photo: Donetsk, Wikipedia

In May 2019, the mayors of six coal towns in the **Donetsk region**, three local NGOs, and the regional Chamber of Commerce and Industry united and established the Platform for Sustainable Development of Coal Towns of Donetsk region. This alliance's primary focus is a just transition of their region in line with a thoughtfully planned, environmentally secure coal phase-out, including reskilling, education, the development of renewable energy, and energy efficiency. As of 2021, the Platform includes nine towns (Available at: [Donetsk mayors unite for Just Transition](#)).

Photo: Ognjan Pantić

Kolubara, Serbia

# 7. Knowing the potential

As just transition is a bottom-up process, we have detailed the steps to be taken starting from the ground level. Once the transition plan is outlined, however, it will need support from the centre. Decision-making power and the necessary resources are concentrated at the national level. Thus, without transparent cooperation between the centre and the coal regions, a number of problems and conflicts can arise that further complicate the achievement of the desired outcomes.

Support from the centre can take many forms. Political will and central government support for just transition could speed up the processes and change public perception. If the central government publicly expresses its support, commitment, belief in just transition, this plants the idea in people's minds and could pave the way for future action. The government can also lead strategic planning, which is important for securing early retirement benefits and financial support to help the workers voluntarily give up their mining sector jobs and other forms of public aid. Without this, it will be difficult to implement a just transition in the region.

Like anything new, just transition brings many questions and uncertainty. As a long-term transformation process, it requires a thorough assessment of possible risks and challenges. This table below highlights an overview of the main challenges associated with just transition in different sectors.

JUST TRANSITION CHALLENGES		
Policy & Legal	Technology & Investments	Economy & Society
To integrate the Paris Agreement requirements in social, economic and environmental policies	To shift to renewables, energy efficiency and carbon neutral technologies	To replace jobs lost due to coal phase-out with new ones which may not be immediate, in the same location, or with the same income level
To implement the Green Agenda for the Western Balkans	To allocate financial resources for new, efficient infrastructure	To estimate the time pressure, funds and resources limitation
To develop renewable energy source (RES) incentives policy	To allocate financial resources for investments in new industries	For enterprises, workplaces and communities to adapt to new conditions
To develop business plans that could be readily implemented in the region		To mitigate the loss of assets and livelihoods
To allocate financial resources and allow investments		To minimise involuntary migration
To participate in the Platform Initiative for Coal Regions in the Western Balkans and Ukraine		
To support the secretariat of a new initiative for coal regions in transition in the Western Balkans and Ukraine		
To develop a national just transition strategy		



## Case study

In 2018, the Spanish government announced its intention to launch a just transition and close its coal mines by 2025. Spain relied heavily on coal in the past as its primary source of electricity production. At the beginning of the nineties, the coal sector accounted for 146 mines, employed more than 45,000 workers, and produced 19.3 million tons of coal. The situation changed significantly over the next 30 years, and by the end of 2020, only six coal plants remained operating. Another five planned to close by 2025, and only one still remains without a closure plan. The government reached a historic agreement with the coal mining unions and companies, establishing early retirements, terminations, and other social measures for former miners and promised EUR 250 million to support business and development initiatives in the coal regions until 2023. In line with this, a strategic agreement with the International Labour Organisation (ILO) was signed in which Spain committed to implementing the ILO's *Guidelines for a just transition*. As an outcome of this framework, the Spanish Just Transition Strategy became the first state-level instrument to help people and regions in the transition to a carbon neutral economy, identifying and adopting measures to minimise its negative impacts through support and recovery measures.

# 8. Identifying financial instruments

The European Commission promised to make Europe the first climate-neutral continent by 2050. For this, the Commission adopted a roadmap – the European Green Deal – and created the Just Transition Mechanism (JTM) to support the regions and sectors most affected by the transition due to their dependence on fossil fuels (including coal, peat and oil shale) and on greenhouse gas intensive industrial processes. The EU also guarantees support for neighbouring countries and those regions most affected by the lignite and coal industry. These are the main actors and initiatives taking the just transition process forward in the Western Balkans:

- **The European Union (EU)** will mobilise EUR 9 billion of funding through the **Instrument for Pre-accession Assistance (IPA) in the period 2021-2027** to encourage the post COVID-19 economic recovery of the Western Balkans and support a green and digital transition, regional integration, and convergence with the EU.

- **The European Investment Bank (EIB)** enhances the development of the Western Balkans countries towards EU membership by blending EIB loans with EU grants to achieve more efficient support, alongside the backing of small and medium-sized enterprises.

- **The European Bank for Reconstruction and Development (EBRD)** leads the financial component of the Platform Initiative in Support of Coal Regions in Transition in the Western Balkans and Ukraine. It provides funding to projects/programmes focused on green economy transition and supports impacted workers and energy and transport efficiency.

- **The Western Balkans Investment Framework (WBIF)** provides grants, loans and investments, alongside technical support, to key strategic sectors: energy, environment, social, transport, and digital infrastructure. The WBIF is a joint initiative of the European Commission, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the World Bank Group, the KfW Development Bank, Agence Française de Développement and several bilateral donors.

Combining support from international financial institutions with national-level activities on policy adoption and integration would foster the just transition process. Here are some policy recommendations for advancing just transition in the Western Balkans:

- Commitment to coal phase-out and setting closure dates for coal related activities
- Implementation of the Green Agenda for the Western Balkans
- Development of National Energy and Climate Plans (NECPs) and Nationally Determined Contributions (NDCs)
- Development of territorial just transition plans

# What's next

Just transition involves profound changes that will penetrate all levels of society. Mono-industrial areas often come to be defined by the traits of their industries, even the negative ones – a polluted environment, few opportunities, poor quality services, etc.

To change this, a long-term, continuous effort is needed.

There is no single 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. The principles outlined in this guide can serve as a framework for every just transition region to plan its own process. The form under which the process continues – through working groups, associations, government agencies or departments within the local government – remains at the discretion of stakeholders. Whichever body is chosen, it will have a complex role not only in implementing projects but also in continuously consulting the population 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. 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.

Since a just transition is not a one-day process, it is crucial to set benchmarks and indicators that should be met throughout the process to ensure it is on the right track, some of which include:

- Engagement of stakeholders (affected community and decision makers)
- Just transition dialogue started
- Transformation of the energy sector to energy efficiency first, increased uptake of renewables (number of projects)
- Energy efficiency increased (savings in MWh and greenhouse gas emissions)
- Renewable energy production in repurposed sites (MWh per year)
- Improved living standards in the just transition region (living wage, clean environment, health)
- Number of people accessing employment with new industries (number of men or women)
- Number of trained local citizens enhancing market-relevant skills (number of men and women)
- Mobilised investment in new economic activities or sustainable infrastructure investments (EUR millions)
- Integrated climate neutral policies





# Recommendations for how to achieve the just transition process at the national level

At the national level, it is important to:

- declare the phase-out dates for fossil-fuels in order to ensure investment project planning and just transition activities. However, decisions on individual coal-fired power plants and/or coal mine closures are always welcome, in the absence of a national level decision.
- immediately unlock investments in RES and modernise the network infrastructure.
- make the energy debate transparent and do not hide the details behind closed doors.
- develop country energy scenarios that determine the limits for power plant restructuring plans.
- elaborate public awareness campaigns at the national and regional levels.
- play an active role in the formulation, implementation and monitoring of national sustainable development policies.

Each country must determine its own just transition, in which the policies and programmes are designed by and for the fossil fuel regions and are appropriate for the countries' conditions, including their stage of development, economic sectors, and intensity of coal industry development.

*CEE Bankwatch Network's mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation.*

[www.bankwatch.org](http://www.bankwatch.org)