

RETRAINED AND FORGOTTEN

Measures for mitigating the impact of layoffs from the mines in the Jiu Valley



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Introduction

Mining communities were changed by the radical transition from the safe communist society (which instead abolished several rights) to a wild capitalism, home to an impoverished majority and a few nouveau riche. Massive layoffs in the mining sector eroded informal mutual aid networks and caused a significant segment of the population to relocate somewhere else in the country (primarily in rural areas, where part of the family had been living prior to coming to work in the mine)¹ or in Europe, in order to find a job. Although various programmes, some of which enjoyed hefty financing, were implemented in the Jiu Valley as the mines downsized or closed, the benefits of those programmes did not last. These programmes were not part of an integrated effort to remodel the area and, with a notable exception, all had a top-down approach. The main conclusion of this publication is that not involving the beneficiaries in all stages of implementation played a key role in projects not managing to provide positive long-term solutions.

The massive downsizing of the mining industry led to a proportional decrease in purchasing power, which forced the other businesses in Romania's mining areas to severely downsize as well. This caused a sudden economic collapse of those areas and exacerbated the social issues by increasing unemployment. In the late 1990s, 80% of the workforce still depended on mines for employment and income,² but the decline of the industry saw the closure of unprofitable hard coal mines in order to prevent an industry-wide bankruptcy, by implementing a programme launched in 1997 with World Bank support.³ As such, the

¹ See David A. Kideckel, *Getting By in Postsocialist Romania: Labor, the Body, and Working-Class Culture*.

² <http://bankwatch.org/sites/default/files/coal-jobs-fraud.pdf> pg. 26.

³ <http://documents.worldbank.org/curated/en/791121468295193557/Romania-Mine-Closure-and-Social-Mitigation-Project>

number of miners in the Jiu Valley plummeted from 50,000 in 1989 to approximately 4,700 at the moment, as a result of mine closures, forced layoffs and voluntary resignations.⁴

This research analyses the context of downsizing the mining sector in the Jiu Valley, the concrete measures taken to mitigate the social impact in the areas hit by restructuring the mining sector and how successful these measures were.

History of the Hunedoara Energy Complex

Given the general changes following the 1989 Revolution, Romania was in need of enacting a process of reforming the production units in the mining industry. This mining restructuring process commenced with the entry into force of Law No. 15/1990 on reorganising state enterprises into trading companies and independent authorities. One of the first outcomes was Government Decision No. 1212/1990⁵, which reorganised the Jiu Valley Integrated Mining Plant and the Banat Integrated Mining Plant into the Independent Hard Coal Authority, which started operating in 1991 with a total number of 52,628 employees. While the Independent Hard Coal Authority operated, an extensive layoff process took place, with the employee count dropping by 30,000. Seven years later, in 1998, the Independent Hard Coal Authority was also reorganised through Government Decision No. 806/1998,⁶ which established the National Hard Coal Company. During the latter's existence, the following mining units were closed: Petrila Sud and Câmpu lui Neag in 1999, Dâlja in 2003, Valea de Brazi in 2005 and Aninoasa in 2007. In 2012 the National Hard Coal Company starts the liquidation procedure and the following entities are established:

- The Jiu Valley National Society for Mine Closure, which took over the mining units Petrila, Paroșeni and Uricani;
- The National Hard Coal Society, which comprised the mining units Lonea, Livezeni, Lupeni and Vulcan, but also the Jiu Valley Coal Preparation Unit, Mining Rescue Station and Administrative Unit;

The Hunedoara Energy Complex (CEH) is established in 2011 by merging Deva Power Planta and Paroșeni Power Planta⁷, which were former subsidiaries of the Trading Society for Electricity and Heat Production “Termoelectrica”, converted to trading companies in

2001⁸ and 2010,⁹ respectively. After merging, in 2013,¹⁰ the Hunedoara Energy Complex partially absorbs the National Hard Coal Society Petroșani by taking over the four mines it managed: Lonea, Livezeni, Lupeni and Vulcan.

The socio-demographic situation

The distribution of hard coal reserves in Romania is restricted to a limited area, in the Jiu Valley coalfield, which led to the mono-industrial development of the area. Before 1989, the policy for securing energy independence had a major impact on the Jiu Valley: the area saw an extensive economic expansion, as all known mining sites started to operate by means of massive investments. The demographic development of towns, especially of the mono-industrial ones in the Jiu Valley, was directly influenced by the shifts in the economic and industrial sector.

The demographic structure of Hunedoara County was significantly changed in the first years after the 1989 Revolution. This was due to the negative economic developments in the county (closed or downsized the production capacity, reduced income, increased unemployment, etc.)¹¹ According to data from the National Institute for Statistics, registered citizens residing in the county amounted to 545,299 in 1991 but, after the first layoffs in 1995, the population decline was exacerbated, with 469,853 inhabitants in 2016.¹²

This downward trend can be explained by analysing the indicators of natural and migratory movements of the population. As such, the high number of people who permanently emigrated by relocating to another country starting in 1991 is worth mentioning: in 2015 this tally reached 8,249 people. This, however, does not include people emigrating without changing their domicile, which has been made possible by Romania entering the European Union. The population decline in the county owes mostly to the negative population growth, as a result of decreasing birth rate and increasing death rate. In Hunedoara County, population growth was positive between 1991 and 1992, after which it suddenly started falling, reaching -2.211 people in 2015.

4 <http://bankwatch.org/sites/default/files/coal-jobs-fraud.pdf> pg.26.

5 <http://legislatie.just.ro/Public/DetaliuDocument/1305>

6 <http://lege5.ro/en/Grauit/ge4tgnzx/hotararea-nr-806-1998-privind-infiintarea-companiei-nationale-a-huilei-sa-si-a-societatilor-comerciale-servmin-sa-centrul-de-calcul-info-sa-proiectari-miniere-minconsult-sa-prin-reorganizarea-regi>

7 <http://lege5.ro/Gratuit/gi3deobsgm/hotararea-nr-1023-2011-privind-unele-masuri-de-reorganizare-a-producatorilor-de-energie-electrica-de-sub-autoritatea-ministerului-economiei-comertului-si-mediului-de-afaceri-prin-infiintarea-societati>

8 <http://legislatie.just.ro/Public/DetaliuDocument/32515>

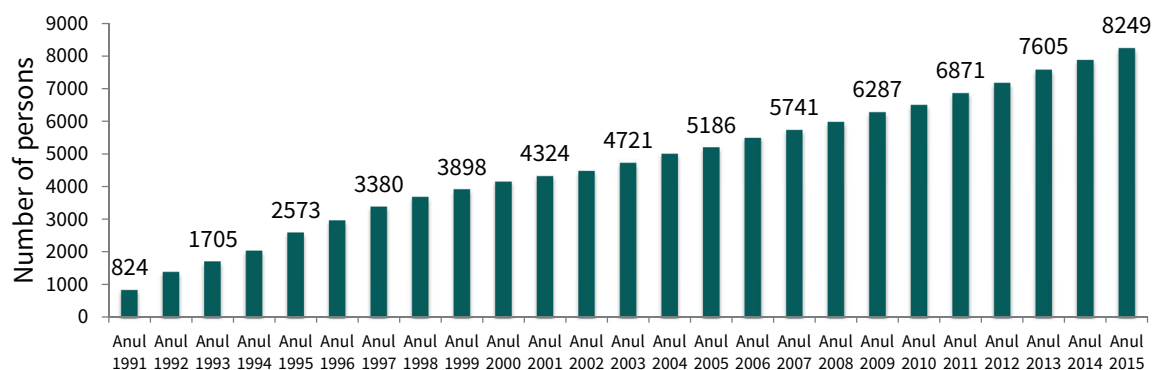
9 <http://lege5.ro/Gratuit/geztmnnjghe/hotararea-nr-761-2010-privind-infiintarea-societatii-comerciale-de-producere-a-energiei-electrice-si-termice-electrocen-trale-paroseni-sa-filiala-a-societatii-comerciale-de-producere-a-energiei-electrici>

10 <http://www.capital.ro/complexul-energetic-hunedoara-a-absorbit-societatea-nationala-a-huilei-petrosani-184142.html>

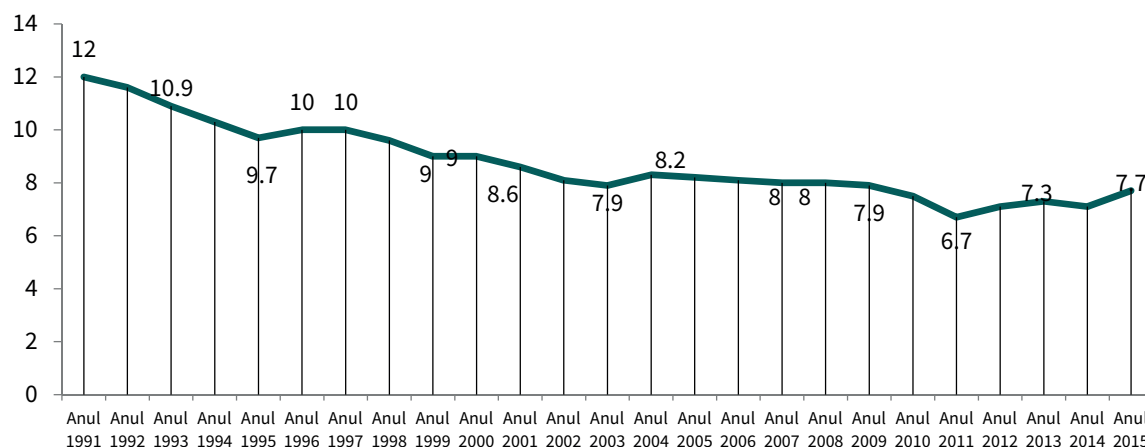
11 <http://www.primariapetrosani.ro/wp-content/uploads/2015/08/Profilul-comunitatii.pdf> pg.17.

12 <http://www.hunedoara.inss.ro/main.php?lang=fr&pageid=409>

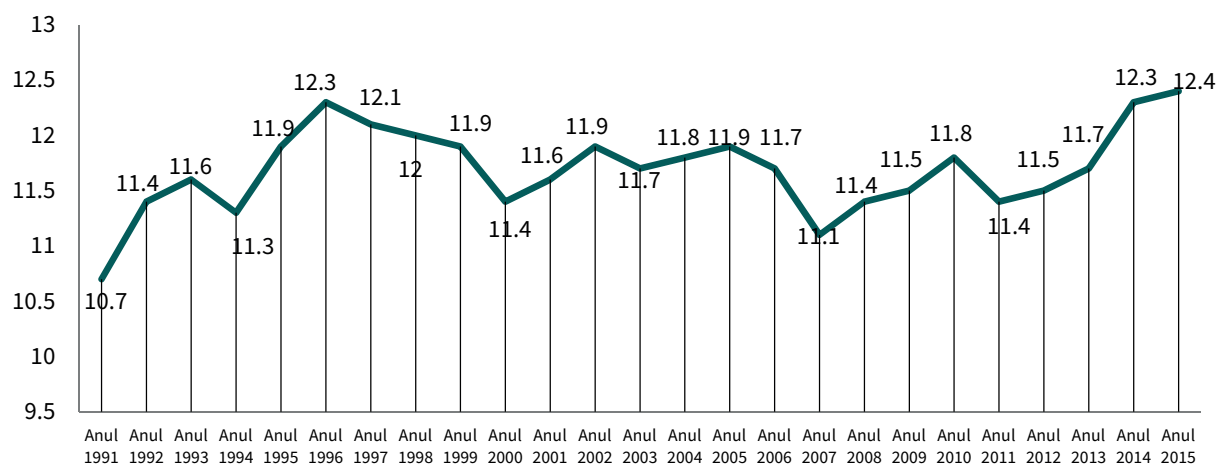
Permanent emigration cases - Hunedoara 1991-2015



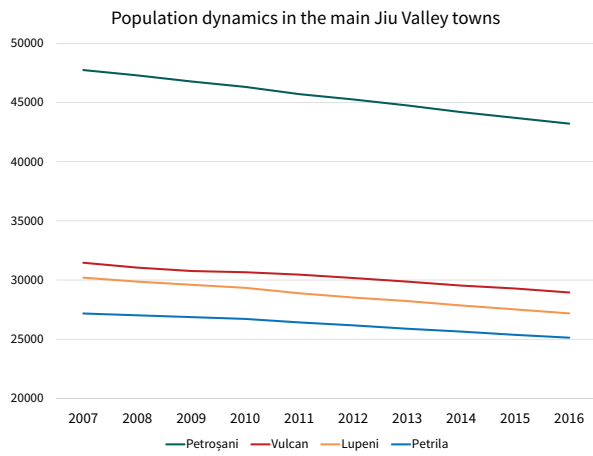
Birth rate - Hunedoara 1991-2015



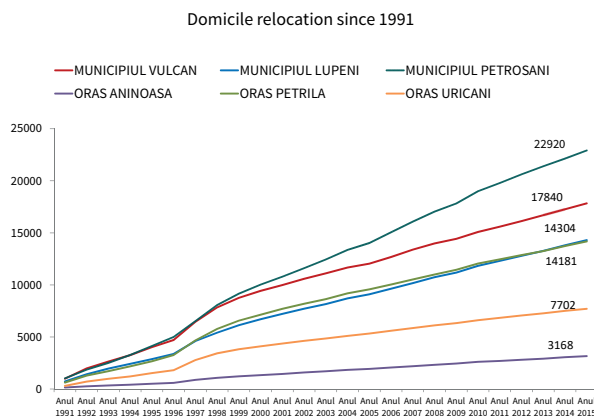
Mortality rate - Hunedoara 1991-2015



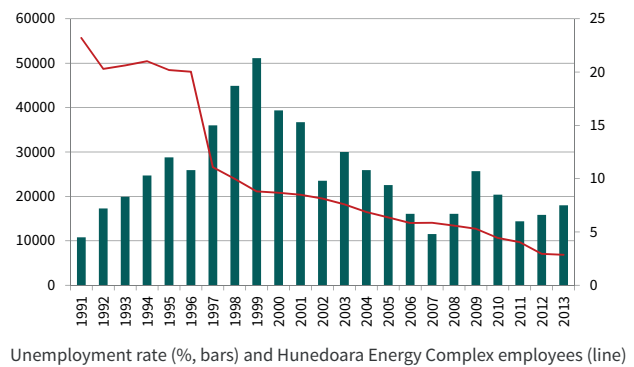
Mainly because of the extensive mining staff layoff carried out in the area since 1997, the population dynamics exhibits the same downward trajectory in the Jiu Valley settlements as well. By analysing demographic data for the period 2007-2016, the same significant decrease in population is observed in the following towns:



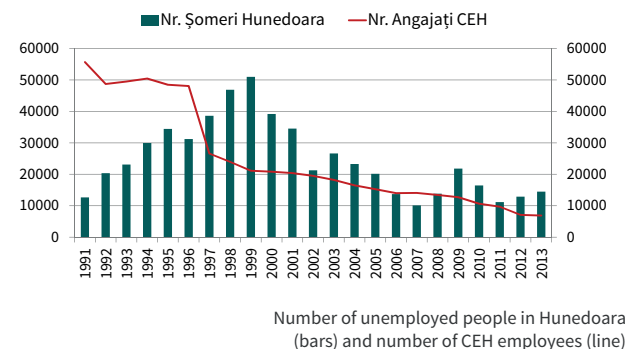
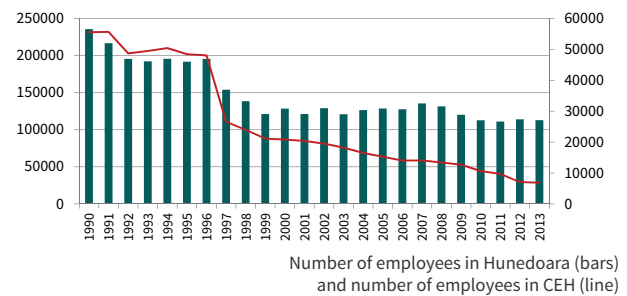
Given the population decrease in Hunedoara County, the number of domicile relocations away from mono-industrial settlements (i.e. people leaving a settlement and permanently relocating to another settlement) has increased accordingly, reaching the following count by the end of 2015 (Fig. 4):



By analysing the population count by economic activities in the Hunedoara County, the industrial sector is predictably the most impacted, with the highest decrease. In 1997 and 1998, 18,185 and 2,152 employed mining workers were laid off, respectively.¹³ This significant decrease in the staff count of the Hunedoara Energy Complex proportionally impacts the unemployment rate, which peaks in 1999 at 21.3%.



Moreover, these fluctuations of the energy employee count also impact the total employee count in Hunedoara County, as well as the count of registered unemployed workers, granted unemployment allowance or not. Thus, as the layoffs continued, so did the total employee count decrease proportionally (Fig. 6). With regards to the unemployed workers, their numbers also significantly increased.



Programmes funded by the World Bank to mitigate the impact of layoffs

One of the decisive factors leading to the restructuring of the mining industry was the removal of subsidies granted to this sector, to which Romania committed in its accession process to the European Union. Between 1990 and 2007, state expenses for mining aid amounted to 6,156.4 million USD,¹⁴ highlighting the economic unsustainability of the mining sector. After joining the EU, pursuant to a 2010 Council Decision,¹⁵ Romania was

13 According to the answer of the Hunedoara Energy Complex to the inquiry on public information in 31.01.2017.

14 Bianca Radu, Reziliența fostelor comunități miniere (The resilience of former mining communities), Presa Universitară Clujeană, 2015, pg. 108.

15 <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1553425048734&uri=CELEX:32010D0787>

no longer allowed to grant state aid to unprofitable coal units.

To counteract the negative effects of restructuring the mining sector, especially the social and environmental consequences of uncompetitive mine closures, several programmes were carried out between 2000 and 2012, mainly funded through two loans granted by the World Bank to the Romanian Government; the programmes were implemented in 2000-2006 and 2005-2012, respectively. The main institution responsible with implementing the programmes was the National Agency for Development and Implementation of the Programmes for Reconstruction of the Mining Regions, established in 1997 by the Emergency Ordinance No. 64/1997,¹⁶ which aimed to implement programmes to mitigate the social impact of massive layoffs due to restructuring the mining sector.

The Emergency Ordinance No. 11 from 24.01.2000¹⁷ ratified the Loan Agreement between Romania and the International Bank for Reconstruction and Development for funding the Mine Closure and Social Mitigation Project, amounting to 44.5 million dollars, signed in Bucharest on 13 October 1999. The general objective of the project was to support the Romanian Government's efforts to reduce the burden on the national budget by permanently closing uneconomic mines in a socially and environmentally sustainable manner and to provide support to the modernisation of the sector's administrative framework. The project aimed at: (i) developing effective procedures for a technically and environmentally sound approach to the formal closure of uneconomic mines, (ii) identification of measures that would be most effective in mitigating the social hardships resulting from restructuring the sector and assistance in creating diversified employment opportunities for redundant labour and (iii) strengthening the agencies involved in restructuring the sector and introducing a modern licensing system.¹⁸ These objectives would be achieved through closing 29 uneconomic mines, financing social mitigation initiatives to help diversify the local economy, but also through technical and institutional assistance for modernising the administration of mineral rights.

The social mitigation component initially had a funding of USD 13.7 million, which was subsequently increased to USD 27.7 million, amounting to 62% of the total funding of the Mine Closure and Social Mitigation Project.¹⁹

This component led to the implementation of several

measures meant to enhance the efforts to improve the economy in regions impacted by the reduction or closure of mining activity:

a) *Micro-credits for mining regions* – financing for establishing or developing enterprises or income-generating activities. As a result, 2,484 micro-credits were granted, for a total amount of USD 5.5 million.

b) *Enterprise support* – business planning or start-up consultancy services. According to the performance indicators from 31 March 2005, 11,054 consultations were provided, 1,078 new businesses were initiated and over 6,000 new jobs were created.

c) *Workspace centres* – additional support for initiating 10 new workspace centres which were also provided with management services. For this purpose the old buildings left available after the mines closure or those provided by the local authorities were used; the project also funded repairs, infrastructure development, but refurbishing the centres in accordance to the new use.

d) *Employment and Training Incentives* – covered on-the-job training costs and were provided to entrepreneurs willing to hire laid-offs from the mining sector. According to the performance indicators from 31 March 2005, 6,763 jobs were created and USD 5.45 million were granted.

e) *Social Development Scheme for Mining Communities* – carried out in 55 mining settlements, funded three project categories: small infrastructure – maximum USD 75,000 / project; income generating activities – maximum USD 40,000 / project; social services – maximum USD 40,000.²⁰

The Law No. 167 from 09.06.2005²¹ ratified the second Loan Agreement between Romania and the International Bank for Reconstruction and Development, for funding the Mine Closure, Environment and Socio-Economic Regeneration Project, amounting to 120 million dollars. Just like its predecessor, this programme, which was implemented between 2005 and 2012, had three main components: Mine Closure and Environmental Regeneration, Socio-Economic Regeneration and Institutional Support. The socio-economic component was, in turn, also divided into three subcomponents: support for job creation activities in mining regions, support for community capacity building and local development activities in the mining regions and strengthening the institutional capacity of the National Agency for the Mining Regions, Project Management Unit for Socio-Economic Regeneration and the Romanian

¹⁶ <http://legislatie.just.ro/Public/DetaliuDocument/11410>

¹⁷ http://www.cdep.ro/pls/legis/legis_pck.http_act_text?id=21991

¹⁸ <http://documents.worldbank.org/curated/en/791121468295193557/pdf/ICR495.pdf> pg. 3.

¹⁹ Press release – Ministry of Economy and Commerce, May 2005.

²⁰ Press release – Ministry of Economy and Commerce, May 2005.

²¹ <http://legislatie.just.ro/Public/DetaliuDocument/62419>

Social Development Fund to implement the project.²²

The socio-economic regeneration component of the Mine Closure, Environmental and Socio-Economic Regeneration Project – a series of support measures based on the experiences of the first loan from the World Bank – had also contributed through a series of support measures for natural persons and enterprises to strengthen the economic development and social regeneration conditions. These measures were:

1. Support for job creation activities in mining regions:

a) *Employment and Training Incentives Scheme* – Incentive payments to employers for hiring and training unemployed workers from the mining regions heavily disadvantaged by the restructuring of the mining sector, both economically and socially. Funds available for this scheme amounted to USD 10 million and they were expected to contribute to the creation of 10,000 jobs.

b) *Micro-Credit Scheme* – revolving micro-credits were granted, total funding amount was USD 11 million.

c) *Workspace Centres* – financing of management contracts to administer the ten existing workplace centres and provide support to entrepreneurs in business planning and start-up.

2. Community capacity building on local development activities:

a) *Development Scheme for the Mining Communities* – continuation of the first loan scheme, with USD 15 million available funding to be granted to 250 infrastructure, income generation or social services projects.

b) *Municipal Infrastructure* – finance technical assistance and works in order to upgrade municipal infrastructure with USD 15 million financing available.

c) *Small Grants Scheme* – grants to improve the welfare of disadvantaged groups in the mining regions; allocated funding was USD 3.13 million.

d) *Community Capacity Building* – provision of technical assistance and training to facilitate a process of community mobilization and dialogue among local stakeholders.²³

The socio-economic development strategy for Jiu Valley

In 2002 the Government enacts the Cross-ministerial

Committee for Analysing the Social and Economic Improvement Perspectives in the Jiu Valley, in order to find measures to tackle unemployment, to deploy the available workforce, as well as to improve general living conditions.²⁴ The main priority of the Committee was designing a Socio-economic development strategy for the Jiu Valley Coalfield²⁵, mainly aiming to restructure the economy in the area by reducing the dependence on the mining industry. The measures were meant to develop the private sector, which was deemed capable to draw in, on the medium to long term, jobless people, young graduates, as well as the workers soon to leave the mining sector.

The strategy also intended to support and enhance sectoral activity – industry, constructions, tourism, agriculture, manufacturing industry and associated services. Plans for training the workforce were envisaged, in accordance with changing economic demands, for creating viable alternatives so that the young generation does not leave the Jiu Valley and for promoting a positive image of the region to attract investors.

After the strategy was developed, some legislative measures were urgently adopted, which would allow a better coordination and control of the implementation by the Government. As such, according to Law No. 278/2003²⁶ on approving Government Emergency Ordinance No. 176/2002 on establishing some measures regarding the Socio-economic development strategy of the Jiu Valley Coalfield, the Jiu Valley Government Authority was established, in order to ensure the Strategy included the programmes, actions and projects of the public central and local authorities. This authority was led by a governor, who was part of the Board of Directors of the Jiu Valley Association and was also the president of the Jiu Valley Cross-ministerial Committee. This regional coordination lived a short existence, as the Government Emergency Ordinance No. 36/2004²⁷ disassembles the Jiu Valley Governmental Authority, whose attributions are taken over by the Cross-ministerial Committee.

Implementing retraining courses

The entry into force of the Government Emergency Ordinance No. 30/1997 marks the beginning of reorganising and restructuring independent authorities to transform them into national companies or societies, and the Independent Hard Coal Authority Petroșani

22 Bianca Radu, *Reziliența fostelor comunități miniere* (The resilience of former mining communities), Presa Universitară Clujeană, 2015, pg. 121.

23 Press release – Ministry of Economy and Commerce, May 2005.

24 <http://legislatie.just.ro/Public/DetaliuDocument/91447>

25 <http://www.monitoruljuridic.ro/act/hotarare-nr-646-din-20-iunie-2002-privind-aprobarea-strategiei-de-dezvoltare-socioeconomica-a-bazinului-carbonifer-al-vaii-jiului-emitent-guvernul-36985.html>

26 <http://lege5.ro/en/Grauit/gq2tomzt/leaga-nr-278-2003-privind-aprobarea-ordonantei-de-urgenta-a-guvernului-nr-176-2002-pentru-stabilirea-unor-masuri-privind-strategia-de-dezvoltare-socioeconomica-a-bazinului-carbonifer-al-vaii-jiului/5573>

27 <http://legislatie.just.ro/Public/DetaliuDocument/52355>

was no exception. In order to reduce the impact on the employees, a series of ordinances were issued to lay down some protection measures for the affected population.

Emergency Ordinance No. 9/1997²⁸ foresaw granting compensatory payments whose monthly amount was equal to the average wage. The payment was calculated according to the experience of each worker, ranging from 6 average wages for those with between 6 months and 5 years of experience and up to 12 average wages for 15 years of experience or more.

Additionally, compensatory payments could be increased by up to 3 average wages if one of the following applied: the beneficiary domiciled in a geographic area with at least 12% unemployment rate or with a restricted number of professional activities, or the beneficiary performed a highly specialised economic activity. The amounts paid as compensation could be either transferred monthly or as a one-off payment, provided the receiver committed to use the amount for buying or grouping in order to buy land for agriculture, buying shares or running a commercial activity. If he ran a commercial activity, the receiver was exempt from paying income tax for two years, provided he received a permit within 6 months after his contract ended.

Emergency Ordinance No. 22/1997 foresaw specific protection measures for mining workers, setting the monthly compensatory payment at the average pay for the branch. The total amount was calculated differently, according to years of experience, with 12 average wages between 6 months and 5 years, 15 wages for 5-15 years and 20 wages for more than 15 years of experience.

The retraining programmes offered by Hunedoara Energy Complex were funded by the budget for mine closures. The retraining process started by surveying the workers to be laid off from the soon to be closed mining units. The aim of the survey was to reveal which jobs would be preferred by the laid off workers. Their answers were taken into consideration when preparing the offers, which were subsequently sent to companies specialised in organising retraining courses.

Most of the participants opted for being trained as cooks, mechanics or plumbers for central heating systems. The Hunedoara Energy Complex representatives which were interviewed for this report could not tell if the people involved did actually find a job in the field they studied. The Hunedoara Energy Complex is only required to organise these retraining courses, but not to also monitor the absorption rate of the participants who were successfully retrained. The Hunedoara Energy

Complex cannot implement other social protection programmes as it lacks funding.

Some representatives of the local authorities claim the courses were most of the time not actually organised, just registered. They do not consider the lack of options the issue: despite the diversity of the educational system, with many schools in various fields, there are few available jobs.

The mayor of a town in Jiu Valley confessed he tried everything to attract investors, even to charge ludicrous amounts for renting land, hoping for investments in the area. The mountainous geography means there are no large areas of land available for extensive investments, so he considers the town is most suited for developing small and medium businesses. Until then, there is constant migration from this town and neighbouring ones towards neighbouring regions, where economic alternatives are still available.

European funds in Hunedoara County between 2007 and 2013

With the overall objective of “supporting the economic, social, territorially balanced and sustainable development of the Romanian regions, according to their specific needs and resources”²⁹, the Regional Operational Programme 2007-2013 was meant to contribute to improving regional and social infrastructure, strengthen the regional and local business environment and sustainably develop cities and tourism.

The funding of the Regional Operational Programme 2007-2013 was allocated through the following priority axes: Priority axis 1 – Support to sustainable development of urban growth poles; Priority axis 2 – Improvement of regional and local transport infrastructure; Priority axis 3 – Improvement of social infrastructure; Priority axis 4 – Strengthening the regional and local business environment; Priority axis 5 – Sustainable development and promotion of tourism; and Priority axis 6 – Technical Assistance.³⁰

During the funding period, Hunedoara County implemented 106 projects in 5 of the 6 Priority axes, totalling to 1,181,692,802.49 RON, from which EU investment 770,325,276.8 RON, national public contribution – 108,919,060.99 RON and beneficiaries contribution – 75,539,585.73 RON.

29 Framework Document for implementing the Regional Operational Programme 2007-2013 (http://www.fonduri-ue.ro/files/programe/DEZV_REG/POR_2007/DCI_Versiunea_17_final.doc)

30 https://ec.europa.eu/regional_policy/en/atlas/programmes/2007-2013/romania/operational-programme-regional-operational-programme

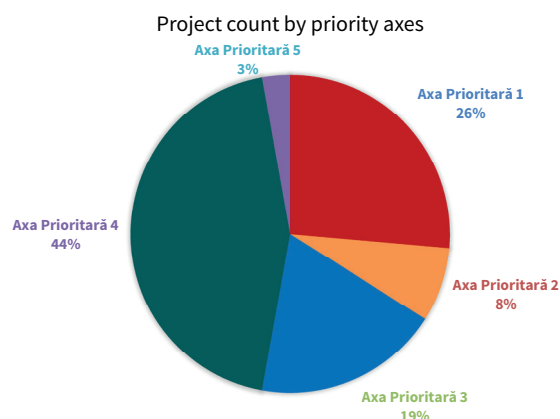


Fig. 1 – Project count by Priority axes

Most projects were submitted in Deva and Hunedoara, mostly on Priority axis 4 – Main Intervention Field 4.3 – Supporting the development of microenterprises. Priority axis 1 Main Intervention Field 1.1 – Integrated urban development plans and Major Intervention Field 1.2 – Supporting investments in energy efficiency for apartment blocks – both registered a considerable number of projects distributed relatively equally in the Jiu Valley and the Municipalities of Deva and Hunedoara. The same situation was observed under the Priority axis 3 – Improving the social infrastructure, with most of the projects aiming to modernise and renovate schools, high schools, medical offices, hospitals, etc.

An example of a project funded by the Regional Operational Programme 2007-2013 is the one carried out by the Petroșani Municipality, named “Hermes

3 and the Main Intervention Field 3.4 – Rehabilitation, modernisation, development and equipment of the educational and continuous training infrastructure. The project foresaw erecting a building with a total area of 1,091.15 m² on the premises of the Economic High School “Hermes”, where job training could be offered in the fields of tourism and food industry.³¹

Case study: Social Development Scheme for Mining Communities (SDSMC)

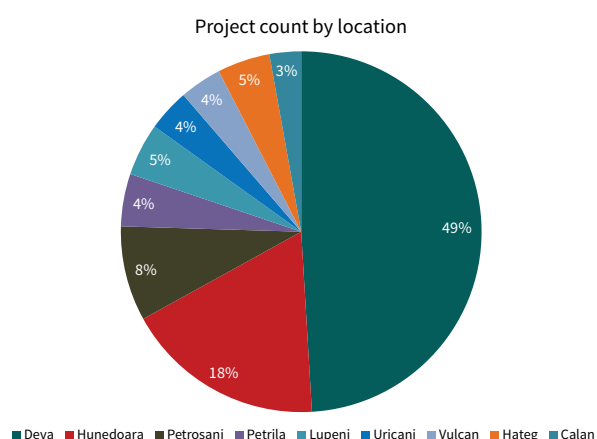
Context

Law No. 129/1998³² established the Romanian Social Development Fund, a public non-profit entity operating under Government authority. The Fund was enacted in order to reduce poverty by financing projects in targeted poor communities, increasing local management capacity, supporting administrative decentralisation and increasing local organising capacity. The main areas that RSDF’s activity targets are the following: social inclusion, socio-economic development, equal opportunities, poverty alleviation and community development.³³ In 2004, the Fund is assigned the Social Development Scheme for Mining Communities for implementing a pilot phase, whose positive results led to its continuation in the second phase of mine closures, after the second loan between Romania and the International Bank for Reconstruction and Development was signed. This scheme funded three types of projects: small infrastructure works, income generating activities and developing social community services.³⁴

RSDF had the role of implementing agency for this component, cooperating with the National Agency for Development of Mining Regions, which was responsible for mitigating the social impact following the economic restructuring process and also aimed to build capacity for mining communities so that they can tackle their own issues. The following results were obtained by 2005, when the pilot phase of the financing scheme was finished: 75 facilitated communities, 69 small infrastructure works achieved, 10 small business started, 12 social services deployed and 260 members of financed communities were trained in project management.³⁵ The second phase of the Social Development Scheme was carried out in the period 2006-2011 and its beneficiaries were not only former miners and their families, but also the rest of the community, affected as well by mining restructuring and for which no specific actions for development have been taken before.

The SDSMC Process

Unlike other financial instruments, the SDSMC did not



Petroșani Workshops – Real chances for professional training”. The project was funded by a grant of approximately RON 2.63 million from the Priority axis

31 https://www.adrvest.ro/attach_files/39_Comunicat_de_presa_Colegiul%20Economic%20Hermes%20-%20Ateliere,%20Petrosani-%20reabilitate%20prin%20Regio-POR_5%20noi%202014.pdf

32 http://www.clr.ro/rep_html/L129_1998_Rep2.htm#_ftn1

33 <http://www.frds.ro/index.php?id=96&lang=2>

34 Bianca Radu, Reziliența fostelor comunități miniere (The resilience of former mining communities), Presa Universitară Clujeană, 2015, pg. 131.

35 <http://www.frds.ro/index.php?id=19&lang=2>

only aim to implement some projects, but also pursued secondary objectives in their implementation. It focused on increasing community participation and civic engagement, stimulating social capital by promoting rules and values such as trust, transparency, mutual aid, engagement in community life, but also supporting partnerships with local authorities, non-governmental organisations or other civic organisations.

As such, the SDSMC Manual³⁶ introduces the prerequisite condition of community participation, deemed “essential in defining and prioritising necessities, as well as in designing and implementing projects”, without which the financing requests were rejected. Another innovating prerequisite was designing partnerships “on a case to case basis, with local authorities, with NGOs specialised in social services and/or with independent experts in this field, with governmental decentralised institutions in the region, etc.”

To deploy this programme, RSDF carried out an information and communication process divided in several activities: initial campaigns – organised to launch competition phases and focused on informing potential beneficiaries living in target communities; campaigns for promoting good practices and experience exchange and partnership building – by organising workshops and work meetings with the main actors involved in the social development of target communities of SDSMC, community representatives, funders, non-governmental organisations etc.

During the initial information campaign, in order to guarantee the selection of the mining areas which needed support the most, the potential level of engagement of the community members for a community development project was assessed.

The next step after the initial information campaigns was the process of community facilitation, which was the main mechanism the RSDF used to give more access to communities to the available resources, by developing skills and increasing social capital on a community level. In short, the community facilitator was helping a community organise, identify its needs and opportunities and find appropriate communication and participation means. The facilitation was meant to identify community members who were able to lead a working group, which would then directly manage the financing received. Group members took part in initial training courses where they gathered useful information about managing the funding but also about the public procurement system or project drafting.

Projects in the Jiu Valley

Hunedoara was one of the counties where projects of the Development Scheme for Mining Communities (Phase 2) were implemented. From 36 finished projects, 21 aimed to refurbish roofs of apartment buildings in Petrila, Petroșani and Uricani, and another 9 projects restored road infrastructure in Aninoasa, Valea de Brazi and Câmpu lui Neag, totalling to almost 16 restored kilometres of infrastructure. The rest of the projects aimed to install sewage systems and channel rivulets. By the time implementation was finished, Hunedoara County had been funded with approximately USD 3.6 million, representing 18.66% of the total funding.³⁷

SDSMC Assessment

The Social Development Scheme for Mining Communities was independently assessed twice, in 2007 (Gallup)³⁸ and 2011 (RIAS)³⁹. Both studies highlighted the success of the programme, which achieved more than the full implementation of the proposed projects. Thus, communities were provided with social capital by implementing small infrastructure projects, because those mobilised community members. They became involved because they understood the importance of investing in their communities, mostly because they took part in identifying the necessities. This was a significant difference as opposed to the usual method of investing in those settlements, when the decision-making process was handled by the public authority.

Many of the actors participating in SDSMC consider their problems are not understood “in Bucharest”⁴⁰, while also appreciating this programme’s implementation was faster compared to the alternatives at that time (SAPARD and PHARE). Of course, complaints were also present, as the projects were considered excessively bureaucratic – despite being significantly simpler than in other financing programmes and despite the facilitator RSDF providing assistance to the beneficiaries. Moreover, “the unanimous opinion about the financing amount by the RSDF is that it is insufficient”.⁴¹ Maximum amounts were set at 75,000 USD for small infrastructure projects and 40,000 USD for income-generating activities or social community services projects.

Although both assessments were outspokenly positive, the programme was not continued. An argument of the central authorities supporting this decision was the reduced absorption rate of European funds, which were preferable to another loan from the World Bank. However, the specific regulations of operational programmes do not include a facilitator to assist the

36 Implementing manual for the subcomponent “Social Development Scheme for Mining Communities” within Part B “Social Impact Mitigation” of the “Mine Closure and Social Impact Mitigation” project (SDSMC Manual), pg. 5.

37 http://www.frd.ro/uploads/files/SDSCM2_Prj_20120630.pdf?phpMyAdmin=Fs6VNjpyOx7UuhCna%2CHLuimQYGa pg. 20.

38 Initial Impact Assessment of the Social Development Scheme for Mining Communities – Research report The Gallup Organization, Romania (Gallup Study)

39 Ex-Post Impact Assessment of the Social Development Scheme for Mining Communities – Final research report, Romanian Institute for Assessment and Strategy (RIAS Study)

40 Gallup Study, p. 34.

41 Gallup Study, p. 35.

beneficiaries along the process or the simple accounting which made this programme attractive.

Recommendations

Given that more than 20 years passed since the first redeployment strategy for laid off miners, any attempt to find alternatives for the future should look back and learn from these experiences. Although the perception of Jiu Valley is largely unchanged, still fuelled by TV reports highlighting only rusty machinery and degrading apartment buildings, factual reality proves otherwise. Population density in the area is still higher than the national average and the inhabitants have various occupations, adapting to the decreasing dependence on a single economic sector.⁴² Tourism, traditional agriculture or the textile industry are a few examples of fields where new jobs were created; even more are possible, provided they are supported by appropriate long-term measures, adjusted after the locally identifiable necessities.

Developing these and other sectors is possible, but a stable framework and positive measures are needed to offer safety and continuity. At the moment there is no data indicating that the development of the current thriving economic branches peaked – on the contrary, the rising number of tourists, for example, suggests the opposite. Increasing the number of local enterprises and, consequently, of new jobs can be achieved if the region has a strategy to foster those economy fields which could prosper.

The SDSMC programme, although implemented on a reduced scale, stays the most relevant example for illustrating the importance of local community participation throughout all strategy implementation stages. Regions feeling left behind by a changing, thriving world have a higher risk of nurturing populist movements, which threaten the European project. Investing in these communities is thus extremely important, ensuring reduced inequality and higher trust in democratic institutions. The SDSMC Assessment revealed: “The reputation of local authorities also benefits greatly from SDSMC projects, because the projects openly prove their interest in solving community issues. Moreover, given the local budget cap, RSDF-funded projects were welcomed and are considered to complement the effort of local and national authorities to improve community welfare.” As such, a new programme is needed to support involving

disadvantaged community members, because they do not have the resources to actively take part in the transition of the region.

The largest current initiative – the European Commission’s Platform for Coal Regions in Transition – is the main solution for Europe’s regions for which national governments do not plan new strategies because they refuse to admit that the coal age is coming to an end. After a problematic start, which focused on continuing to use coal by means of expensive technologies, the initiative saw a positive development during 2018. From this year on, a permanent secretariat will be in place. It should ensure that a bottom-up participative process is carried out in all regions involved in the platform in order to identify necessities, define priorities and implement solutions.

Acronime

CEH	Hunedoara Energy Complex
SNH	National Hard Coal Society
CNH	National Hard Coal Company
SDSCM	Social Development Scheme for Mining Communities
FRDS	Romanian Social Development Fund
BEI	European Investment Bank
BERD	European Bank for Reconstruction and Development
INS	National Institute for Statistics

⁴² <http://www.just-transition.info/insule-de-cultur-dicteaz-viitorul-vii-jiului-din-romnia>

Annex 1 Tables

Table 1 – Total employee count by the end of the year of Deva Power Plant, Paroșeni Power Plant, Independent Hard Coal Authority, National Hard Coal Company, National Hard Coal Society from 1990 to 2013

Year	Independent Hard Coal Authority	National Hard Coal Company	National Hard Coal Society	Paroșeni Power Plants	Deva Power Plants
1990	52.552	-	-	826	2.210
1991	52.628	-	-	794	2.262
1992	45.666	-	-	777	2.258
1993	46.410	-	-	804	2.290
1994	47.349	-	-	799	2.290
1995	45.510	-	-	747	2.203
1996	45.134	-	-	756	2.184
1997	23.668	-	-	757	2.170
1998	21.089	-	-	754	2.119
1999	-	18.348	-	680	2.103
2000	-	18.231	-	678	1.909
2001	-	17.706	-	673	1.997
2002	-	17.035	-	662	1.809
2003	-	15.950	-	419	1.852
2004	-	14.219	-	420	1.852
2005	-	12.995	-	419	1.850
2006	-	11.770	-	395	1.850
2007	-	11.764	-	391	1.902
2008	-	11.142	-	386	1.902
2009	-	10.496	-	371	1.832
2010	-	8.746	-	373	1.532
2011	-	7.703	-	569	1.431
2012	-	5.159	-	573	1.335
2013	-	-	5146*	500	1.218

*employee count on 31.07.2013

Tabel 2 – Employee count in each power plant and mine under the CEH

UNIT	2012	2013	2014	2015	2016
Lonea Mining Unit	-	1.051	1.000	946	812
Livezeni Mining Unit	-	1.029	977	942	840
Vulcan Mining Unit	-	786	828	762	638
Lupeni Mining Unit	-	1.522	1.413	1.281	1.095
Prestserv Petrosani	-	-	-	389	314
Central Mine Rescue Station Petroșani	-	147	32	-	-
Jiu Valley Coal Preparation Unit	-	315	245	-	-
Mining Division Branch – Executive Unit	-	85	147	-	-
Paroșeni Power Plants Branch	573	500	509	503	372
Deva Power Plants Branch	1.335	1.218	1.205	1.217	767
Hunedoara Energy Complex Society - Executive Unit	136	158	200	205	143
Total Hunedoara Energy Complex	1.908	6.811	6.556	6.245	4.981

Tabel 3 – Number of laid off workers between 2012 and 2016

Branch	2012	2013	2016	TOTAL 2012-2016
Lonea M. U.	-	-	29	29
Livezeni M. U.	-	-	16	16
Vulcan M. U.	-	-	15	15
Lupeni M. U.	-	-	29	29
Executive Unit	-	-	21	21
Prestserv Petroșani Branch	-	-	38	38
MINING ACTIVITY	0	0	148	148
Paroșeni Power Plants Branch	-	61	110	171
Deva Power Plants Branch	109	34	403	546
ELECTRICITY ACTIVITY	109	95	513	717
TOTAL	109	95	661	865

Tabel 4 – Compensatory payments in the mining field

1997	According to experience:	
	< 12 years – 9,912,000 ROL	
	12-15 years – 12,390,000 ROL	
	> 15 years – 16,520,000 ROL	
2004	150,000,000 ROL	
2005	150,000,000 ROL	
2006	20,000 RON	
2010	În funcție de vechime: X x 2100 lei	
	1 - 5 ani =	3 salarii
	5 - 15 ani =	6 salarii
	15 – 25 ani =	10 salarii
	>25 ani =	12 salarii
2011	According to experience X x 2100 RON	
	1 - 5 years =	3 wages
	5 - 15 years =	6 wages
	15 - 25 years =	10 wages
	> 25 years =	12 wages
2016	8-16 wages (3058 RON)	

