













## BRIEFING | 27 SEPTEMBER 2024

# How to advance a just transition in the Western Balkans

# Recommendations for the EU and national institutions



Kakanj power plant, Bosnia and Herzegovina, Photo: CZZS

## Introduction

With the recent energy crisis, just transition has been somewhat neglected by authorities across the Western Balkans, apart from North Macedonia where things moved forward swiftly during 2023 because of possible funding that may become available through the <u>Climate Investment Funds Accelerating Coal Transition programme</u> (CIF ACT). Various environment-related processes are ongoing in the region in addition to just transition, including but not limited to the Green Agenda for the Western Balkans and the Berlin process. Although these are all related to the European Union accession process, there is a notable lack of coordination between them. The <u>Coal Regions in Transition for Western Balkans and Ukraine</u> (CRiT WBUA) finished operating at the end of 2023, leaving oversight of just transition in a vacuum until a new instrument for support will begin operating at the end of 2024 or later.

For more information

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Prior to the start of the CRiT WBUA platform, CEE Bankwatch Network published a set of four principles and eight steps for just transition in the Western Balkans to ensure a successful process.

The <u>four principles for a participatory just transition of the Western Balkans and Ukraine</u> were directed at the functioning of the CRiT WBUA platform:

- the platform must have clearly defined, consistent and measurable goals, set up within a clear timeframe;
- the EU's partnership principle must be a mandatory part of the platform;
- funding for the transition must be ensured; and
- the platform should incentivise the adoption of territorial just transition plans, which should be consistent with the National Energy and Climate Plans (NECPs).

After the end of the platform, we assessed <u>its performance and provided recommendations for its next</u> iteration.

The <u>eight steps for a just transition in the Western Balkans</u> are a broader set of actions that need to be taken to ensure that the decarbonisation of the region's economy is just for everyone involved:

- 1. Understanding the concept of just transition;
- 2. Defining the relevant territory;
- 3. Knowing the potential;
- 4. Decision makers' agreement;
- 5. Community consultation;
- 6. Success stories;
- 7. Support from the centre; and
- 8. Identifying financial instruments.

This briefing, prepared by CEE Bankwatch Network with the support of civil society groups working at the national level in the Western Balkans, takes stock of the current situation, summarises the progress on just transition in each country, and assesses whether the steps above have been followed.

The briefing aims to provide an independent view of the situation in coal-dependent regions, informed by our advocacy and regular contact with civil society groups<sup>1</sup> working with people on the ground who will be most affected by the transition to a zero-carbon economy. Because of this close contact with affected

<sup>&</sup>lt;sup>1</sup> Aarhus Centre (BiH), Centar za životnu sredinu (CZZS) - Center for environment (BiH), EcoZ (Kosovo), Eco-team (Montenegro), Eko-svest (North Macedonia) and Belgrade Open School (BOS) (Serbia)

communities, we are able to reflect on their needs in a way that goes beyond what each country's just transition diagnostics (which are not publicly available) offer.

As a result of this assessment, we have created a set of joint recommendations – presented below – aiming to bring just transition back into focus for local and national decision makers, the European Commission and international financial institutions active in the region.

These recommendations convey our expectations from the just transition process regionally, based on the needs in each country.

# Country assessment: the application of our principles and steps for just transition

This assessment looked at three types of national level documents that are most relevant for just transition in the countries in the Western Balkans – national energy strategies, national energy and climate plans (NECPs) and just transition diagnostic documents. In addition to a narrative description of countries' progress, a table lists the eight steps for just transition and assesses if they were followed or not for each country. A '+' sign indicates that they were followed and a '-' sign indicates that they were not followed. The assessments are based on interviews with civil society groups working on the ground who will be most affected by the transition to a zero-carbon economy (listed in footnote 1).

## **Bosnia and Herzegovina**

The <u>CRIT WBUA platform</u>'s focus regions in Bosnia and Herzegovina are the Tuzla canton, the Srednjobosanski canton, the Zeničko-Dobojski canton, the Ugljevik region and the Gacko region.

## Just transition processes underway in the country

The country has a <u>draft NECP</u>, but the lack of a coal phase-out date makes plans for the future vague and unclear. Republika Srpska is still permitting new coal power plants – Ugljevik III and Gacko II – and has opened new coal mines in recent years.

The World Bank developed a just transition diagnostic document, and some municipalities (most prominently in the Federation of Bosnia and Herzegovina) are showing interest in diversifying their economies, with Banovići in the lead. The affected regions in Republika Srpska, such as Gacko, Ugljevik and Prijedor, do not have anything related to just transition in their local development plans.

Adoption of a just transition roadmap is foreseen as a measure in the draft NECP, planned in 2025. The country has an 'energy strategy' on paper, but it is outdated and incompatible with the EU goal of decarbonisation by 2050; furthermore, it does not define any particular course of action. Plans to develop a new one for the Federation are underway, although this process will only begin after the NECP is adopted. On the positive side, there is a visible change in decision makers' narrative related to the coal phase-out, increasingly reflecting the message that 'coal has no future'; this shows that an earlier phase-out is inevitable. However, decision makers have cautiously put forth a vague timeline for this, indicating that it will happen sometime in the distant future to assuage potential public concern.

There is a notable lack of interest from Republika Srpska's municipalities in engaging on the topic of just transition – they were not part of the CRIT WBUA platform, did not participate in the exchanges, and did not

attend the platform's annual meetings. It is understandable that they fear the forthcoming change, but participation could have helped them prepare for it and devise ways to move forward.

Unlike the Federation, where some local level decision makers have already been part of international exchanges on just transition planning and are more aware of what is coming and what not to do in relation to the transition, Republika Srpska's local leaders have been less engaged. They may still benefit from international exchanges on just transition, but these will only have impact if the local leaders are committed to implementing what they learn.

## To what extent have the steps for just transition been followed?

Some of the eight steps for a just transition were applied in the drafting of the state-level just transition diagnostic document, but for the other documents assessed it is very difficult to determine if any of these steps were followed. Although there were several presentations of the diagnostic document, no public hearings aimed at the general public were held, which is not a good practice. Local decision makers are aware of the possibilities for their regions, but have neither the resources nor the influence to enable a just transition from fossil fuels on their own.

Nevertheless, Bosnia and Herzegovina needs to remain an active part of all regional efforts to bring just transition forward, particularly considering it has the largest number of small municipalities that are completely dependent on coal and that some local decision makers are interested in diversifying their local economy to ensure better livelihoods for affected people.

Table 1. Country assessment for application of just transition steps for Bosnia and Herzegovina

Document	Just transition diagnostic document	NECP	State-level energy strategy
Understanding the concept of just transition	+	-	-
Defining the relevant territory	+	-	-
Knowing the potential	+	-	-
Decision makers' agreement	+	-	-
Community consultation	-	-	-
Success stories	-	-	-
Support from the centre	+	-	-
Identifying financial instruments	+	-	-

#### Kosovo

The <u>CRiT WBUA platform</u>'s focus region in Kosovo is the Prishtina region.

## Just transition processes underway in the country

The country has a <u>draft NECP</u>, but this document does not set a coal phase-out date or provide detailed plans for a just transition, nor does its <u>Energy Strategy</u>. Kosovo does not have a just transition diagnostic document yet, but it was informally announced during a public hearing on the law on renewable energy that administrative guidance will be issued in relation to just transition. Still, any discussions on just transition have been related exclusively to directly affected workers and greenhouse gas emissions, and have not included the economic development of the affected region. Local development is foreseen through economic development plans and zonal plans which did not take into account any of the principles and steps related to just transition. However, new ones are due in 2024, so there is space for improvement.

## To what extent have the steps for just transition been followed?

The eight steps were hardly followed at all in the drafting of the key documents reviewed. The territory that will be affected was defined, but that is as far as the process went, demonstrating very low political will to engage in just transition.

**Table 2.** Country assessment for application of just transition steps for Kosovo

Document	Just transition diagnostic document	NECP	National energy strategy
Understanding the concept of just transition	N/A	-	-
Defining the relevant territory	N/A	+	-
Knowing the potential	N/A	-	-
Decision makers' agreement	N/A	-	-
Community consultation	N/A	-	-
Success stories	N/A	-	-
Support from the centre	N/A	-	-
Identifying financial instruments	N/A	-	-

## Montenegro

The <u>CRiT WBUA platform</u>'s focus region in Montenegro is the Pljevlja region.

## Just transition processes underway in the country

Montenegro is the only country in the region that does not have an NECP, or even a draft. The NECP process started, but has been delayed since 2021. The <u>Energy Strategy</u> adopted in 2014 is completely outdated and did not set a coal phase-out date. In 2021, Montenegro <u>joined</u> the Powering Past Coal Alliance, pledging a coal phase-out date for 2035, but this has never been officially confirmed in policy documents and in reality a much earlier closing date for the Pljevlja power plant is likely.

A <u>just transition diagnostic document</u> was developed for the country and based on it, a just transition roadmap presented to the public at the end of 2023. As of July 2024, it has not been adopted yet.

Local plans are usually consulted only at the local level, and even if they offer some economic diversification, it cannot be said they contain anything related to just transition.

## To what extent have the steps for just transition been followed?

The affected region, Pljevlja, is clearly defined and some of the potential for alternative development was explored as part of the diagnostic document. However, so far, the document has not resulted in decision makers' agreement on just transition, support from the central government or better understanding of just transition. Some of the affected stakeholders were consulted, particularly at the local level, but there was no official consultation process.

Considering the NECP process is at a standstill, no assessment can be given on it; however, in previous working groups for the NECP, only a selection of civil society groups was included. Wider participation of civil society and the public would ensure that the NECP is more closely connected to the real and diverse needs of those that will be affected by the transition.

Table 3. Country assessment for application of just transition steps for Montenegro

Document	Just transition diagnostic document	NECP	National energy strategy
Understanding the concept of just transition	-	N/A	-
Defining the relevant territory	+	N/A	-
Knowing the potential	+	N/A	-
Decision makers' agreement	-	N/A	-
Community consultation	+	N/A	-
Success stories	-	N/A	-
Support from the centre	-	N/A	-
Identifying financial instruments	-	N/A	-

#### North Macedonia

The CRIT WBUA platform's focus regions in North Macedonia are the Bitola region and the Kichevo region.

## Just transition processes underway in the country

Frequently dubbed the front-runner in the region, the country has not only adopted an <u>NECP</u> and a just transition diagnostic document, but has also adopted a <u>Just Transition Roadmap</u>. Though these were all done with fairly inclusive processes, particularly the NECP, the people that will be most affected by the transition from coal were not sufficiently included. Following the consultations, it took significant time for the government to adopt the NECP, and it did not integrate many of the comments civil society submitted as part of the consultations. The just transition roadmap did not undergo public consultation, nor did it have a strategic environmental assessment report (SEA), which is mandatory for such documents. The affected municipalities (Bitola and Kichevo) were only included to a suitable extent at the last minute as part of the <u>Investment Plan</u> for the funding that the country is set to receive through the Climate Investment Funds Accelerating Coal Transition programme (CIF ACT).

Nevertheless, the country does have a coal phase-out date set for 2027 as part of its <u>energy strategy</u>, although the NECP opens the space to postpone this until 2030 in a <u>very vague formulation</u> (see page 20).

## To what extent have the steps for just transition been followed?

The process for developing the diagnostic document was fairly inclusive and mostly followed the eight steps for just transition, including consultation with affected people. However, there was no wider public consultation. Nevertheless, the plans in the document are fairly comprehensive. The document resulted in a just transition roadmap and offered several very concrete options for the closure of the coal power plants. It also assessed (to the level possible) the funding needed for implementing the roadmap, or at least for taking it to the next step of deciding on how to proceed with the closures. Furthermore, it foresaw alternative development plans for the affected regions and pathways for reskilling. Although not at the level of a territorial just transition plan, this is the closest any of the countries in the Western Balkans have come to planning the transition in detail.

The NECP includes a measure to develop a programme for just transition, but does not include any additional detail. The Ministry of Economy did go further in better defining measures for just transition in the <u>draft Programme for implementation of the energy strategy</u>, but after three years, it remains unadopted. The ministry deemed the just transition roadmap equivalent to the programme mentioned in the NECP and, controversially, decided it did not need a strategic environmental assessment because such an assessment had already been done for the NECP.

The *Energy development strategy until 2040* underwent a hybrid consultation process involving a civil society panel, which was included throughout the process, and a wider public commenting period that was opened once the document had been drafted. However, the deadlines for civil society's input were extremely short – sometimes just one or two days – and very few comments were taken into account from either of the processes. Affected communities were not contacted specifically due to the fact that just transition was not a major focus when drafting the strategy. Because of these reasons, we consider that the 'community consultation' step was not followed.

The process for drafting Bitola's most recent local development plan included such a poor consultation process that even sectors within the municipality were omitted, leaving even less space for public consultations.

**Table 4.** Country assessment for application of just transition steps for North Macedonia

Document	Just transition diagnostic document	NECP	National energy strategy
Understanding the concept of just transition	+	+	-
Defining the relevant territory	+	+	-
Knowing the potential	+	-	-
Decision makers' agreement	-	+	-
Community consultation	+	+	-
Success stories	-	-	-
Support from the centre	-	-	+
Identifying financial instruments	+	-	+

#### Serbia

The <u>CRIT WBUA platform</u>'s focus regions in Serbia are the Kostolac region, the Kolubara region, the Obrenovac region and the Pomoravlje region.

#### Just transition processes underway in the country

The country has an NECP (in draft at the time of publishing) and a just transition diagnostic document that is not publicly available. The NECP does not set a coal phase-out date, but it does discuss just transition – although only at the level of pledging to adhere to any plans made as a result of the diagnostic. Furthermore, the indicator used to measure the success of the just transition process is the reduction of greenhouse gas emissions, instead of more relevant ones related to social issues and economic diversification. A just transition roadmap was still not available at the time of publishing this briefing. The country has an antiquated energy strategy from 2015, which is under revision at the time of writing this briefing (a draft is currently available). The just transition section of the new draft strategy is very vague, with no concrete measures foreseen other than potential financing through a carbon tax or EU funding related to the Green Agenda for the Western Balkans. Similar to the NECP, the draft strategy defers to the just transition diagnostic document to decide on any concrete measures. The consultation process, held during the summer, included only the bare minimum of engagement activities, with public hearings in only three major cities and no local consultations. Local development plans are delayed, held up by delays in other processes that are a prerequisite for local plans – including the adoption of the national spatial plan.

## To what extent have the steps for just transition been followed?

Our overall impression is that the political will to begin the just transition process is at a very low level. Municipalities lack interest in taking part in planning a just transition, which is a major obstacle to diversifying their local economies. Although some decision makers are aware that their dependence on coal power plants and mines will cause problems in the near future and are aware that they need other options, admitting this publicly is politically costly, so actions to diversify the economy are rare at the municipal level.

Only during the drafting of the just transition diagnostic document were the eight steps for a just transition in the Western Balkans followed. For the NECP, a general public consultation took place, but people from affected communities were not contacted specifically. There was no public consultation on the 2015 energy strategy or local development plans.

Table 5. Country assessment for application of just transition steps for Serbia

Document	Just transition diagnostic document	NECP	Draft national energy strategy
Understanding the concept of just transition	+	-	-
Defining the relevant territory	+	-	+
Knowing the potential	+	-	-
Decision makers' agreement	-	-	+
Community consultation	-	-	-
Success stories	-	-	-
Support from the centre	+	-	-
Identifying financial instruments	-	-	+

# **Regional summary**

Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia all face similar issues related to abandoning fossil fuels, but their levels of ambition and preparedness for the energy transition are different. Decision makers often say that ambition is low because the process is too expensive to take on with just their own funding. However, the example of North Macedonia's 2027 coal phase-out date attracting funding from the <u>Climate Investment Funds Accelerating Coal Programme</u> (CIF ACT) has shown that higher ambition in fact attracts support and funding.

The support for Western Balkan countries from the EU Initiative for Coal Regions in Transition for the Western Balkans and Ukraine (CRiT WBUA), although not financial, still offered knowledge and cooperation

opportunities that some countries, like North Macedonia, used to advance their processes. The publication of recommendations from the platform activities is helpful for all stakeholders and should be used as guidance in planning the detailed activities for the next support instrument. Another useful tool is the <u>Coal Regions Learning Academy</u>, which was not sufficiently promoted among stakeholders from the ground while the CRIT WBUA was in operation.

Overall, the Western Balkan countries have not followed the **eight steps for a just transition** to a sufficient extent, although the international financial institutions which worked on the diagnostic documents made some efforts to improve this situation, with various levels of success as detailed above.

The level of **understanding of the concept of just transition** is different in each country. In North Macedonia the dedicated measure for the process embedded in the NECP was developed into further planning documents, such as a just transition roadmap detailing the measures for the transition and alternative development of the region. Although Kosovo has only one transition region, the just transition process is furthest behind compared to the other countries in the Western Balkans, and it is only seen as a way to support directly affected workers. In Montenegro, although a Just Transition Roadmap (in draft form at the time of publishing) has already been developed, it focuses on the workers and directly affected population, not planning for the overall development of the affected region.

The **relevant territories are defined** in all the countries. Notably, the underground mines in Serbia were not included in the CRiT WBUA initiative; however, they were included in the country diagnostic document, so they are likely to be eligible for support in the future.

**Knowing the potential** of a country to undertake just transition varies across the region. Some municipalities (e.g. in the Federation of Bosnia and Herzegovina) are very proactive and are preparing for the transition already, while others, although aware that they will need to change significantly, are still waiting for support from the central government instead of taking proactive steps to prepare.

**Decision makers' agreement** is problematic in all countries. While some of the countries already have roadmaps, there is still no common understanding of how exactly coal-dependent municipalities in any of the countries will develop as coal is phased out. North Macedonia has the most detailed plans so far, but agreement on how they will move forward is still lacking. In Serbia, the main barrier to just transition is low political will and lack of ambition, which hinder all other related processes. The governance structure for just transition that is foreseen in the roadmaps and/or diagnostic documents is fairly complicated and allows only limited space for input from the public and directly from the ground. This hinders a bottom-up approach and makes it difficult to follow the processes in a timely manner, leading to increased likelihood that some groups, municipalities or regions will be left behind in the process of transition, thus making it less just.

**Community consultation** was limited even for the diagnostic documents, although expert interviews were carried out. However, this approach does not allow for long-term buy-in from the affected communities and is very likely to result in a rejection of the processes. A notable example of this is the protests related to the Territorial Just Transition Plan in Bulgaria which resulted in a delay in receiving funding from the Just Transition Fund.

**Success stories** are scarce all over the region. Even the campaigners who gave input for this briefing find this to be a problem. Still, some examples can and should be promoted, such as <u>Solarna Stara</u> in Serbia, the <u>Belica village community</u> in the Kichevo region of North Macedonia and the <u>photovoltaic plant on top of the</u> depleted lignite mine in North Macedonia's Oslomej.

**Support from the centre** for just transition processes is very limited across the region. Just transition is not a priority for most governments. In most cases, the discussion is taking place within a closed circle and has limited impact on the ground.

**Identifying financial instruments** is very problematic all over the region. Although international financial institutions are open to supporting the process both with credit instruments and technical support, the absorption of this support is very low.

The reasons for this are multiple, but for municipalities, the most notable are that their budgets and investment possibilities are very limited; they are often too small to attract the attention of international financial institutions; they are not the ones who decide on larger projects; and they do not have the authority to enter into discussions directly with the international financial institutions.

Although decision-making and dialogue with international financial institutions is in the remit of national governments, they often prioritise investments other than those for just transition. The same applies to funding obtained from instruments such as the WBIF and other European Union support instruments.

A dedicated just transition fund for the Western Balkan countries is not yet available and is unlikely to become available during the 2021 to 2027 programming period, nor are funds in the Instrument for Preaccession Assistance (IPA) earmarked for just transition. In this situation, the only funding that does not come from credit lines, the business sector or from the countries' own budgets is that which is available through the Reform and Growth Facility, which can finance just transition but still has no specifically earmarked funding for the process and would have to be spent by 2027.

## Recommendations

## General recommendations for the European Commission (DG NEAR, DG REGIO, DG BUDGET)

- Minimise the risks for transitioning communities by offering targeted financing solutions for the transition at the municipal level, in addition to offering support at the national level.
- Improve the coordination between various processes just transition, Green Agenda for the Western Balkans, Berlin process. More concrete and unified guidance documents for these processes will support them better.
- Enable instruments dedicated to financing concrete just transition projects that are suited to
  municipalities and educate local authorities on how to utilise both the new and the existing funds.
  This is especially relevant for cross-border and regional projects where the exchange of knowledge
  can be done in a more structured and meaningful way.

- Explore the possibility of using just transition regions as test-beds for implementing all five pillars
  of the Green Agenda for the Western Balkans, considering that these regions are already seeking
  options for fossil free economic development. Success stories related to agriculture, circular
  economy and other green developments that can be connected to both processes need to be
  gathered and used as case studies and models of how to diversify economies in a sustainable way.
- Introduce the principle of conditionality on having a functional governance and monitoring
  mechanism for the transition in the relevant regulations for any of the funds related to financing
  just transition. Ideally, these mechanisms would include municipalities in a very prominent, if not
  leading role. Lessons learnt and good practice examples from EU Member States can be used to
  guide the development of the mechanisms needed.
- Facilitate the finalisation of a just transition diagnostic in Bosnia and Herzegovina, Montenegro and Serbia with all stakeholders engaged in the process. In this phase community consultation will be of crucial importance, as well as identifying any success stories. For Kosovo, run a just transition diagnostic, following the eight steps for a just transition.

## Specific recommendations for the next support instrument

- Encourage increased engagement in the support instrument's activities by ensuring its benefits to stakeholders are promoted sufficiently and that they are promoted by the right messengers depending on the audience at hand. In addition, support the engagement of the municipalities in other relevant regional processes, such as the Green Agenda for the Western Balkans.
- Enable success stories and positive case studies and promote them throughout the region in appropriate languages. A collection of successful just transition stories from EU and Western Balkan countries, particularly ones that could be easily replicated, would be very useful for municipalities that struggle with the process.
- Ensure exchanges are thematic and tailored, available to stakeholders from all affected countries, and can be organised as needed throughout the duration of the support instrument.
- Enable targeted training for municipality staff for designing projects and filling in funding
  applications, together with targeted advice from experienced fundraisers for specific application
  processes. This may include knowledge-sharing networks, Q&A pages, ask-the-expert webinars,
  instructional videos, toolkits with advice on how to budget for and set up a team of fundraisers
  within the municipality/region and any other tools that can be produced and made available on an
  ongoing basis to municipality staff. Smaller municipalities can also be encouraged to act jointly for
  fundraising purposes and share one team of fundraisers.
- Enable bilateral support possibilities from Member States by inviting relevant representatives to networking meetings, or holding donor meetings between potential supporters and coal-affected municipalities from the Western Balkans.
- Create a library or database of materials on just transition produced by the instrument's secretariat, municipalities and civil society. If designed in an easily searchable format and available in relevant languages, the database, along with the Coal Learning Academy, will be very useful knowledgesharing tools.

- Include stakeholder groups other than decision makers, including civil society, academia and trade unions, as full and equal partners in the work on just transition. Bringing more stakeholder groups into focus would support a joint understanding of the concept of just transition, which is important considering the current focus is primarily on employees.
- Help disseminate timely information on financial instruments and specific opportunities for funding the transition.
- Publish and disseminate case studies on how affected communities have been supported by central governments in other countries with similar experiences.

## Recommendations for delegations of the European Union to Western Balkan countries

- Provide support to coal-affected municipalities by connecting them to programmes from the European Union and/or Member States that can offer sharing of know-how and equipment donations for municipalities or municipal enterprises as examples to be replicated, particularly given the foreseen broadening of support by the platform to other carbon-intensive industries.
- Shift the narrative from 'supporting a just transition' towards 'supporting new economic development' for regions that are reluctant to get on board with the process. This would support the economic diversification that municipalities and citizens are asking for while diminishing the political risks for local leaders associated with just transition.
- Consider providing specifically targeted technical support for municipalities with low ability to absorb funds and/or low cooperation with national governments who may otherwise miss out on financial and technical assistance.

## Recommendations for Western Balkan governments

- Stick to the planned coal phase-out dates, or adopt such dates where needed, and divert all investments in new fossil fuel infrastructure towards alternative economic development and the preparation and implementation of just transition.
- Create simple and clear governance mechanisms for just transition in a way that will enable a
  bottom-up process. Municipalities and regions, as well as a wide group of stakeholders and civil
  society groups working with people from those locations must be included in all relevant working
  groups to ensure ownership of the process.
- Actively learn about just transition and accept that severance pay or early retirement under favourable conditions for the workers is not sufficient.
- Review the definition of just transition (where it is already defined) or define it to include not only the directly affected workers, but entire affected regions. Incorporate the concept of just transition into other strategic and planning documents.
- Ensure the relevant institutions get the most out of the new support instrument.
- Build capacity for working on just transition processes with enough dedicated staff in all relevant institutions.

- Share experiences with regions from neighbouring Western Balkan countries and the EU which share similar problems. Learn from their experience on how the central government can support the communities in this process.
- Identify and make meaningful use of all available financial instruments for funding the transition, including exploring opportunities for national level funding of the just transition through carbon pricing, as well as other national funds relevant for economic development and social protection.

## **Recommendations for municipalities**

- Engage proactively in the activities of the new support instrument to get the maximum benefits.
- Proactively seek funding to support planning at the local level and take part in networks that can help in joint applications for funding relevant to just transition.
- Plan to mitigate the effects of the transition based on the diagnostic documents and reports (where available) or seek support for assessing the effects (where the diagnostics did not touch upon this or are not available).
- Seek opportunities to take part in twinning projects with municipalities from the European Union that have similar experiences and similar interests.
- Shift the focus from creating documents to implementing projects (even small-scale ones) and create new employment opportunities for the population in the affected municipalities.
- Invest in the reskilling of workers alongside carefully designed, attractive employment conditions to ensure retention. The newly reskilled workforce will need good employment options within the country to prevent migration. Measures such as on-the-job training for newcomers can be explored for this.
- Share experiences in relation to reskilling with countries that have faced high unemployment during power plant and mine closures and found ways to overcome it.
- Take a proactive role in the development of national level planning and legislation to ensure they match the plans for the local level and include just transition-related measures.

#### Recommendations for international financial institutions

 Minimise the risks for transitioning communities by offering targeted solutions at the municipal level. Explore the possibility of bundling several municipalities in one project to make it more viable for financing.

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