

# Implementation of the Climate Investment Funds Accelerating Coal Transition Investment Plan for North Macedonia, with recommendations for 2026



*Negotino power plant*

The establishment of the European Union's 2021 to 2027 Just Transition Fund<sup>1</sup> led to heightened interest in the topic of coal region redevelopment in the Western Balkan countries. However, with no dedicated donor funding earmarked for the process, over time, their level of interest and commitment has decreased. Until recently, the only country in the region to attract dedicated international just transition funding was North Macedonia.<sup>2</sup>

Still, even there progress is limited. Not only were closures of individual coal plants and mines not announced, but the draft revised National Energy and Climate plan<sup>3</sup>

<sup>1</sup> European Commission, [Just Transition Fund page](#), *European Commission*, accessed 17 December 2025.

<sup>2</sup> In May 2025, the World Bank also approved a loan for Bosnia and Herzegovina for just transition.

<sup>3</sup> Ministry of Mining, Energy and Mineral resources, [Draft National Energy and Climate Plan for the Period 2021 - 2030 10/09/2025](#), *Ministry of Mining, Energy and Mineral resources*, 2025.

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does not set a coal phase out date at all. Reskilling is taking place, but with unclear results so far. To add to this, a new coal mine was recently permitted<sup>4</sup> – the first one in more than a decade.

With all this in mind, we took a closer look at the *Annual just transition implementation plan 2025*<sup>5</sup> and compared it with the *Climate Investment Funds Accelerating Coal Transition Investment Plan* (CIF ACT IP)<sup>6</sup> to check where progress is being made and at what level. As a result, we give several recommendations for the 2026 *Annual just transition implementation plan* that we hope will be taken on board.

## Introduction

In 2019, North Macedonia committed to end all its coal-based electricity generation by 2027. Pathways to coal phase out were included in its *Energy Development Strategy until 2040*<sup>7</sup> (Energy Strategy), with the ‘green scenario’ from the Strategy forming the basis for its first National Energy and Climate Plan (NECP).<sup>8</sup> A coal phase out happening in less than a decade required a very ambitious plan that would ensure the transition towards a decarbonised energy sector is a just one.

A *Just Transition Roadmap for North Macedonia* (the Roadmap)<sup>9</sup> was adopted by the Government in June 2023. This was an excellent step for just transition in the Western Balkans, as it paved the way for the other four coal-dependent economies of the region to embark on the same process. That the adoption of the roadmap was a pivotal moment for the region was confirmed also by the Climate Investment Funds Accelerating Coal Transition programme selecting North Macedonia for funding part of the just transition process with USD 85 million in earmarked concessional loans. For the implementation of this funding, an investment plan<sup>10</sup> was adopted, followed by the *Annual just transition implementation plan 2025*.<sup>11</sup>

In the meantime, successive governments in the country have issued contradictory statements on the coal phase-out date. And as mentioned above, a new coal mine has been permitted this year, which would extend the coal phase-out date by several years. The country’s NECP is also being updated. The new draft NECP<sup>12</sup> which is subject to public consultation at the time of publishing this report is much less ambitious than the old one and does not include a clear coal phase out date. This reduced ambition may negatively affect the availability of funding for a just transition.

<sup>4</sup> Ministry of Environment and Physical Planning, [Decision on approval of the environmental impact assessment for the Zivojno coal mine](#), Ministry of Environment and Physical Planning, 2025.

<sup>5</sup> Ministry of Energy, Mining and Mineral resources, [Annual Just Transition Implementation Plan 2025](#), Ministry of Energy, Mining and Mineral resources, 2025.

<sup>6</sup> Government of the Republic of North Macedonia, [Accelerating Coal Transition Investment Plan for The Republic of North Macedonia](#), Government of the Republic of North Macedonia, 2023.

<sup>7</sup> Ministry of Economy, [Strategy for Energy Development of North Macedonia until 2040](#), Ministry of Economy, 2019.

<sup>8</sup> Ministry of Economy, [National Energy and Climate Plan](#), Ministry of Economy, 2022.

<sup>9</sup> Ministry of Economy, [Just Transition Roadmap](#), Ministry of Economy, 2023.

<sup>10</sup> Government of the Republic of North Macedonia, [Accelerating Coal Transition Investment Plan for The Republic of North Macedonia](#), Government of the Republic of North Macedonia, 2023.

<sup>11</sup> Ministry of Energy, Mining and Mineral resources, [Annual Just Transition Implementation Plan 2025](#), Ministry of Energy, Mining and Mineral resources, 2025.

<sup>12</sup> Ministry of Mining, Energy and Mineral resources, [Draft National Energy and Climate Plan for the Period 2021 - 2030 10/09/2025](#), Ministry of Mining, Energy and Mineral resources, 2025.

## Just transition Roadmap

The Roadmap<sup>13</sup> offered a combination of pathways aimed at addressing the needs identified in the coal dependent regions and comprised the following:

- Clean energy pathway
- Private investments and start-up economy pathway
- Green and smart infrastructure pathway, and
- Skills development pathway

## Climate Investment Funds Accelerating Coal Transition Investment Plan

The four pathways from the Roadmap were translated into three pillars of the CIF ACT IP<sup>14</sup> – A) *governance*, B) *people and communities*, and C) *infrastructure*. These pillars form the basis of three projects, each with two or three components:

### A) Governance

**Project 1: Retiring coal assets and re-powering with renewable energy, to be financed with USD 56.8 million;**

Component A: power plant retirement, mine remediation and repurposing;

Component B: PROSPECT – providing renewable opportunities through solar and education in coal territories;

Component C: PowerHub – grid strengthening, batteries, training for tomorrow

### B) People and communities

**Project 2: Socio-economic regeneration of Pelagonia and Southwest regions, to be financed with USD 14 million;**

Component A: green and growth programme for SMEs;

Component B: revitalise – industrial zones for economic regeneration;

Component C: climate-smart economic regeneration programme

### C) Infrastructure

**Project 3: Energy efficiency, clean heating, and distributed generation programme to be financed with USD 14.2 million.**

Component A: ECOBOOST – empowering coal communities with efficient and renewable lending

Component B: EcoCommune – community-centric clean energy initiative

<sup>13</sup> Ministry of Economy, [Just Transition Roadmap](#), Ministry of Economy, 2023.

<sup>14</sup> Government of the Republic of North Macedonia, [Accelerating Coal Transition Investment Plan for The Republic of North Macedonia](#), Government of the Republic of North Macedonia, 2023.

## Annual just transition implementation plan 2025

The *Annual just transition implementation plan 2025*<sup>15</sup> was adopted by the national Just Transition Council, which includes representatives of ministries and relevant state-owned companies. It outlines 50 actions to be taken during 2025 by various stakeholders to ensure that a just transition takes place.

In addition to activities from the CIF ACT IP and the JTR, the annual plan also includes actions stemming from North Macedonia's Reform Agenda, NECP, Law on Energy, the capital investment plan of state-owned utility ESM, the Energy Strategy, the draft ten-year network development plan for 2025-2035 by grid operator MEPSO, local municipality development plans and others. Progressing on implementing this plan is one of the indicators in the country's Reform Agenda under the EU's Reform and Growth Facility for the Western Balkans.

### Methodological note

In the table below, only the activities labelled as related to the CIF ACT IP are extracted from the *Annual just transition implementation plan 2025* and their progress is assessed on a technical level.

The results are based on information that is publicly available online at the time of research. While more data would be available through requests for access to public information, the goal of this research is not necessarily to provide a comprehensive overview, but rather to analyse progress while also scrutinizing how easily available data on this process is to the general public, civil society, local authorities and other experts, and to employees who fear for their jobs and may, therefore, prefer to not submit a request for access to public information or may not know to whom to submit it. Understanding the level of progress should not be restricted to those who have specialised knowledge, but should be accessible to all.

## Progress on implementing CIF ACT IP measures included in the *Annual just transition implementation plan 2025*

Here we examine five actions due in 2025 that are marked as relevant to the CIF ACT IP. The *Annual just transition implementation plan 2025* includes 45 more actions, however since they are not labelled as related to the CIF ACT funding in the document, they are not listed in the table below. Nevertheless, since many of them are labelled as related to the Just Transition Roadmap, on which the CIF ACT IP was based, comments on some of them are included below the table.

For citizens in the affected regions, employees in coal-dependent companies and their families, it is very difficult to assess what, if anything is being done on just transition. Most of the information is made available through short announcements on the webpage of the Ministry of Energy, Mining and Mineral resources and the LinkedIn page of the power company ESM.<sup>16</sup>

<sup>15</sup> Ministry of Energy, Mining and Mineral resources, [Annual Just Transition Implementation Plan 2025](#), Ministry of Energy, Mining and Mineral resources, 2025.

<sup>16</sup> JSC ESM (Power Plants of North Macedonia), [LinkedIn profile: JSC ESM \(Power Plants of North Macedonia\)](#), LinkedIn, 2025.

For people who are more engaged, like civil society organisations, local authorities or other experts, it is evident that the consultants in the Technical Support Unit (TSU)<sup>17</sup> set up to assist just transition investments are moving things forward as efficiently as possible. But in a setup where no decision on closure of the two coal power plants has been either made, or publicised, the effectiveness of the process is very limited.

Related to this, activity 2.1. *Detailed decommissioning/repurposing plans for each TPP prepared* (Component 1A<sup>18</sup> in the CIF ACT IP), which was scheduled for 2025 in the investment plan, is missing from the *Annual just transition implementation plan 2025*. This activity should be done within one year after the decision on closure and the fact that it is missing from the annual plan is an indicator that the government's plans for transitioning away from coal in a just way are not credible. Another indicator of this is this year's approval, mentioned above, of the environmental impact assessment<sup>19</sup> for a new coal mine at Zivojno.

**Table 1.** Measures from the *Annual just transition implementation plan 2025* labelled as related to the CIF ACT IP

Action from the annual implementation plan for 2025	Relevant pillar in CIF ACT IP	Progress statement
<b>Section B. Renewable energy/infrastructure</b>		
4. Develop model for auctions 'Contract for Difference'	1B	Process kicked off, <sup>20</sup> draft law prepared. <sup>21</sup> The purpose of the measure is to incentivise investment in renewable technologies.
5. Complete battery energy storage system (BESS) feasibility study and ESIA	1C	Exploratory, planned for 2026. <sup>22</sup> No evidence of contract award or signing for the feasibility study could be found online.
<b>Section C. Economic diversification</b>		
4. Designing a credit scheme to spur lending to micro and small enterprises affected by coal phaseout (including startups)	2A	Disbursing through two private banks (NLB and Sparkasse) with up to EUR 4 million each. The loans are to be used for on-lending to eligible companies in the coal regions. <sup>23, 24</sup>

<sup>17</sup> European Bank for Reconstruction and Development, [Technical Support Unit \(TSU\) of the Just Energy Transition Investment Platform \(JETIP\)](#), European Bank for Reconstruction and Development, 2025.

<sup>18</sup> Government of the Republic of North Macedonia, [Accelerating Coal Transition Investment Plan for The Republic of North Macedonia](#), Government of the Republic of North Macedonia, 2023, 105 in Annex 5 IRF – Integrated Result Framework (Monitoring and evaluation framework).

<sup>19</sup> Ministry of Environment and Physical Planning, [Decision for approval of environmental impact assessment for coal mine Zivojno](#), Ministry of Environment and Physical Planning, 2025.

<sup>20</sup> Ministry of Energy, Mining and Mineral Resources, [Stable Investments in Renewables – Preparation for the Introduction of the CfD Mechanism in North Macedonia Begins](#), Ministry of Energy, Mining and Mineral Resources, 2 April 2025.

<sup>21</sup> Ministry of Energy, Mining and Mineral Resources, [Draft Law for using energy from renewable sources](#), Ministry of Energy, Mining and Mineral Resources, 2025.

<sup>22</sup> Ministry of Energy, Mining and Mineral Resources, [The Ministry of energy and EBRD finalize strategic projects for 2026](#), Ministry of Energy, Mining and Mineral Resources, 27 November 2025.

<sup>23</sup> European Bank for Reconstruction and Development, [Green & Growth - NLB Skopje](#), European Bank for Reconstruction and Development, accessed 17 December 2025.

<sup>24</sup> EBRD, [Green & Growth - Sparkasse Bank AD Skopje](#), project documentation on EBRD webpage, accessed 17 December 2025.

		Grant-supported credit lines are being provided to micro and small enterprises and startups with the loans. The call for startups, <sup>25</sup> managed by locally active organisation Preda plus, is ongoing as of December 2025 and includes support in several stages of the process for the selected startups. The progress of this action will be monitored onwards to assess if it contributes to green industrialisation and sustainable development of the region.
8. Identify investments in Zhabeni and develop funding proposals - e.g. improvement of sewage system, infrastructure, connection to objects (Zhabeni)	2B	Exploratory - only meetings were planned for 2025. If meetings did happen outside of the just transition working groups, no record could be found in publicly available resources.  Note: Zhabeni is the industrial zone near Bitola.
10. Structuring of training centre for high-voltage equipment operators & dispatchers	1B	Unclear if this has taken place or not.  This is the only part of the reskilling identified as CIF ACT-supported, and is related to EMO Ohrid, a company which produces electronics. The action aims at utilizing existing infrastructure of the former EMO manufacturers located on MEPSO property to establish training centres for high-voltage equipment operators and dispatchers in the vicinity of Ohrid.  No publicly available resources mention this action having taken place, although we received unofficial information that training has taken place.

Many of the measures related to the Roadmap are process-related, including establishing the governance structure. While the structure has been set up, it is unclear to what extent it supports development on the ground, considering civil society is not part of it and it has tasks related to the highly time-sensitive Reform Agenda to fulfill in addition to the process of just transition. While many of the activities at this stage in the process of transitioning are at technical and policy level, including civil society as early as possible and as much as possible would be beneficial for the process overall.

Input from civil society stakeholders would be even more constructive if the next annual plan was clearer on which action stems from which document. The simple addition of a column identifying how each activity is referred to in the different documents they stem from would save everyone a lot of time in checking for overlaps and would make the process much easier to follow.

The timeline for some of the measures is set for the entire year, making it difficult to follow developments and manage expectations from the process. In addition, reports on activities are only in the form of occasional announcements on the Ministry of Energy, Mining and Mineral resources webpage, which are difficult to follow. It would be much more transparent and useful to the public to have the results of the working groups and Just Transition Council meetings published in a timely manner, along with the announcements mentioned above.

<sup>25</sup> Preda plus, [ПОВИК ЗА УЧЕСТВО – GREEN TECH PELAGONIA- Стартан Програма 2025/2026](#), Preda plus, accessed 17 December 2025.

Furthermore, on the webpage of the Ministry the process is listed under the Reform Agenda, making it unclear to any regular citizen what that means and where just transition-related activities can be found. It must be transparent that the transition is taking place and which regions it relates to; clarity and transparency contribute to it being ‘just’.

While the TSU is useful in moving the process forward, the problem of externalising processes to consultants – a common problem among Western Balkans administrations – is present in this case as well. With the end of the project set up to support it, the experience and knowhow will be transferred away from North Macedonia’s institutions.

The only reskilling activity labelled as CIF ACT supported is the one listed in the table. However, there are reskilling-related activities in measures E1, E2, E3, E4 and E5 that are not identified as part of the CIF ACT supported activities. There are no clear publicly available details on how many employees were reskilled, other than the information shared on the LinkedIn page of ESM which reports that training developing energy trading and project management skills for ESM took place.<sup>26</sup> The same channel also mentions training for solar installers.<sup>27</sup> However, although the numbers of employees are mentioned, there is no easily available information how many enrolled, how many finished the course, whether they were certified or not and why these exact training topics were chosen. While the modules mentioned are highly relevant to the energy sector, the connection to potential employment is not clearly visible, which reduces people’s interest in taking the reskilling courses. Interest in the courses would be higher if they comprised on-the-job training for employees that have taken new jobs as installers, for example.

A fundamental problem in the country’s transition can be identified in measure *E1 - Enhancing ESM’s role in North Macedonia’s Just Transition*. The description of the measure, rooted in the Roadmap, includes enhancing the capacity of ESM to actively contribute to the regional economic development planning process and the formulation and delivery of a strategy for the development of nationally accredited market-relevant curricula for retraining the affected local workforce.

While ESM’s role in the process cannot be denied, many parts of it should be led by other stakeholders, such as regional chambers of commerce, employment agencies, educational institutions etc. Having the relevant institution lead on the part of the process which falls in their remit would increase their capacity, while at the same time building a dialogue on the local level that would support the transition and activate citizens and stakeholders in the planning of the future of their region. This may or may not include a major role for ESM, but making ESM too central in the plans increases the risks that it will take too large a share of just transition funds for itself, potentially derailing the whole process if it does not make, or stick to, strong decarbonisation commitments.

We propose that in the next annual plan for 2026, ESM’s role should be to help increase the capacity of stakeholders in the region by working with them, instead of doing their work for them. For example, including the employment agencies to a greater extent in the design and rollout of the reskilling process will increase their capacities to deal with the transition all over the region, not only for the ESM employees.

Another issue is that the actions in sections *F. Transport infrastructure* and *G. Waste management* are not prioritised enough and not as developed as the energy-related activities. These actions present possibilities

<sup>26</sup> JSC ESM (Power Plants of North Macedonia), [LinkedIn post by JSC ESM related to reskilling](#), *LinkedIn*, accessed 17 December 2025.

<sup>27</sup> JSC ESM (Power Plants of North Macedonia), [LinkedIn post by JSC ESM related to reskilling](#), *LinkedIn*, accessed 17 December 2025.



to absorb workforce and drive new investment in the region, but the milestones assigned to them indicate low ambition. Higher ambition and priority should be assigned to them in the annual plan for 2026.

In addition, it is unclear how activities not done in 2025 will affect the plan for 2026 – whether activities will be postponed or just accumulate. If the latter, it is unclear how the increased workload will be dealt with and whether additional resources will be allocated to the process. If yes, it is unclear where the funding for this will be found. If not, it needs to be clarified how much the process will be delayed compared to the original plans in the CIF ACT IP.

To summarize, the process is moving forward fairly slowly and only preparatory activities are being done, but it is moving. What is important for the forthcoming period is to have a clear decision on when closures will happen and to inform the public accordingly, to provide clarity on timeframes. This will increase interest in reskilling, as well as in exploring new options, such as startups. For new business options, it will be clearer which portion of the workforce will be available for new pursuits.

## General recommendations for all actors

- Ensure that the coal phase-out date for North Macedonia is confirmed without delay. This must be as close to the previous 2027 commitment as possible in order to minimise the impacts of the EU's Carbon Border Adjustment Mechanism and to minimise unplanned technical outages at North Macedonia's increasingly ageing coal plants.
- As a first step towards the coal phase-out, confirm the closure of the Oslomej coal power plant to enable clearer planning for this region.
- In future just transition processes, ensure capacity-building of the national authorities as an integral component of technical assistance, rather than solely consultant-led initiatives.

## Recommendations for the 2026 *Annual just transition plan*

- Include civil society in the governance body and working group meetings, at least in an observer role.
- Identify clearly for each action which policy document it stems from, to enable easier tracking of progress and identification of overlaps and/or synergies.
- Make the timelines of actions more realistic and concrete.
- Increase the transparency of actions by publishing relevant documents in a dedicated space on the webpage of Ministry of Energy, Mining and Mineral resources.
- Ensure ESM uses its position in the regions to increase capacities of other stakeholders, in addition to increasing its own capacities for decarbonisation.
- Assign higher ambition and priority to actions related to non-energy sectors, including transport and waste management.
- Identify and mitigate as early as possible the delays arising as a result of actions planned for 2025 not being finished and plan more realistically for 2026.





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