



# Just Transition Forum

**HOW TO ENSURE THAT ENERGY TRANSITION  
IS JUST – CASE OF NORTH MACEDONIA**

**MINISTRY OF ECONOMY**

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# The Definition of Just Transition

The concept of **Just Transition** really comprises two interrelated dimensions:

- 1) Finding alternatives to conventional power sources (energy transition)
- 2) Finding alternatives for people's employment

**This Action Plan addresses both dimensions and does so in an integrated manner so to save jobs (esp. in the energy sector) and create new ones.** An effective transition to renewables and storage will be a necessary condition for being able to transition to better and new jobs, esp. in the energy sector.



# The Context (1/3)

We live at a time that various factors have a **significant disruption impact** on the energy sector. Countries need to make decisions in a fluid context, in which:

- **prices** of different types of energy are changing rapidly,
- the **security of supply** of imported energy is very uncertain,
- **costs** of different energy technologies are changing very rapidly and disruptively,
- **financing terms** and **availability** for different **technologies** (particularly between fossil fuels and clean technologies) are rapidly changing.



All these factors are changing **much faster** than countries have been accustomed to in the past.



At the same time, the **Russian invasion of Ukraine** has accelerated the speed of changes even further.



## The Context (2/3)

- Countries in the region are facing a **short-term (?) energy and economic crisis** and a **long-term transition challenge**. Policymakers are **wavering** between short-term plans and long-term transition challenges.



What will be important is to **plan in the short term**, to the maximum extent possible, **actions which will support the long-term transition**. In particular, to accelerate, in the short-term, the transition to renewables for economic/energy security reasons as well as for decarbonisation reasons.



## The Context (3/3)

North Macedonia is at a **crossroad**. Now it is the time to decide its way forward.



# The Key Question

How to ensure the coal phaseout of the coal-dependent regions while ensuring **energy security, saving energy-related jobs** and **creating new jobs?**

# The Intervention Logic

## Needs

Making the regions more attractive for young people and enterprises

Diversifying the economic model from labour-intensive to knowledge-intensive and resource-efficient

Detaching the Macedonian power production sector from increasingly uneconomic fuels

Supporting people and communities affected by coal phaseout

## 4 Pathways of the action plan

- Green and Smart Infrastructure Pathway

- Private Investments and Startup Economy Pathway

- Clean Energy Pathway

- Skills Development Pathway



# The Pathways



## Private Investments and Start-up Economy Pathway



## Clean Energy Pathway



## Skills Development Pathway

1. Energy upgrading (households, public/municipal buildings & infrastructure, office buildings and production facilities)
2. Heating/ District heating
3. Promotion of e-mobility
4. Waste infrastructure and management
5. Support for small biogas plants using livestock and poultry waste
6. Modernisation of the existing water supply network
7. Waste water treatment facilities
8. Rehabilitation of the existing mines
9. Etc.

1. Boosting start-ups, esp. in ICT and clean energy
2. Green transformation of SMEs
3. Greening TIDZ infrastructure (henceforth marketing as innovative eco-industrial areas)
4. Promoting the establishment of knowledge-intensive industries in TIDZ
5. Improving connectivity to the regions
6. Etc.

1. Boosting the energy storage capacity
2. Promotion of renewables energy sources
3. Promotion of prosumers and energy communities concept
4. Etc.

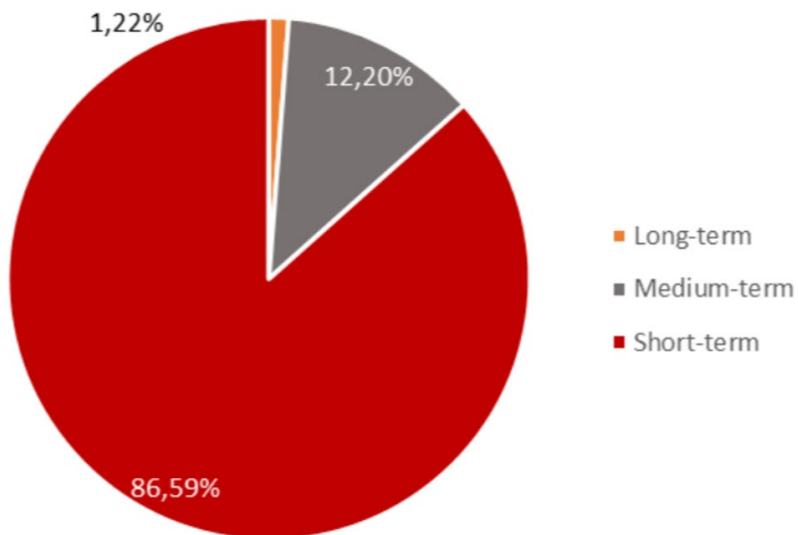
1. Retrain the existing coal-related workforce in new sectors with potential (primarily energy-related)
2. Increase the employability of currently unemployed people (primarily young people and women)
3. Improving training and employment services (including auxiliary services that promote employability)
4. Etc.



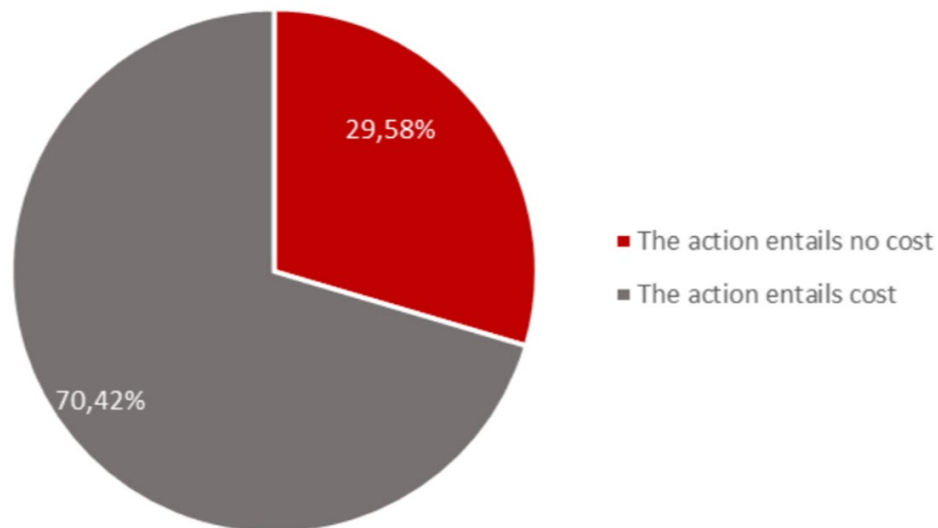


# Timeline of actions and costs

Timeline of actions



Percentage of short-term actions that entail no cost



Cumulative investments range from 0.8% to 1.2% of GDP over the period 2025-2050, depending on the energy scenario.



# Governance

1. No universal solutions, but useful observations:
  - First, **local communities** that will be most affected by the coal phase-out tend to **work more and produce the best alternatives**;
  - Just transition governance structures tend to **align with a country's governance system**; and
  - **Governance structures evolve over time**, and what seems efficient during planning might be inadequate during implementation. Therefore, **taking the first step is crucial**.
2. Some countries have established teams that started **negotiating a financing package** with the donors.
3. Establish a **system operator** at the centre of the country's energy system to **coordinate strategic planning**.



## Climate Investment Funds (CIF) Accelerating Coal Transition (ACT) Investment Plan (IP) preparation for the Republic of North Macedonia

The Climate Investment Funds set up the Accelerating Coal Transition Program under the Clean Technology Fund .

It is a holistic toolkit to support countries transitioning from coal, tackling challenges linked to three pillars:

- 1) governance,
- 2) people and communities, and
- 3) infrastructure, targeting transformational change.

North Macedonia and the Dominican Republic were invited to participate in the program and develop an Investment Plan (IP) of up to USD 85 million each and granted North Macedonia up to USD 0.5 million as an Investment Plan Preparation Grant (IPPG) to support the preparation of the IP.

The preparation of the IP is ongoing with assistance of the multilateral development banks with the deadline for approval - March 2024.



# Climate Investment Funds (CIF) Accelerating Coal Transition (ACT) Investment Plan (IP) preparation for the Republic of North Macedonia

## Key components:

### Component 1: Retiring and replacing coal-fired power generation assets in Bitola and Oslomej



**Decommission 3 TPP blocks**  
*Disconnect, demolish, rehabilitate*  
**Remediate 3 coal mine areas**  
*Prepare for re-purposing*



**Replace TPP capacities with low carbon energy sources**  
*Solar PV on mine sites, storage solutions, synchronous condensers, grid strengthening*



**Human capital development**  
*Re-skilling ESM workforce to support transition to low-carbon jobs incl. supporting national/sectoral educational and skills development strategies*

### Component 2: Regional economic regeneration



**Economic regeneration programme**  
*Climate-smart investments in businesses in Southwest and Palagonia incl. with associated skills trainings*



**Entrepreneurship credit lines**  
*Financing lines for former ESM and coal value chain workers, women and youth to develop businesses*



**Support for Industrial Zones**  
*Next to Kicevo and Bitola to encourage domestic and foreign investments in high value-added industries in line with state aid rules*

### Component 3: Energy efficiency, clean heating and distributed generation programme



**Energy efficiency**  
*for community public sector buildings in Bitola and Kicevo*



**Concessional FI lines**  
*for energy efficiency, clean heating and distributed generation in coal regions*



**Human capital development**  
*In energy efficiency and distributed generation for affected communities, incl. gender component, as part of the previous two components*



**Thank you!**

**MINISTRY OF ECONOMY**

State Secretary - Razmena Cekic-Durovic