



MINISTRY OF FOREIGN TRADE AND ECONOMIC RELATIONS OF BIH

JUST TRANSITION IN COAL REGIONS OF BOSNIA AND HERZEGOVINA

Tirana, 11 december 2023

GENERAL INFORMATION

- Area: 51,209.00 km²
- Population 3.5 million
- Capital Sarajevo (population 275,000)
- GDP 38.637 billion KM (2021)
- GDP per capita 11.196 KM (2021)



Administrative and territorial organisation of Bosnia and Herzegovina

- The Federation of Bosnia and Herzegovina (FBiH),
- Republika Srpska (RS) i
- Brčko District BiH (BD BiH).

The Federation of Bosnia and Herzegovina consists of 10 cantons, and the cantons consist of municipalities and cities.

Republika Srpska consists of municipalities and cities.

Brčko District of BiH is a separate administrative unit

**Source: Agency for statistics BiH*

International Commitments

- **Treaty establishing the Energy Community (2006)**
 - Regulation (EU) 2018/1999 on Energy Union Governance and Climate Action
 - Directive (EU) 2018 / 2002 amending Directive 2012/27 / EU on energy efficiency
 - Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources
- **UNFCCC and Paris Agreement on Climate Change (2015)**
 - Established contribution of Bosnia and Herzegovina (NDC) for the period 2020-2030.
- **Sofia Declaration on the Green Agenda for the Western Balkans (2020)**
 - Alignment of the Western Balkan countries with the EU Green Plan

Strategic Documents in BiH

Framework Energy Strategy of BiH until 2035

Third Biennial Report of Bosnia and Herzegovina on Greenhouse Gas Emissions (TBUR)


The energy sector continues to make the largest contribution to CO2 emissions (80%)

The most important sources of CO2 in BiH are:


- burning of fossil fuels (electricity production, industry, transport, heating, etc.)
- industrial activities (steel, cement production)
- changes in land use and forestry activities

Nationally Determined Contribution of Bosnia and Herzegovina (NDC)


0.05%

Share of global GHG emissions 


#80

Climate Vulnerability Index ranking 

#73

Human Development Index ranking 

36.8%

Conditional emissions reduction target by 2030 
(compared to 1990 levels)

The revised NDC sets long-term GHG emissions reduction targets for 2050 at 61.7% (unconditional) and 65.6% (conditional) below 1990 levels.

Roadmap Just Transition in Coal Regions of Bosnia and Herzegovina

For Just Transition in coal regions of Bosnia and Herzegovina, a contemporary and dynamic vision of coal regions needs to be built; one that is thriving and forward-looking, underpinned with good jobs in economic sectors that are empirically shown to be promising.

BiH together with the World Bank, has developed a Draft Roadmap Just Transition in Coal Regions of Bosnia and Herzegovina.

Roadmap recognized and focused on 3 pillars:

1. Governing Systems
2. People and Communities
3. Repurposing Land and Assets

Support in Just Transition process is also provided by the Platform for the Transition of Coal-Rich Regions - the Secretariat from Brussels and the Secretariat of the Energy Community from Vienna.

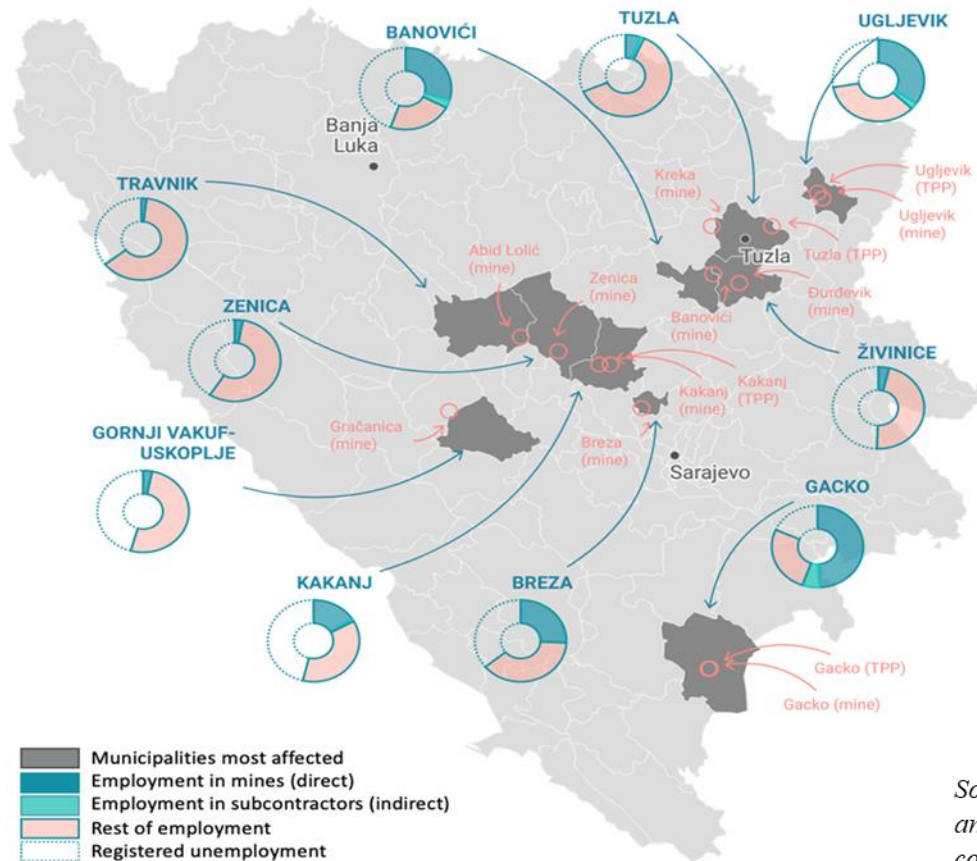
The Roadmap will help political and governance structures to make fair decisions related to coal transition and the energy sector.

Government Systems

- Planning and executing a well-managed transition in Bosnia and Herzegovina, as in any other coal-dependent region, will be a multi-year and multi-level process.
- Considering the governmental structures in Bosnia and Herzegovina—(one country, two entities, the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS), and the Brčko District of Bosnia and Herzegovina (BDBiH) as a unit of local self-government under the sovereignty of Bosnia and Herzegovina)—decision-making regarding the planning and implementation of Just Transition will be carried out in accordance with the competences prescribed by the constitutions and laws in the country.
- The proposal is a hybrid management model.
- Including the views of affected workers and communities, trade unions, industry, municipal, cantonal (in the Federation of Bosnia and Herzegovina), entity and state authorities, the private sector and financial institutions, donors, academia and non-governmental organizations, which also include particularly vulnerable groups among the affected population and all interested parties **will help the government in making decisions for a just transition.**

Coal sector in Bosnia and Herzegovina

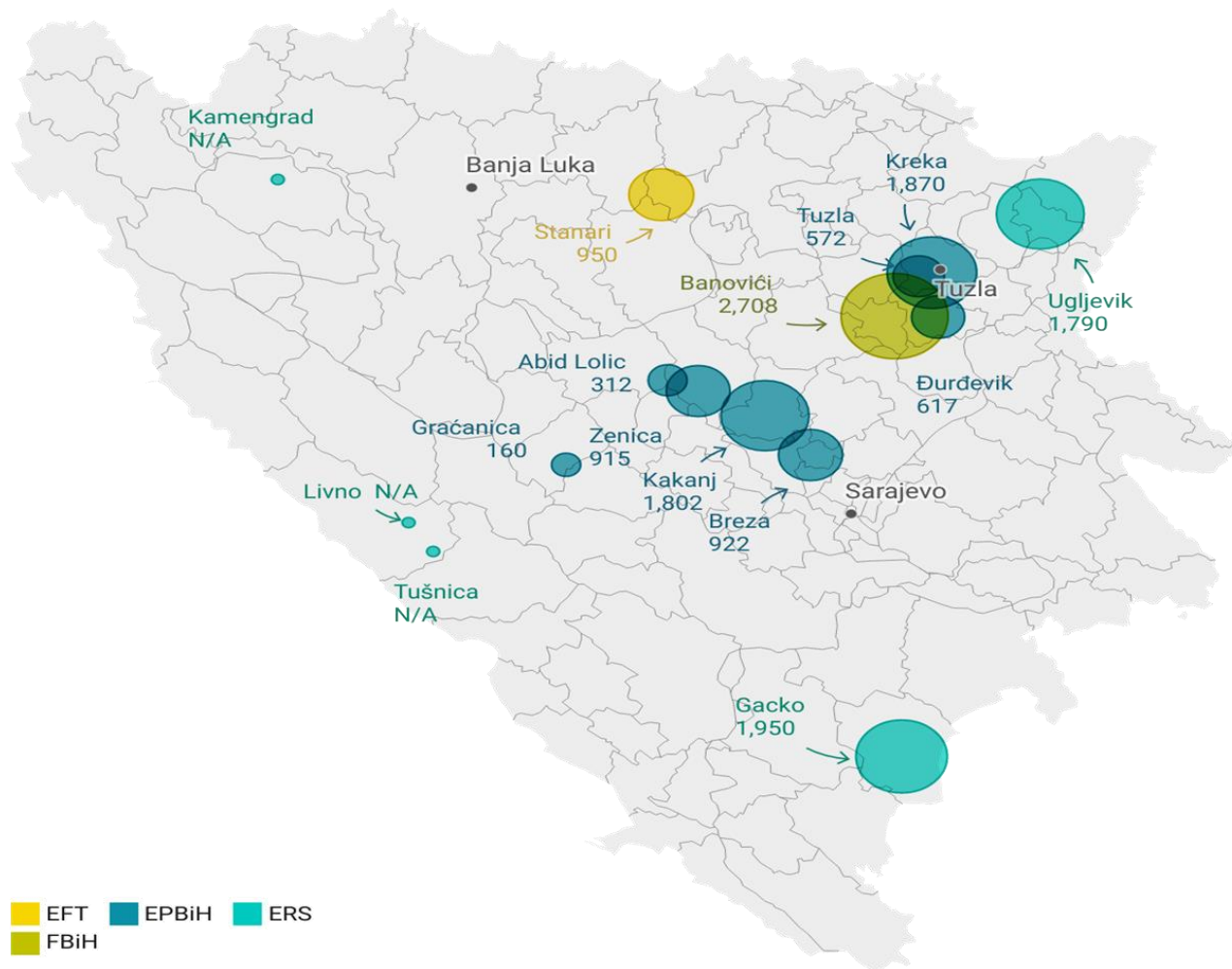
- The coal sector is an important segment in the energy sector and economic structure of Bosnia and Herzegovina
- About 14 major mines are currently active in Bosnia and Herzegovina.



Source: Authors' (World Bank - Draft of Just Transition in Coal Regions of Bosnia and Herzegovina) elaboration using administrative data from the mining conglomerates (2020), own estimates of indirect employment, and administrative data on total employment and unemployment per municipality (2020).

- 10 units are operating in five power plants, with a total installed capacity of 2,073 MW and available capacity of 1,876 MW.
- 16.2 thousand workers were employed in coal mines and thermal power plants: 11.5 thousand in Federation of Bosnia and Herzegovina and 4.7 thousand in Republika Srpska
- 2.4 thousand workers are employed upstream in the coal value chain in firms dependent on mines and TPPs
- 18,600 workers are at risk of losing their jobs in case of closure of mines and thermal power plants (not counting workers of companies that provide goods and services to workers in the coal sector) and their families, i.e. local firms in and around coal-rich regions
- Social impacts from coal mine closures and retirement of coal power plants could be substantial.
- The economic consequences will reach even further as workers throughout the coal value chain will be impacted, as will the local economies for which coal activity has been an economic stimulus.

Representation of coal mines and coal sector employment



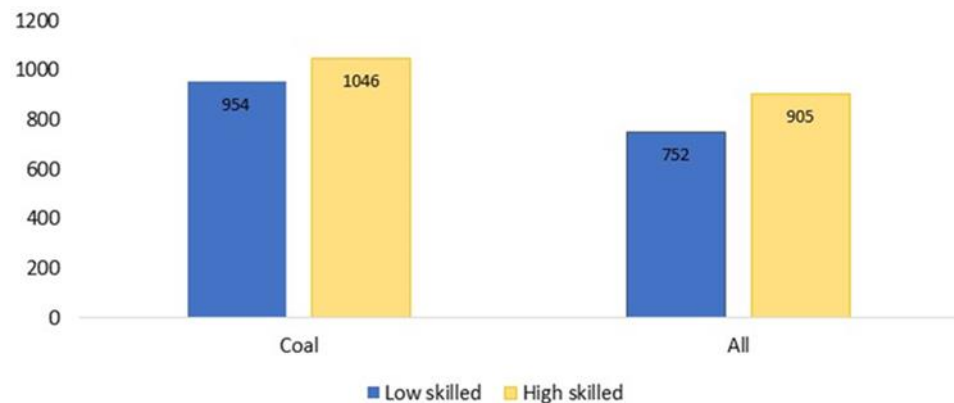
■ EFT ■ EPBiH ■ ERS
■ FBiH

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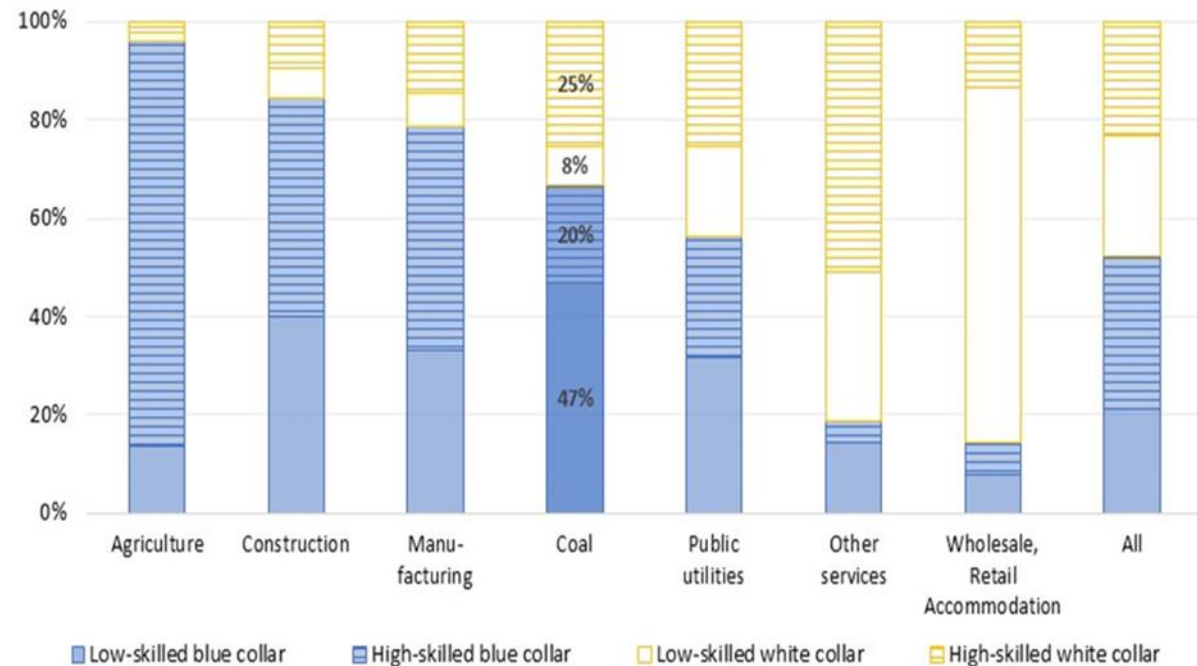
Source: Authors' (World Bank - Draft of Just Transition in Coal Regions of Bosnia and Herzegovina) elaboration using administrative data from the mining conglomerates (2020), own estimates of indirect employment, and administrative data on total employment and unemployment per municipality (2020).

- Most coal sector jobs are in the public sector, pay high wages, and provide good non-wage benefits.
- Most coal sector workers – and especially for lower-skilled coal workers – would likely to struggle to find comparable compensation working in other sectors.

Coal sector employees earn higher-than-average wages



Occupational breakdown of coal sector workers



Note: LFS data on workers in the coal sector (80 unweighted observations). High-skilled white collar includes managers, professionals and technician/associate professionals. Low-skilled white collar includes clerical support, services and sales. High-skilled blue collar includes skilled agricultural work and craft and related trades. Low-skilled blue collar includes plant and machine operators and elementary occupations. Source: Bosnia and Herzegovina LFS, 2019.

Basic measures for labor force transition

- In light of the anticipated strain on local economies and the surrounding communities, advanced planning is needed on the government's part to understand the profiles of workers likely to need transition support, and to line up the necessary fiscal resources, programs and system capacity to be ready to implement this support.

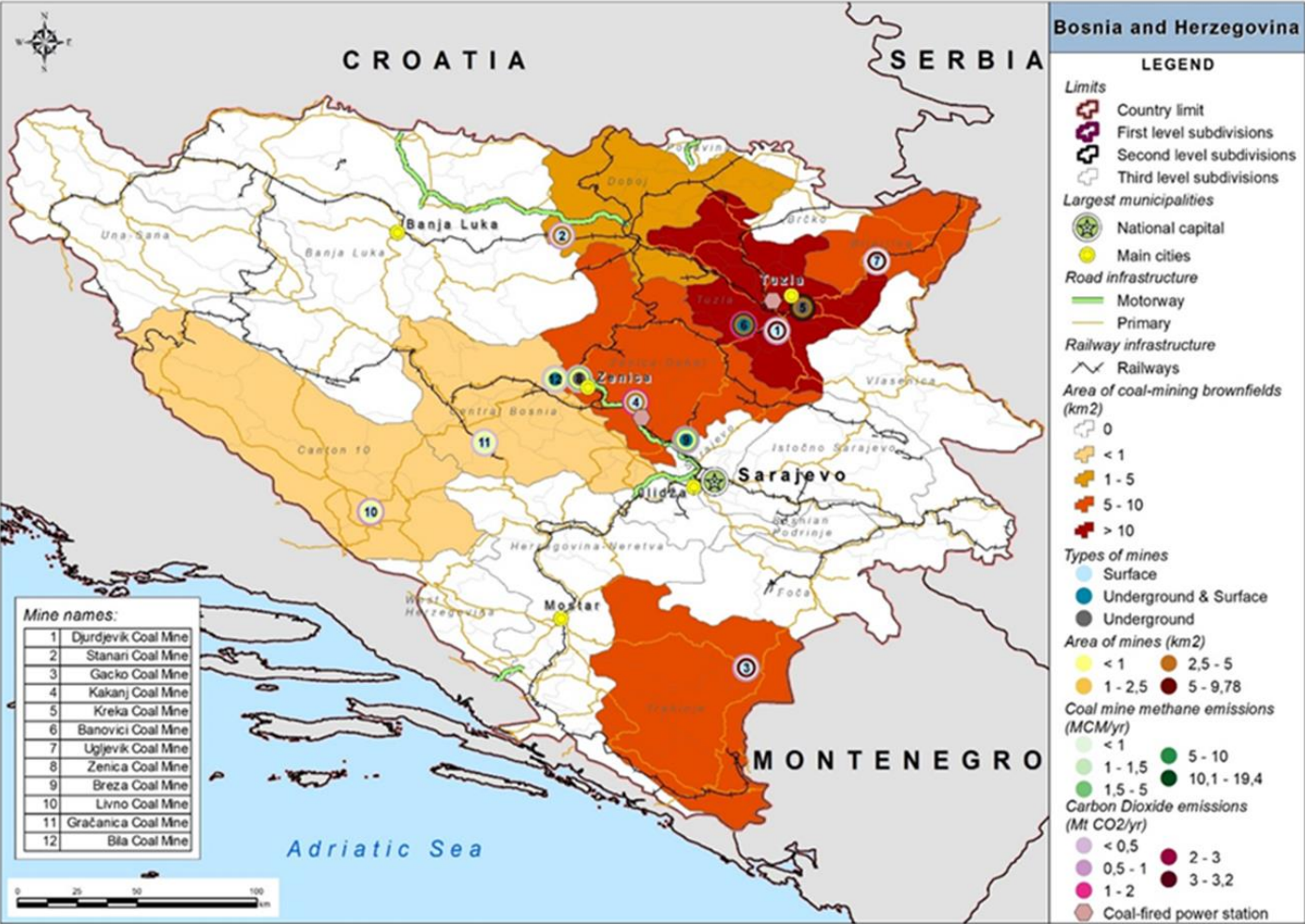
Before planning mine closure, it is necessary to do:

1. Identifying the skill profiles and preferences of workers in mines and power plants (including those designated as having task-related disabilities), the coal sector value chain (suppliers) and in local communities
2. Forecasting the number and types of jobs and skill profiles needed for mining land remediation and repurposing.
3. Mapping out potential job transition pathways for the skill profiles identified in activity (1) including whether they can be absorbed into the new remediation/repurposing jobs identified in activity (2).
4. Assessing cantonal- and entity-level social assistance and social services/support programs and legislated severance programs that could be leveraged to support affected vulnerable households.

Repurposing Land and Assets

- Bosnia and Herzegovina has abundant natural resources, including land.
- Conservative estimates indicate that at least 42 km² of lands are currently occupied by coal mining activities.
- Empirical evidence collected during the World Bank ground verification at three pilot sites (Banovici, Gacko, Zenica) suggests five to 10 times this amount.
- As such, between 200-400 km² of post-mining lands could likely be made available for reclamation and future redevelopment / repurposing.
- A primary objective would be to create an enabling environment for investment in post-mining lands, particularly investments that support Bosnia and Herzegovina's efforts towards a clean energy transition.
- It is important to note at the outset that a comprehensive land repurposing program for mining lands will need to closely align, interact, and integrate with spatial planning processes having a much wider scope than post-mining lands alone.

Distribution of mines and associated active mining lands within Bosnia and Herzegovina



Determination of Bosnia and Herzegovina

- Undoubtedly, there is a determination to implement the decarbonization of the energy sector and reach the criteria of carbon neutrality by 2050.
- The basic approach to the decarbonization process is carried out by gradually eliminating the production and consumption of energy from fossil fuels and by switching to the use of renewable energy sources.
- Although the existing planning documents for the development of the energy sector in Bosnia and Herzegovina envisage the construction of significant capacities of new thermoblocks, Bosnia and Herzegovina's determination is that in the period until 2030, there will be no construction of new coal-fired blocks. In accordance with that, a major reconstruction of two blocks will be carried out, as well as a change in their mode of operation to burn coal and wood biomass, while the third block will be completely switched to biomass operation. These facts achieve a significant reduction in greenhouse gas emissions.
- We express our commitment to the implementation of a "just transition", which should simultaneously continue with the gradual reduction of the use of coal for the production of electricity.
- It is determined that the reduction of final energy consumption is carried out with a high degree of ambition. **To achieve this level of ambition, significant financial support is needed from international sources, combined with domestic sources of funding with a special focus on the planned closure of coal mines and the suspension of coal-fired power plants.**



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Thank you for your attention!

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