



JUST TRANSITION
DEVELOPMENT PLAN

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Our vision for the lignite areas: Just Transition Master Plan

Exchange of experience on the Just Transition Master Plan

DECEMBER 2020



Main Goal

As a key part of The National Energy & Climate Plan, the government committed to decommission all lignite power plants by 2028 with the majority expected to take place by 2023


The goal is to support the transition local economies and employment and minimize the associated social and environmental impact during this transition





Five basic principles underline the vision for the next day

In accordance with the policy objectives of the EU

-  1 Focusing on **labor-intensive industries** to create new job opportunities for local communities
-  2 Leveraging the innate advantages of the affected regions
-  3 Ensuring a **speedy transition** with a focus on **quick wins**
-  4 Promoting **social and environmental sustainability**
-  5 Integrating **modern technology** and promoting an **entrepreneurial spirit** throughout all new activities

- A smarter Europe
- A greener Europe
- A more connected Europe
- A more social Europe
- A Europe closer to its citizens



The vision for the "next day"

Sustainable socio-economic development leveraging region's competitive advantages to drive economic growth & improve quality of life for its citizens

1



Clean
Energy

2



Smart
agricultural
production

3



Sustainable
Tourism

4



Industry,
handicrafts
and trade

5



Technology &
Education



Physical and digital infrastructure



Reskilling of human capital



Guidance for entrepreneurship & Incentives



Land repurposing

Consequently, the vision for the "next day" is based on **five growth pillars** supported by key enablers

The vision for the “next day” will be promoted with public, private and PPP investments



Private Investments



Public Investments



**Public-Private
partnership**

Our vision for Western Macedonia: Center for production and research in clean energy with a diversified economic model

Current situation in Western Macedonia in 2020

From:



Lignite based energy
production



Limited industrial
activity



Under-utilized perspective
of tourist activity



Focused production of
PDO products



Our vision for Western Macedonia in 2028

To:



Clean energy
production and
research center
(~ 2.5GW PV)



Modern industry and
transit center in the
Balkans























Specialized tourist
destination



Dynamic crops of
exportable products

W. Macedonia: Expressed interest in 11 major projects estimated to mobilize over € 2 billion in new investments in the region

		Large investments under consideration	Estimated Investment
 Clean Energy		 Photovoltaic parks (~ 2GW)  Green hydrogen production unit  Energy storage facilities  Field of energy research and technology ¹ with PPP	~€1.5B
 Industry, handicrafts and trade		 Industrial park with emphasis on the manufacture of electric products (lithium batteries, etc.) by a nationwide group  Establishment of a waste management unit  Biomass processing center	~€200M
 Smart agricultural production		 Smart agricultural production units of the latest technology (hydroponics) from an international company in the food industry	~€100M
 Sustainable tourism		 Wine tourism ecosystem to the standards of Northern Italy (interest from a leading company in winemaking)	~€25M
 Other Investments		 State-of-the-art physical rehabilitation clinic with PPP from public entities	~€60M

1. Indicative: electric propulsion, hydrogen and alternative fuels, storage technologies
 2. University of Western Macedonia Source: PPC, ELPE, Investment plans, Proposals of institutions, Analysis of SDAM Team

Our vision for Megalopolis: Sustainable development with emphasis on industrial profile and natural advantages of the region

Current situation in Megalopolis in 2020

From:



Coal-based energy network, but also a natural gas unit



Limited industrial production



Unknown tourist destination



Small agricultural production of specific products

Our vision for Megalopolis in 2028

To:



Diversified and robust green energy profile (~ 1GW PV)



Restart industry in competitive sectors of the economy



Ideal destination for those looking for adventure in nature



Cultivation of exportable products and development of feed and livestock production

Megalopolis: The region is modernizing its energy and industrial profile, while utilizing its natural advantages

		Large investments under consideration	Estimated Investment
 Clean Energy		 Photovoltaic Parks (~550MW)	~€250M
 Industry, handicrafts and trade		 Standard pharmaceutical industry	~€90M
 Smart agricultural production		 Intelligent livestock and animal feed unit Smart agricultural units for the production of exportable products ¹	~€40M
 Sustainable tourism		 Original adventure, entertainment and education theme park	~€40M
 Other Investments		  Other public investments	~€30M

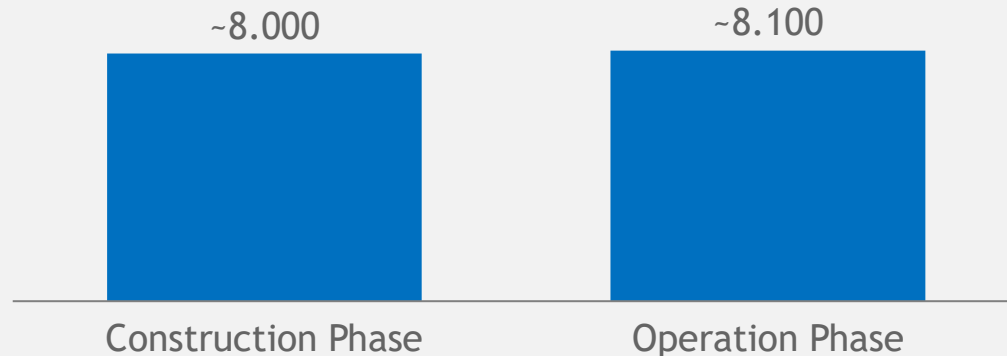
1. It has been covered in the chapter of W. Macedonia for which the investment interest has been expressed
 2. Source: Investment plans, Proposals of institutions, Analysis of SDAM Team

Investments can create employment for the directly affected and locally unemployed workforce

Taking into account the estimated vacancies created from the other planned investments, it is expected that more vacancies will eventually be created than those affected by the decommissioning plan.

Estimated up to ~ 8,000 total vacancies from the most mature projects...

Total vacancies

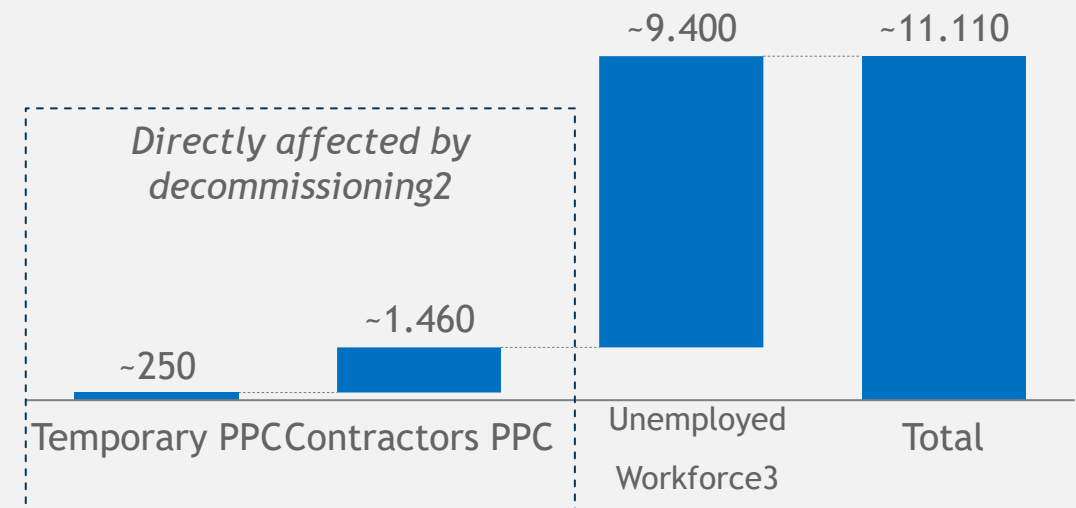


Source: Analysis of SDAM Team

Initial estimation - W.Macedonia and Megalopolis

...which can mitigate the observed unemployment levels

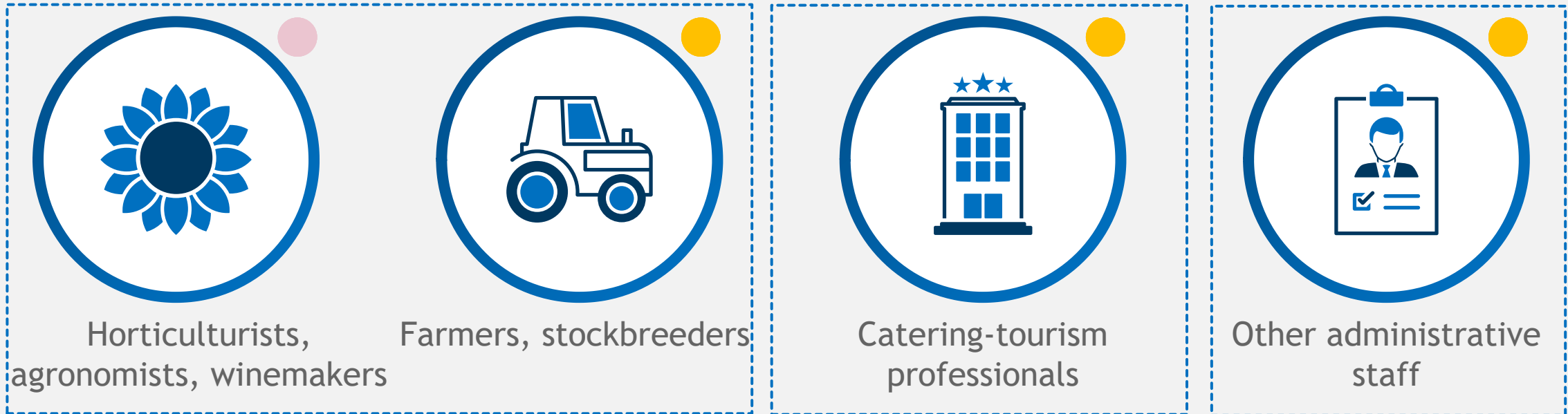
Workforce for absorption (June 2020)



1. Includes direct employment (estimated per emblematic investment) and indirect and induced employment (estimated on the basis of TEE / JTM closed type multipliers by industry) 2. PPC regular staff (~ 3,800 in total) is not included in the employees to be absorbed, as ~ 2,200 are expected to establish a right to retirement, while the rest will be absorbed / transferred by PPC 3. Includes the short-term unemployed (<12 months) in Western Macedonia, but for Megalopolis is included in total unemployment Source: PPC, OAED, TEE. JTM Investment plans, Analysis of SDAM Team

Workforce Redeployment: The need for reskilling is identified in 3 main sectors of specialization

Initial estimation - W.Macedonia



Sectors: Agricultural Production Catering & tourism Administrative Services

Positions: ~420 (~16%) ~520 (~20%) ~1,615 (~64%)

1 : Need and Type of Reskilling

- Low (<1 month intra-corporate)
- Medium (1-3 months in competent entity)
- High (3+ months in competent entity)

Important prerequisites for rapid implementation



Institutionalization of incentives



Special Urban Plans (SUP)



Project financing



Land restoration



Public Investment



Licensing process



Defying incentives: Type of incentives and targeting

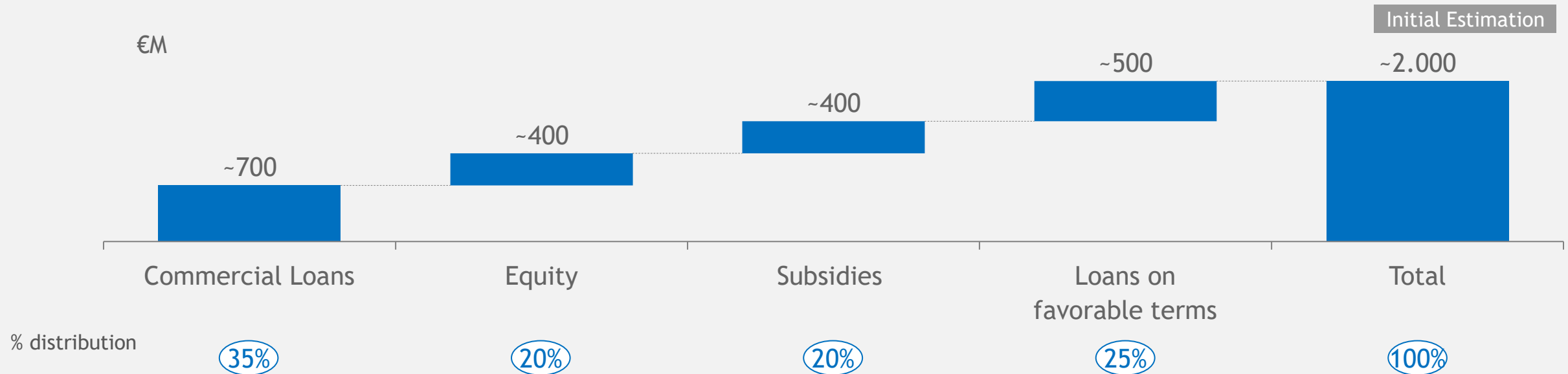
Prediction of 15 specialized incentives divided into 3 groups

- Incentives to attract a new production process: Provision of a grant for a new investment, Tax exemption, Tax relief, Subsidy for insurance contributions, Exemption of fees, Loan on favorable terms, Guarantees
- Incentives to maintain the existing operation: Provision of a grant for reform/modernization of a productive operation, Subsidy of loan obligations, Subsidy of wage costs, Participation in Equity, Loan on favorable terms
- Incentives to support individuals: Income tax deduction, Mortgage subsidy, Enhancement of projected benefits and training programs

The way of defying incentives and targeting

- The determination of the incentives took into account all the communication that has preceded with local entities, potential investors, executives of the involved services, etc.
- The main goal is to make the most of all available sources of funding, including the 3 pillars of the Just Transition Mechanism as well as the other sources (National and European).
- Incentives will mobilize and activate specific investment projects, which will allow the mobilization and leverage of additional financial resources, which otherwise would remain dormant.

Initial investments' financial plan: Full utilization of all available sources of funding



- The financial scheme shows the fact that a significant part of the investments will be made through the leverage of commercial (bank) loans and equity, as significant investments that are launched do not need any further support.
- At the same time, the utilization of the Just Transition Mechanism with the aim of not the immediate exhaustion of subsidies (Just Transition Fund) but the more complete use/utilization of all its 3 pillars, enables the integration and implementation of an increasing number of investments.

The preparation of the Territorial Plans includes 3 basic modules:



Transition Procedure



Description of the process of transition to a climate neutral economy and justification for classifying regions as negatively affected



Transition Challenges



Evaluation of social, economic and environmental impact of the transition areas and description of expected contribution from the JTF to address them



Governance



Description of the participation of the partners, identification of the monitoring and evaluation measures and definition of competent entities

Thank you!

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