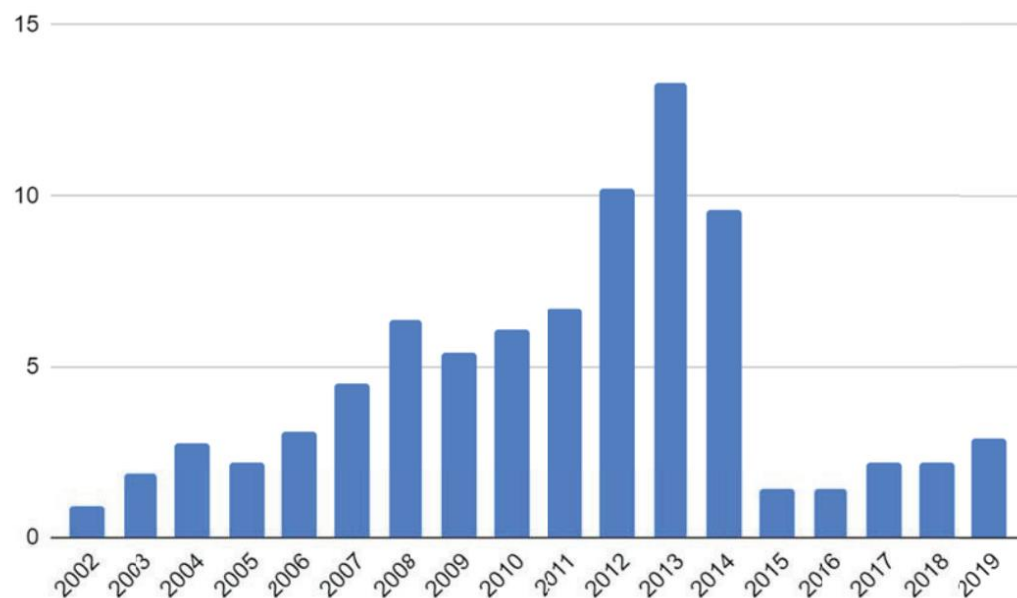


# JUST TRANSITION FOR COAL REGIONS OF UKRAINE

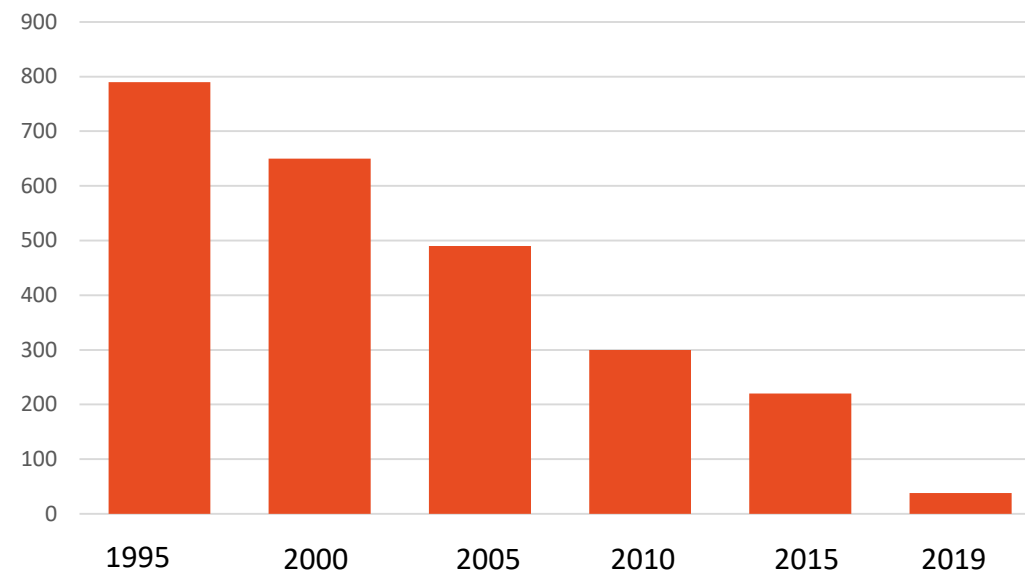
## CURRENT STATUS

# CURRENT SITUATION IN THE COAL INDUSTRY

Subsidies to the coal industry, UAH billion



Employment in the coal industry, thousand people



29

3

33

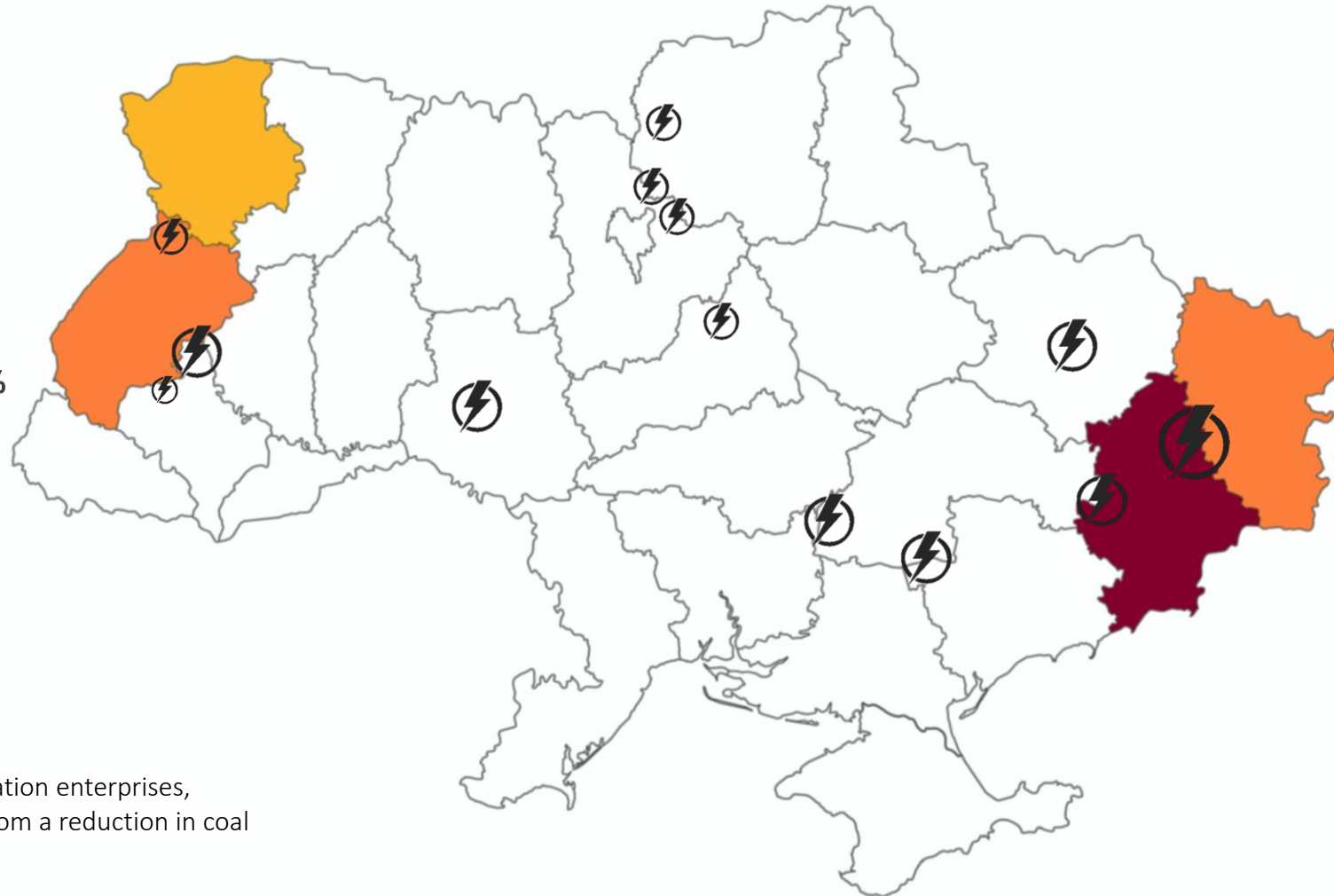
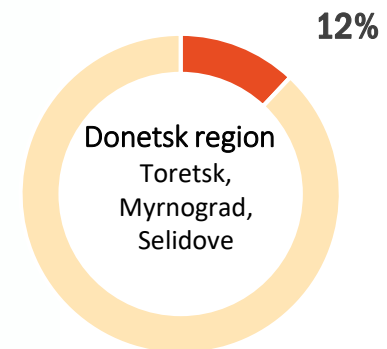
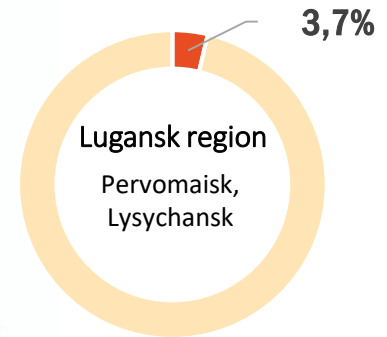
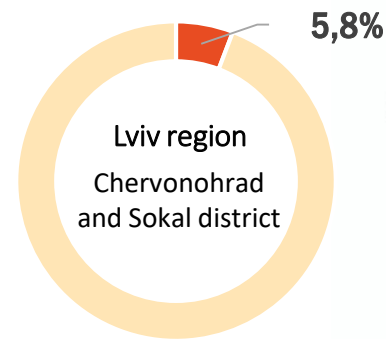
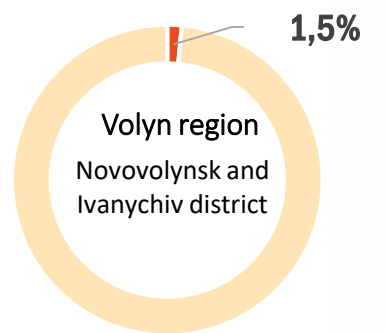
state-owned mines  
are not profitable


2/3

units of basic stationary equipment  
have fulfilled their standard service  
life

# COAL REGIONS - THE IMPACT OF THE INDUSTRY ON THE LOCAL ECONOMY

The share of extractive industry in regional economies



 thermal coal generation enterprises,  
which may suffer from a reduction in coal  
production



# KEY PRINCIPLES OF JUST TRANSITION

## GRADUALLY AND IN STAGES

No shock measures and immediate dismissal of a large number of staff without the simultaneous creation of new jobs

## STATE BUDGET SUPPORT

Major losses from reduced production assumes the state

## WIDE PUBLIC DIALOGUE

GOVERNMENT + TRADE UNIONS +  
BUSINESS + CIVIL SOCIETY



## LONG-TERM

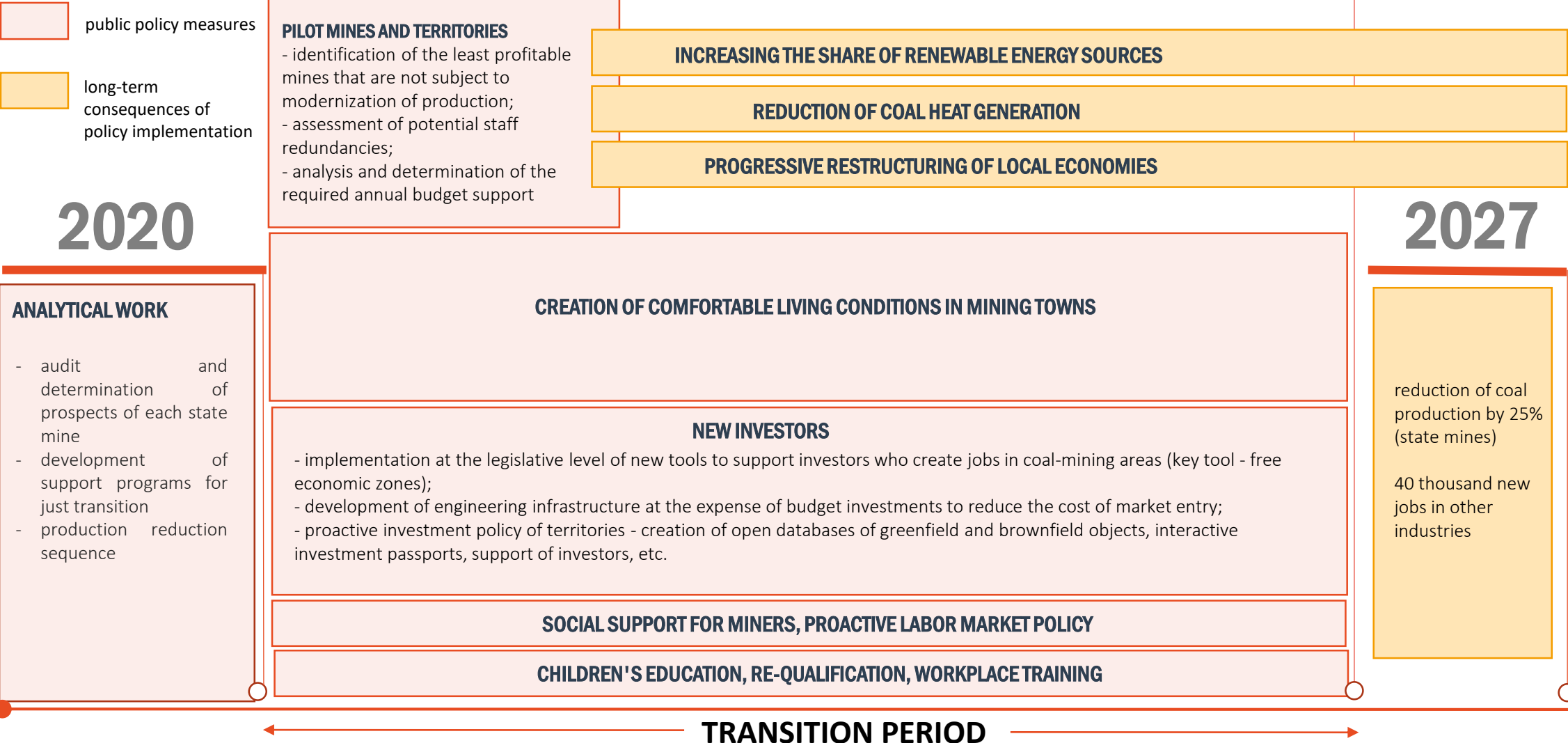
10 years is the minimum term for qualitative changes in the structure of the regional economy

## SYNCHRONITY OF DIFFERENT PROCESSES

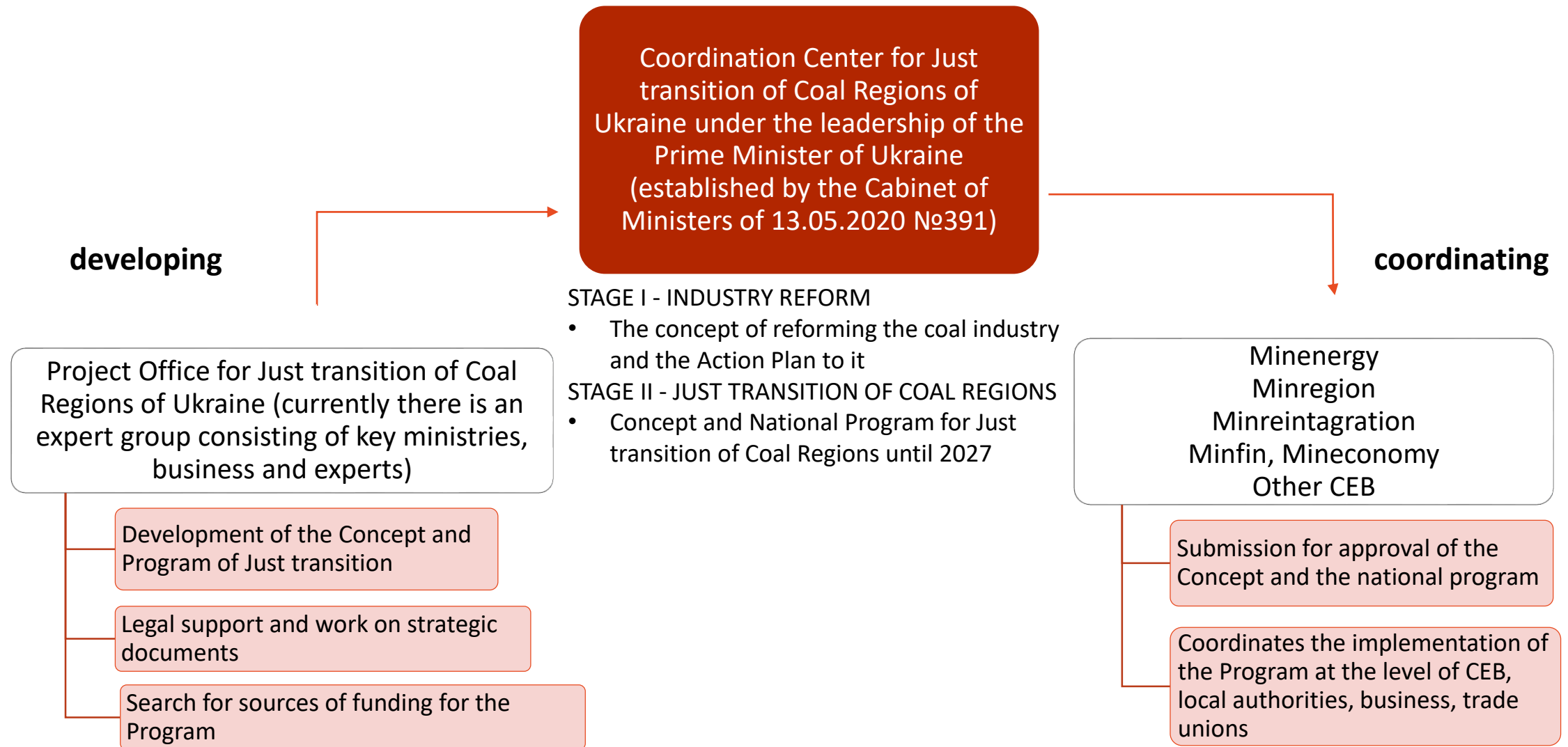
Attracting new investors, creating jobs, laying off and training staff

# ROAD MAP OF JUST TRANSITION

2021 – 2024 – 2025

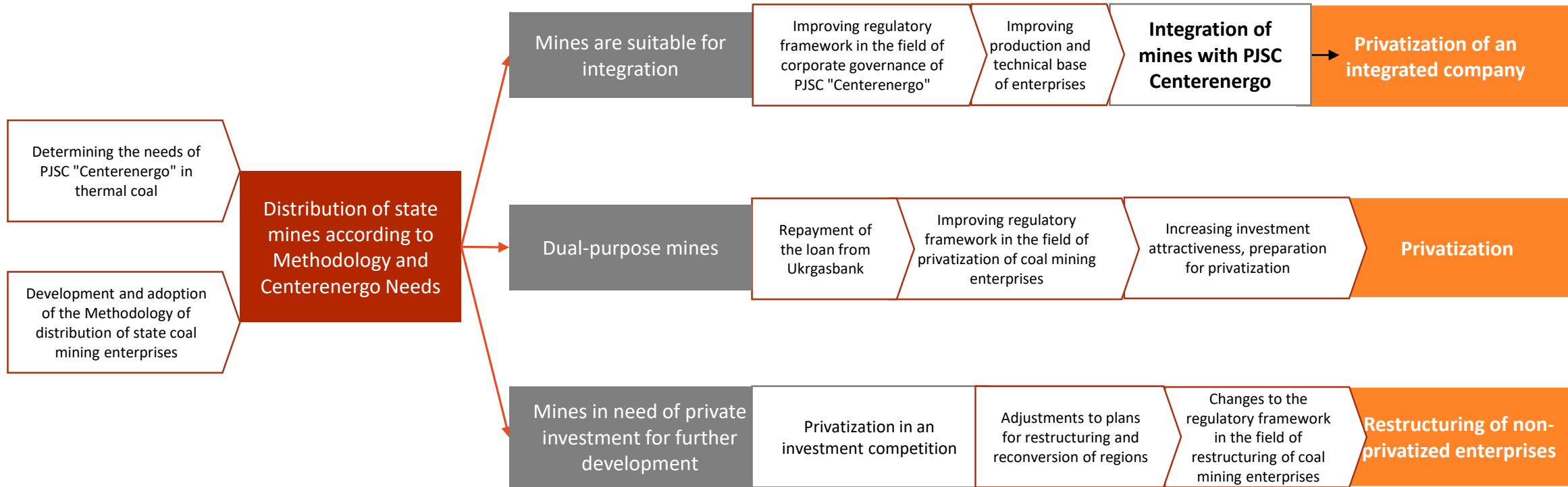


# INSTITUTIONAL BASIS AND KEY DOCUMENTS



# STAGE I - INDUSTRY REFORM

## MAIN ASPECTS AND KEY PRINCIPLES

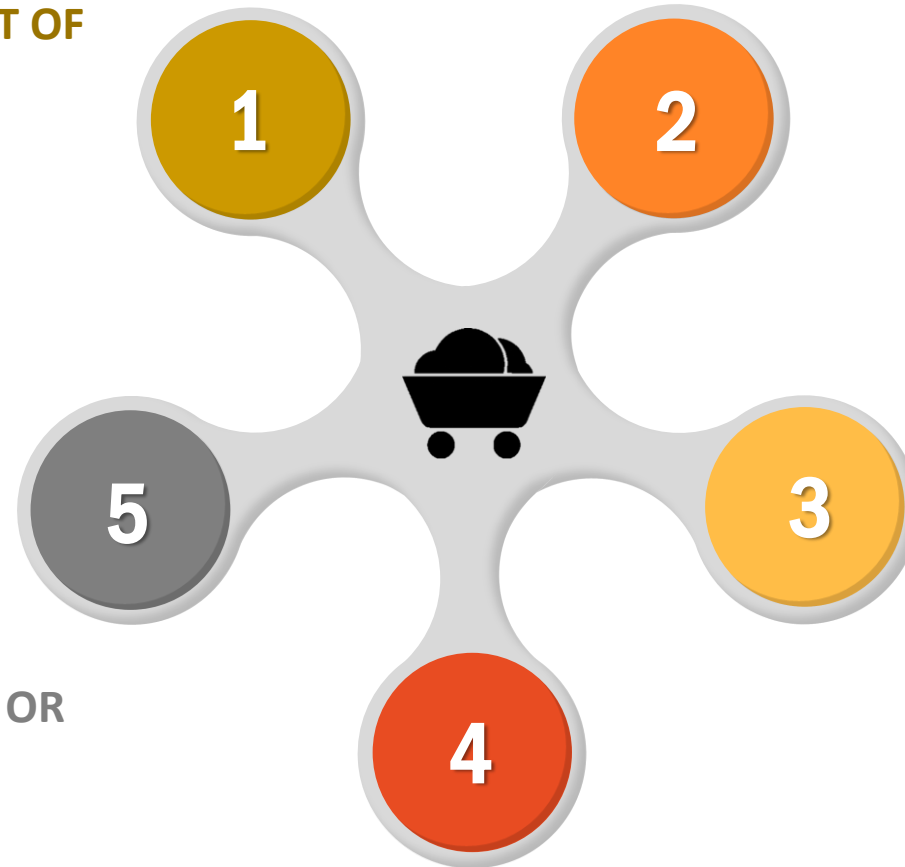


# STAGE II - JUST TRANSITION OF COAL REGIONS

## KEY COMPONENTS

INVESTMENT DEVELOPMENT OF  
COAL REGIONS

PROACTIVE LABOR MARKET  
POLICY - LONG-TERM HUMAN  
CAPITAL DEVELOPMENT  
PROGRAMS



MINER'S SOCIAL PACKAGE -  
WARRANTY LINES FOR  
COMPENSATION OF LOSSES OR  
REDUCTION OF INCOME

DIVERSIFICATION OF THE LOCAL  
ECONOMY THROUGH BUSINESS  
SUPPORT

COMFORTABLE ENVIRONMENT AND  
DEVELOPMENT OF MINING TOWNS



# INDICATIVE STRUCTURE OF THE NATIONAL PROGRAM FOR JUST TRANSITION OF COAL REGIONS UNTIL 2027

## 1. Analytical part and issues

- Geography of the Program
- Analysis of existing mines and industry economics
- Methodology of mine selection and priority of their closure
- Social component
- Environmental component

## 2. The purpose of the program

## 3. Ways of solving problems

## 4. Tasks and activities

- Social support and retraining
- Development and diversification of the economy of the regions
- Compensation to local budgets and ensuring their financial capacity
- Reforming the housing sector in cities
- Educational reform
- Information policy

## 5. Expected results - 2020, 2022, 2027

## 6. Program funding (funding matrix)

## Annexes

- Action plan for 2021-2024
- Catalog of projects

# KEY STAKEHOLDERS



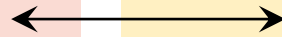
Town 1



Town 2



Town 3



Regional and  
local authorities



Trade unions



Chambers of  
Commerce, Agencies  
for regional  
development, NGOs



IFO and donors  
organizations

World Bank  
BMW  
USAID  
GIZ  
British Embassy



Business



Educational  
institutions

# KEY FUNDING NEEDS AND DONOR ASSISTANCE

**World Bank**  
**BMWi**  
**USAID**  
**GIZ**  
**British Embassy**  
**UNDP**  
**DORCAS**  
**EBRD, EIB**  
**others**



- Project Office support;
- development, financing and implementation of pilot projects for regional economic restructuring
- preparation of feasibility studies and projects of restructuring of mines;
- implementation of pilot projects of restructuring of mines;
- mitigation of social and environmental consequences of mine closure;
- development of a strategy for the transformation of the region / settlement;
- support for the implementation of the strategy for the transformation of the region / settlement and attract investment.
- trainings;
- participation of Coal Regions in Western Balkans and Ukraine Platform
- expert support;
- other measures

# PROJECT OFFICE: STRUCTURE AND INDICATIVE BUDGET

| Expenses                               | Six months      |                           |                   |                |
|--|-----------------|---------------------------|-------------------|----------------|
|  | Number of items | Item cost per month (USD) | Quantity          | Total (USD)    |
| <b>1. Human resources</b>              |                 |                           |                   |                |
| Head of the Project office             | 1               | 3000                      | 6 months          | 18 000         |
| Expert group                           |                 |                           |                   |                |
| Local economy diversification expert   | 1               | 2500                      | 6 months          | 15 000         |
| Fundraising expert                     | 1               | 2000                      | 6 months          | 12 000         |
| Energy efficiency and ecology expert   | 1               | 2000                      | 6 months          | 12 000         |
| Social responsibility expert           | 1               | 2000                      | 6 months          | 12 000         |
| Support team                           |                 |                           |                   |                |
| Office assistant                       | 1               | 1500                      | 6 months          | 9000           |
| Communication manager                  | 1               | 2000                      | 6 months          | 12 000         |
| Accounting                             | 1               | 2000                      | 6 months          | 12 000         |
| IT-specialist                          | 1               | 2000                      | 6 months          | 12 000         |
| Total:                                 |                 |                           |                   | 114 000        |
| <b>2. Transportation costs</b>         |                 |                           |                   |                |
| Local visits                           | 30              | 400                       | Trip per person   | 12 000         |
| Total:                                 |                 |                           |                   | 12 000         |
| <b>3. Office facilities</b>            |                 |                           |                   |                |
| Equipment                              | 1               | 30 000                    | One-time purchase | 30 000         |
| Total:                                 |                 |                           |                   | 30 000         |
| <b>4. Office expenses</b>              |                 |                           |                   |                |
| Office rent                            | 1               | 2500                      | 6 months          | 17 500         |
| Stationary and office supplies         | 1               | 300                       | 6 months          | 1800           |
| Other (communications, utilities etc.) | 1               | 500                       | 6 months          | 3 000          |
| Total:                                 |                 |                           |                   | 22 300         |
| <b>5. Services and other costs:</b>    |                 |                           |                   |                |
| Publications                           | 3               | 5 000                     | One-time purchase | 15000          |
| Analytics, researches                  | 2               | 20 000                    | One-time purchase | 40 000         |
| Costs of conferences and events        | 1               | 3 000                     | One-time purchase | 3000           |
| Total:                                 |                 |                           |                   | 58 000         |
| <b>6. Total</b>                        |                 |                           |                   | <b>236 300</b> |



# PROJECT OFFICE: KEY FUNCTIONS

Develops models and projects for diversification of the local economy, roadmap for all stakeholders

Develops projects on energy efficiency and ecology, reducing dependence on the coal industry, reforming heating systems, alternative sources

Develops social infrastructure projects in accordance with the selected model of local economy development

Provides legal support for the closure of enterprises, change of strategic documents in accordance with the National Program for Just transition of Coal Regions

Carries out search of sources and attraction of financing, support of implementation of realization of the National program for Just transition of Coal Regions

# CONTACTS

## **Ministry of Energy of Ukraine**

<http://mpe.kmu.gov.ua/>

### **Maksym Nemchinov**

+38 044 206-38-20

[maksym.nemchynov@mev.gov.ua](mailto:maksym.nemchynov@mev.gov.ua)

### **Yaroclav Demchenkov**

+380 044 206-38-02

[yaroslav.demchenkov@mev.gov.ua](mailto:yaroslav.demchenkov@mev.gov.ua)

## **Cabinet of Ministers of Ukraine**

### **Valentyna Moskalenko**

+38 044 256-64-46

+38 098 3156375

[v.moskalenko@km.gov.ua](mailto:v.moskalenko@km.gov.ua)