

LGA
LOCAL GOVERNMENT ASSOCIATION
**WESTERN
MACEDONIA**

"NEW ENERGY MIX"

**PUBLIC DIALOGUE ON THE
TRANSITION TO A LOW CARBON
ECONOMY IN THE FIELD**

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European Union
European Regional
Development Fund

***Expected socio-economic impact
of the closure of the coal - related activities
in Western Macedonia***

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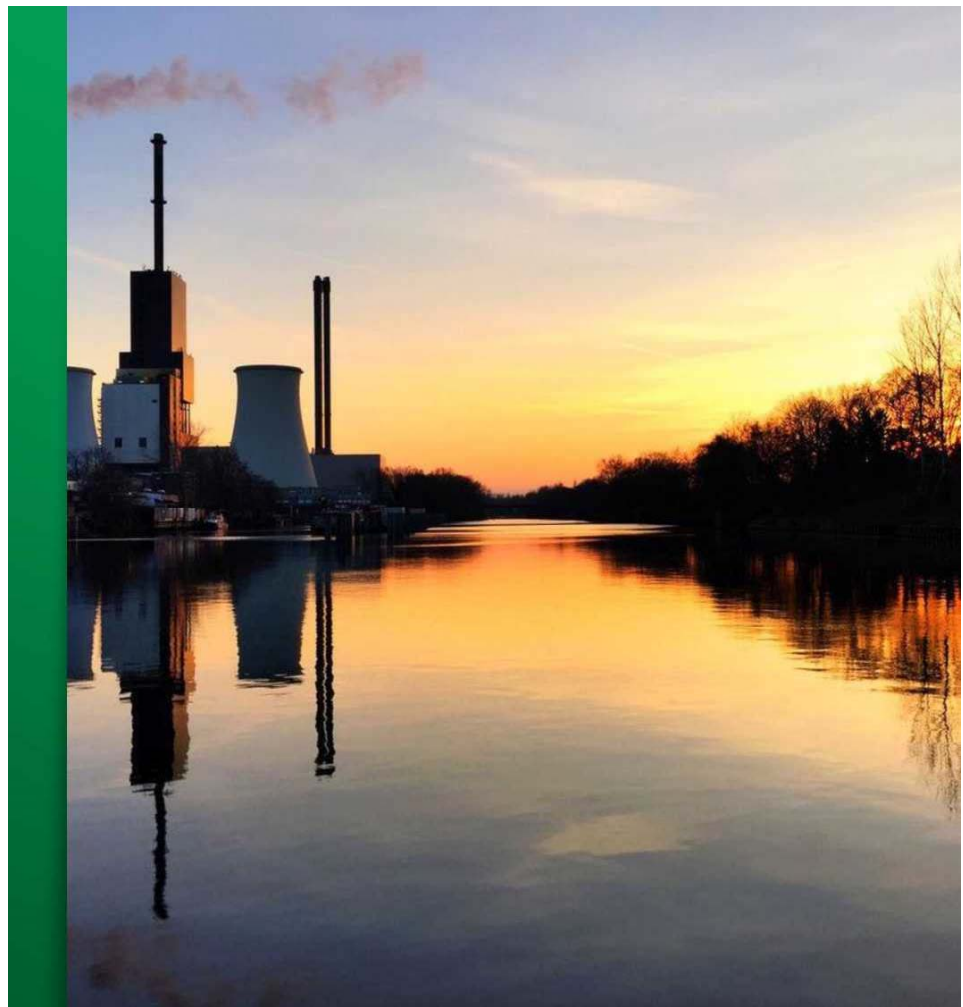
Director of Regional Local Government Association of
Western Macedonia (LGA-WM)

Stara Zagora, 28 Septemeber 2020

The overall Objective...

The Greek Government is committed to the **withdrawal of all lignite plants by 2028** (the majority by 2023) under the objectives of the **National Energy and Climate Plan**

The main goal is the **just and developmental transition** of the affected areas, the protection of employment and the **minimization of the socio-economic impact**



Critical questions to be addressed...



What are the main demographic trends in the affected areas?



What are the key macroeconomic trends in the affected areas?



How many direct and indirect jobs are affected?



What is the profile of the human resources and how easy is the reskilling?



What is the social and economic contribution of district heating?

Socio-economic impacts...

The withdrawal of all lignite plants affects:



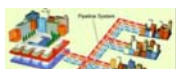
In Society and Employment

2.000 direct jobs in PPC and 9.000 indirect jobs in local labor market



In Local Economy

~€1.8 billions of local income based on lignite activities, representing ~40% of local GVA



In District Heating

43.000 households & enterprises benefit in total € 34-59 millions per year

Basic Facts... (1)



- The population has decreased by ~ 7% compared to the 2011 census, mainly due to general immigration, brain-drain and economic crisis.
- The population aged 65+ increased by 2%, while the group aged 25-44 decreased 4%
- For every 10 people in the workforce, there are ~ 4 older people (65+)
- ~ 190K inhabitants reside in the directly affected Regional Units of Kozani and Florina
- ~ 4% of the population of Western Macedonia leaves the region every year, with Kozani reaching up to ~ 7%
- ~ 5,000 employees are directly employed or indirectly from PPC in lignite activity
- ~ 80% of the regular staff are technicians
- ~ 90% of the regular staff do not have higher education

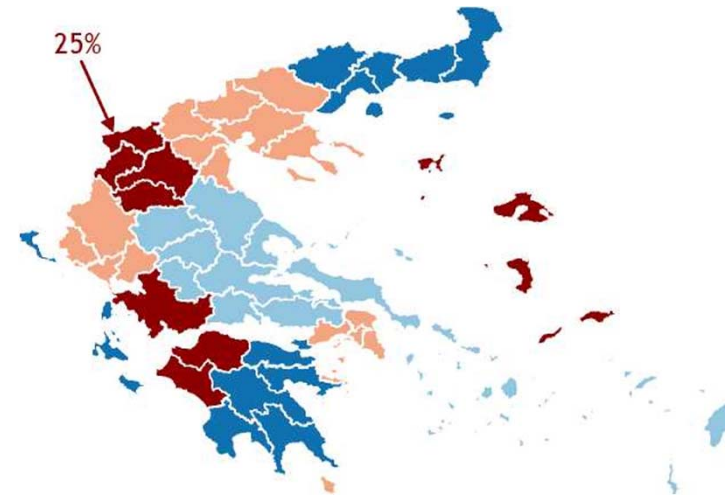
Basic Facts... (2)



GDP amounts to € 15-18K (close to national average, however 30% less than Attica (Athens))

Expenditure on lignite production has dropped by about 50% since 2011

Total unemployment rose to ~ 25% in 2019, which is one of the highest rates in the country (9% higher than national average)



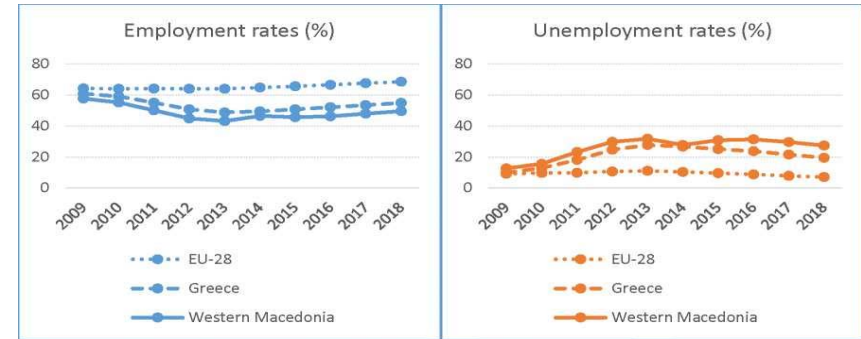
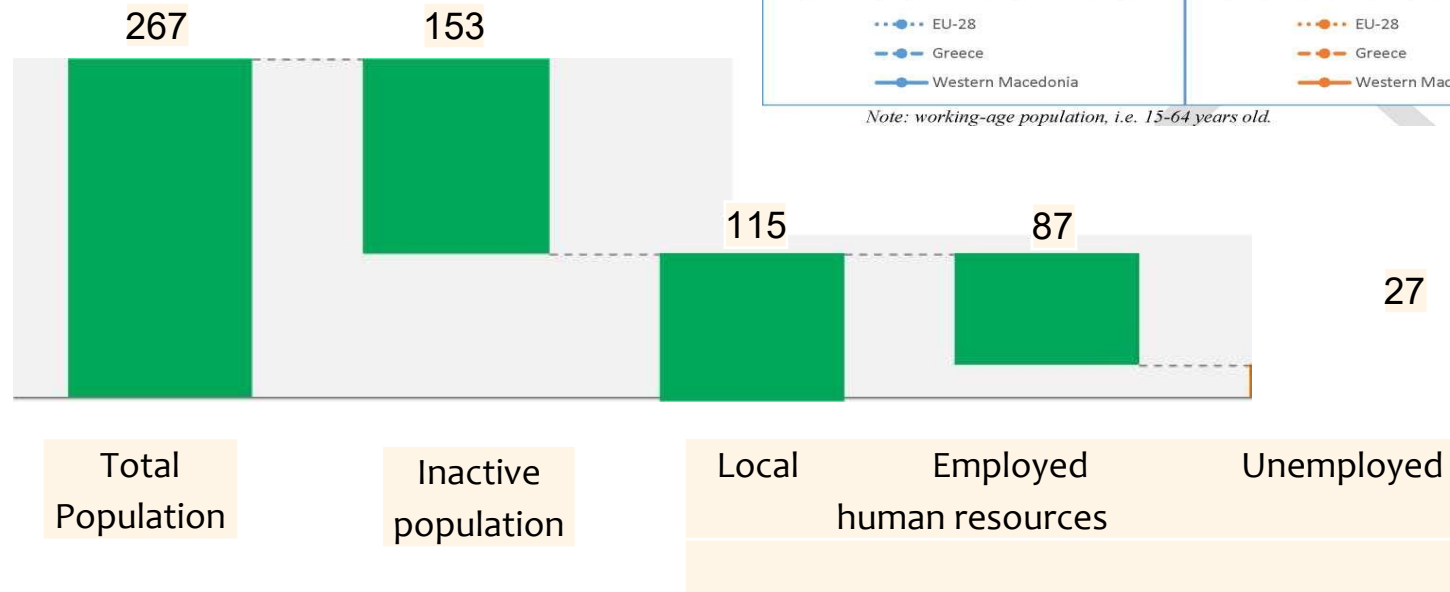
High unemployment in the region also implies a high rate of poverty



~25% of the workforce has higher education, while ~ 50% are younger than 44 years

Basic Facts... (3)

Local human resources ~ 27,000 unemployed
in total ~ 115,000 active population

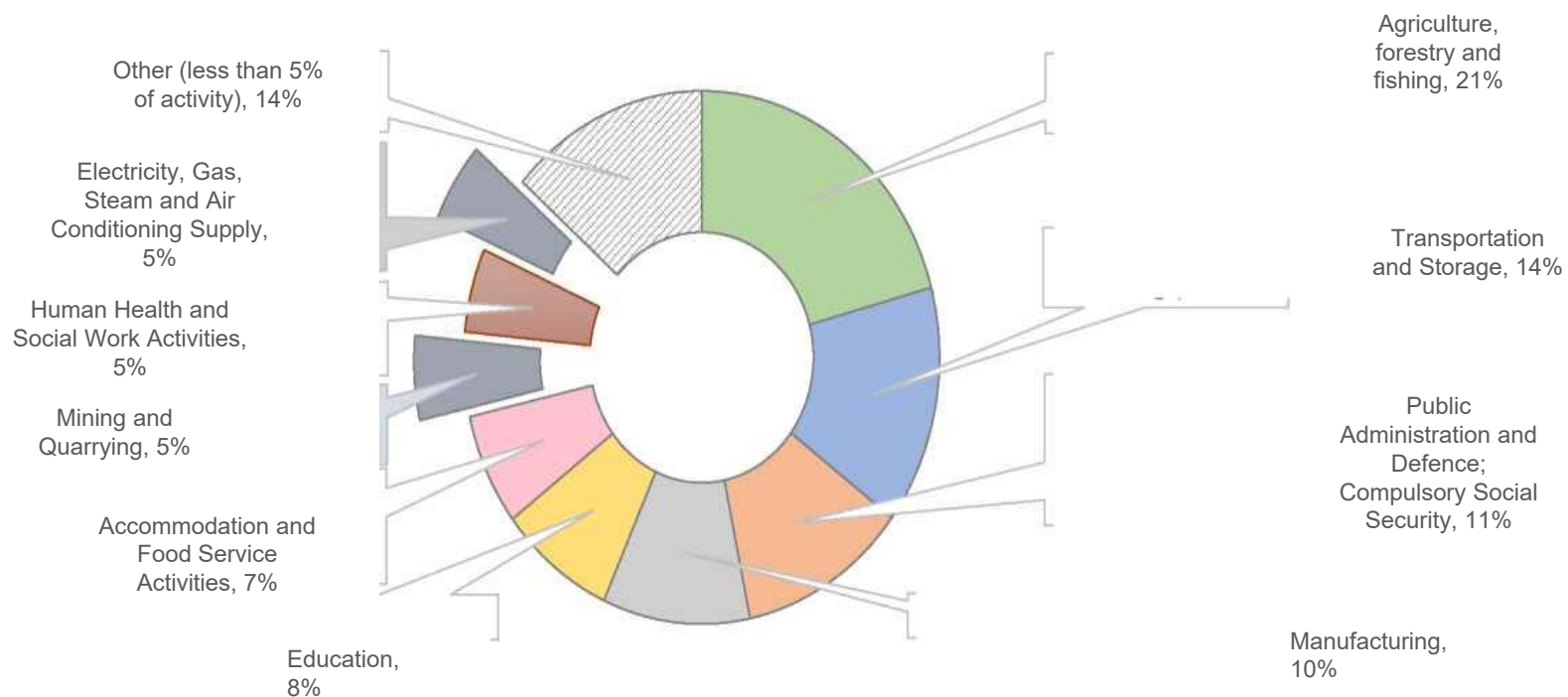


Note: working-age population, i.e. 15-64 years old.

62% unemployment at the ages 15-24

20% remain unemployed for 12-23 months

Distribution of employment by NACE...



Western Macedonia's economy is predominantly dependent on natural resource extraction

The main just transition challenges...

Stopping the outflow of brain-drain & human resources in general



The creation of opportunities and conditions for the recovery of the developmental potential that the region lost



The diversification of the economy on the basis of the region's comparative advantages

The protection of existing jobs of local companies



The retraining of the workforce and the quick integration into the labor market

The creating of an ecosystem of innovation and entrepreneurship

What the international experience suggests...



The transition plan must be organized in distinct phases, with predetermined goals and performance metrics



A strong Governance Mechanism is necessary for the coordination and control of the project implementation process



The financial security of human resources is crucial, through retirement or reskilling



A specific legal framework is needed, with an emphasis on structural change and investment incentives.



Infrastructure improvement (physical and digital) is implemented in the first phase of the transition and acts as an investment catalyst



The introduction of a special purpose vehicle is recommended so that the owner company is not burdened with the restoration and management of land

The basic principles of a just transition plan

-  1 Emphasis on labor-intensive areas to create employment opportunities in local economy
-  2 Utilization of the inherent assets of the affected areas
-  3 Ensure a quick transition with an emphasis on quick wins
-  4 Promoting social and environmental sustainability with an emphasis on sustainable development
-  5 Integration of modern technology and promotion of the spirit of innovation

The canvas of the just transition plan

A. FIVE (5) PILLARS

A.1
Clean Energy

A.2
Industry & Trade

A.3
Smart Agriculture

A.4
Sustainable Tourism

A.5
Sustainable Tourism

B. VISION PER PILLAR

B.1
Innovative
production &
clean energy
research center

B.2
Modern industry
center & a
gateway
to the Balkans

B.3
Production of
local products
with
dynamic crops

B.4
Tourist destination
due to the natural
landscape and the
traditional products

B.5
Inter-Balkan
destination of
physical therapy &
rehabilitation

C. EMVLEMATIC INVESTMENTS PER PILLAR

C.1
Valley of energy
research and
technology

C.2
Electricity
industrial park

C.3
State-of-the-art
agricultural
production un

C.4
Wine tourism
ecosystem in the
standards of
Northern It

C.5
State-of-the-art
physical
rehabilitation clinic

The necessary preconditions...



Establish attractive incentives for businesses / individuals



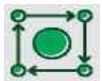
Completion of spatial planning and elaboration of a Special Urban Plan



Completion of infrastructure projects and appointment of a body for land restoration



Ensuring funding from national & EU funds (i.e. Just Transition Fund etc)



Simplify licensing where necessary



Promotional Strategy and meetings with investors



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**Thanks for your
attention!**

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