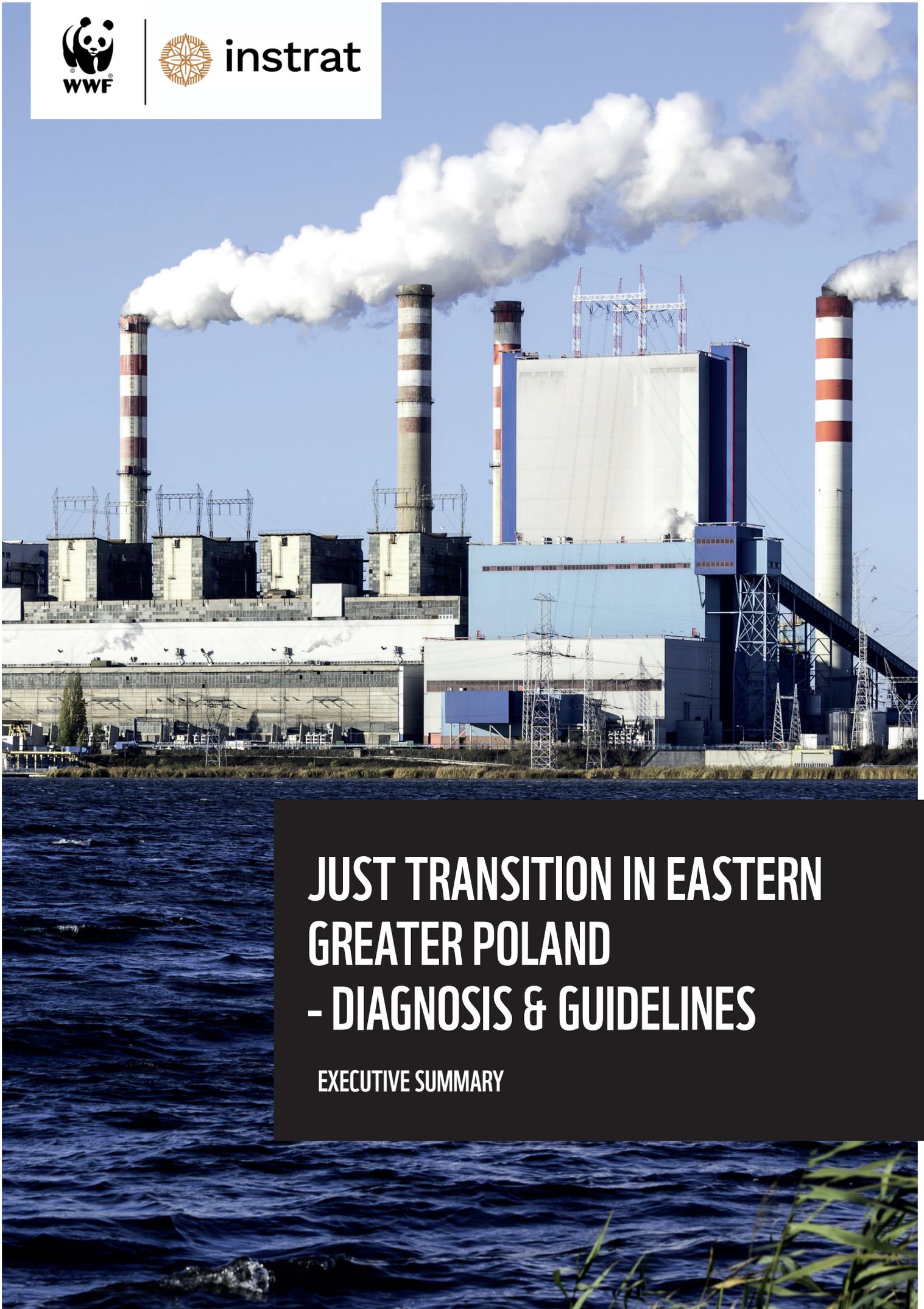




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# JUST TRANSITION IN EASTERN GREATER POLAND - DIAGNOSIS & GUIDELINES

EXECUTIVE SUMMARY

# KEY MESSAGES

- 1** This report defines challenges faced by the Konin subregion as one of the coal regions indicated by the European Commission for support under the Just Transition Fund (JTF). We categorize them based on the social, economic, and environmental context. Particular attention is paid to the role of the lignite utility ZE PAK Group as the largest employer in the region and the emitter of greenhouse gases in Wielkopolska region.
- 2** The Eastern Wielkopolska region is in an unfavourable economic condition compared to the rest of the Wielkopolska Region, especially in terms of the unemployment rate and average salary. However, ZE PAK Group stands out positively, offering salaries comparable to those achieved on average in Warsaw or Poznań.
- 3** In October 2020, ZE PAK published a new strategy that radically changed the directions of the company's future, which assumes gradual closure of the existing lignite mines, abandoning the plans to open new ones and closure of existing lignite power plants by 2030. The clearly defined date of abandonment of coal is consistent with the obligations of the EU and Poland taken under the Paris Agreement.
- 4** Further rate of reduction in employment in ZE PAK as a result of limiting the activity of lignite mines and power plants will be faster than the rate of natural retirement of employees. By the end of operations based on lignite mining, i.e. by 2030, only 55% of the company's employees will acquire pension rights. Therefore, the company and the sub-regional authorities are faced with the challenge of how to ensure the funding and implementation of the company's employee re- and up-skilling programmes and land repurposing programs.
- 5** In particular, Funds from the Just Transition Fund should support the transformation of the labor market and prioritize investments strategically linked to the realisation of the European Green Deal, in order to use the competencies of the ZE PAK's employees and take advantage of the growing demand for technologies and products in a low-carbon economy. It is recommended to prepare comprehensive projects aimed at mitigation of negative consequences of transition from coal. It is necessary to use the potential of both public and private labor market institutions. Programs should be based on the contracted result - the successful employment of a given employee and their retention in a given job.
- 6** The modeling of the decarbonization pace by 2030 and its consequences for employment in the energy sector prepared for this study shows that in both scenarios we can expect an increase in employment in the RES value chain in Eastern Wielkopolska and it will be sufficient to compensate for the decline in the number of employees in the lignite sector and related sectors.
- 7** In the baseline scenario, the negative effects of the departures of employees of the ZE PAK Group, and employees in related sectors, are more than covered by new jobs related to investments in renewable energy sources. However, an important challenge is to adapt the skills of outgoing employees related to the lignite sector so that they can find employment in the RES industry. Otherwise, there is a risk, the vacancies will be filled by incoming workers from other parts of the Wielkopolska region, which will result in a situation where despite an increase in the number of jobs in local companies, unemployment will increase at the same time. We estimate the total potential of new jobs in the baseline scenario at over 12 thousand and 22 thousand jobs in the optimistic scenario.

- 8** According to the best knowledge of the authors of this study, the implementation of the optimistic scenario will permanently contribute to the creation of approx. 10,000 more new jobs in the region in the electricity sector alone compared to the baseline scenario by 2030. To implement the optimistic scenario, it will be necessary to incur additional investment expenditures of approximately PLN 5.4 billion (EUR 1.2 billion), however, these additional expenditures will „pay off”, by contributing to the generation of an equal amount of added value in the regional economy.
- 9** Both scenarios predict that the vast majority of new jobs will be created in the photovoltaic and biomass sectors. The difference is that in the baseline scenario most new jobs will be created in the biogas sector, while in the optimistic scenario in photovoltaics.
- 10** Assuming that people employed in newly created jobs in the optimistic scenario will receive remuneration at the national average level, counties and communities of Eastern Wielkopolska may achieve over half a billion zlotys more tax revenues by the end of the decade. This type of financial strengthening will certainly be useful for local governments that face the risk of losing a large part of their income due to the termination of mining activity of the ZE PAK Group (the problem is described in more detail in Chapter 1).
- 11** We emphasize that it is necessary to constantly monitor and apply the partnership principle, based on which social partners (NGOs, labor unions) should be permanently involved in the process of planning in the labour market transformation.
- 12** The priority should be placed on speeding up the filling in the existing open pits using the Warta river and to restore groundwater resources. At the same time, it is necessary to take into account the simultaneous remediation of the open-pit mines in the Bełchatów coal mine, which is also located in the Warta catchment area and will use the Warta river resources. Parallel restoration of the near-surface aquifer also requires measures to slow down outflow and increase water retention in the region.
- 13** It is recommended to reclaim as much post-mining land as possible as forest using indigenous tree species and reconstruction of the varied topography. Efforts should be made to accelerate the restoration of organic soil and reconstruction of the varied topography. Efforts should be made to accelerate the restoration of organic soil.
- 14** Further analyses concerning Eastern Wielkopolska and other Polish lignite regions should focus on economic aspects, in particular the impact of the closure of mines and power plants on the local labour market and the possibilities of recultivating post-mining areas and restoring proper water relations.
- 15** It is recommended to prepare support from the central administration for municipalities that will lose tax revenues in the coming years due to the exploitation of the deposit and the income tax of employees losing employment in ZE PAK (in particular the communes of Kazimierz Biskupi, Kleczew, Ślesin, Sompolno). A significant limitation of municipal tax revenues will be one of the key challenges.

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