

MANAGING COAL MINE CLOSURE: ACHIEVING A JUST TRANSITION

Presentation to the Coal Regions in Transition Platform

Brussels, July 12-13th 2018



THE WORLD BANK

Energy and Extractives Global Practice

PROBLEM STATEMENT

Significant disruption to coal mining industry since the 1960s resulting in labour loss of 4 million and fewer coal mines in operation

Western Europe:

- Time Period: 1960-2017
- Coal Production Capacity Decline: 500 million tons annual capacity closed
- Coal Industry Declining Employment: 1.5 million jobs lost

Former Soviet Union:

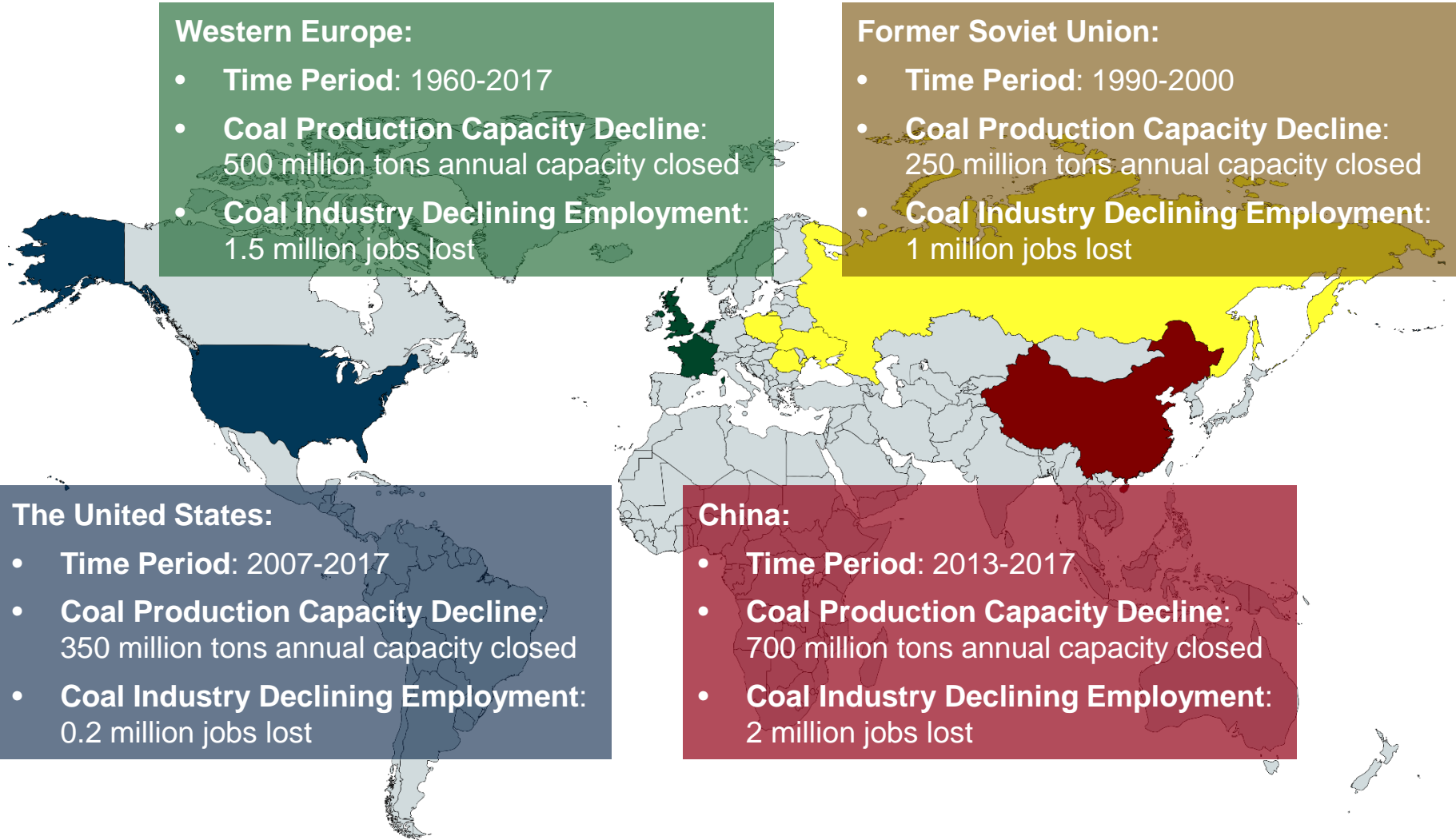
- Time Period: 1990-2000
- Coal Production Capacity Decline: 250 million tons annual capacity closed
- Coal Industry Declining Employment: 1 million jobs lost

The United States:

- Time Period: 2007-2017
- Coal Production Capacity Decline: 350 million tons annual capacity closed
- Coal Industry Declining Employment: 0.2 million jobs lost

China:

- Time Period: 2013-2017
- Coal Production Capacity Decline: 700 million tons annual capacity closed
- Coal Industry Declining Employment: 2 million jobs lost





Managing
Coal Mine
Closure

Achieving a Just Transition

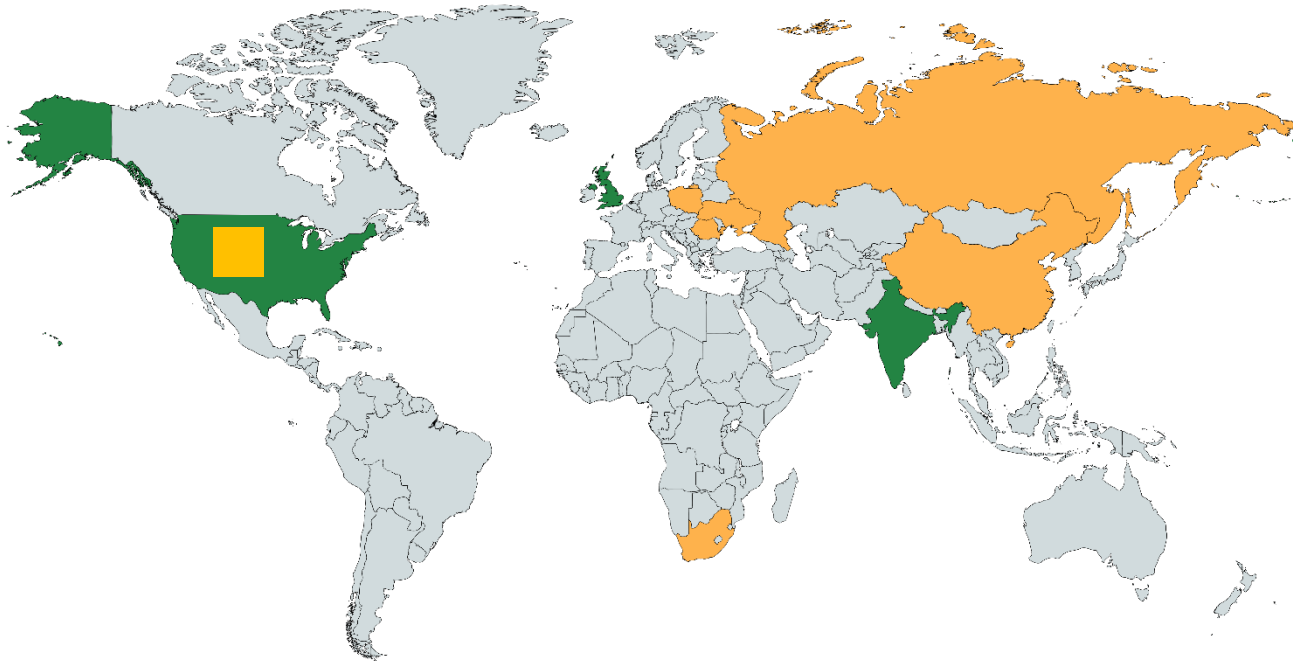
Revised Draft




June 5, 2018

*Managing Coal
Mine Closure
Achieving a Just
Transition*

DRIVERS TO COAL MINE CLOSURE

A combination of drivers persist – governments need to prepare for further job losses and closures



-  Coal Mine Mechanization: 1960s-Today
-  Clean Air and Energy Policies: 1960s-Today
-  Energy Market Innovations: 1990s-Today



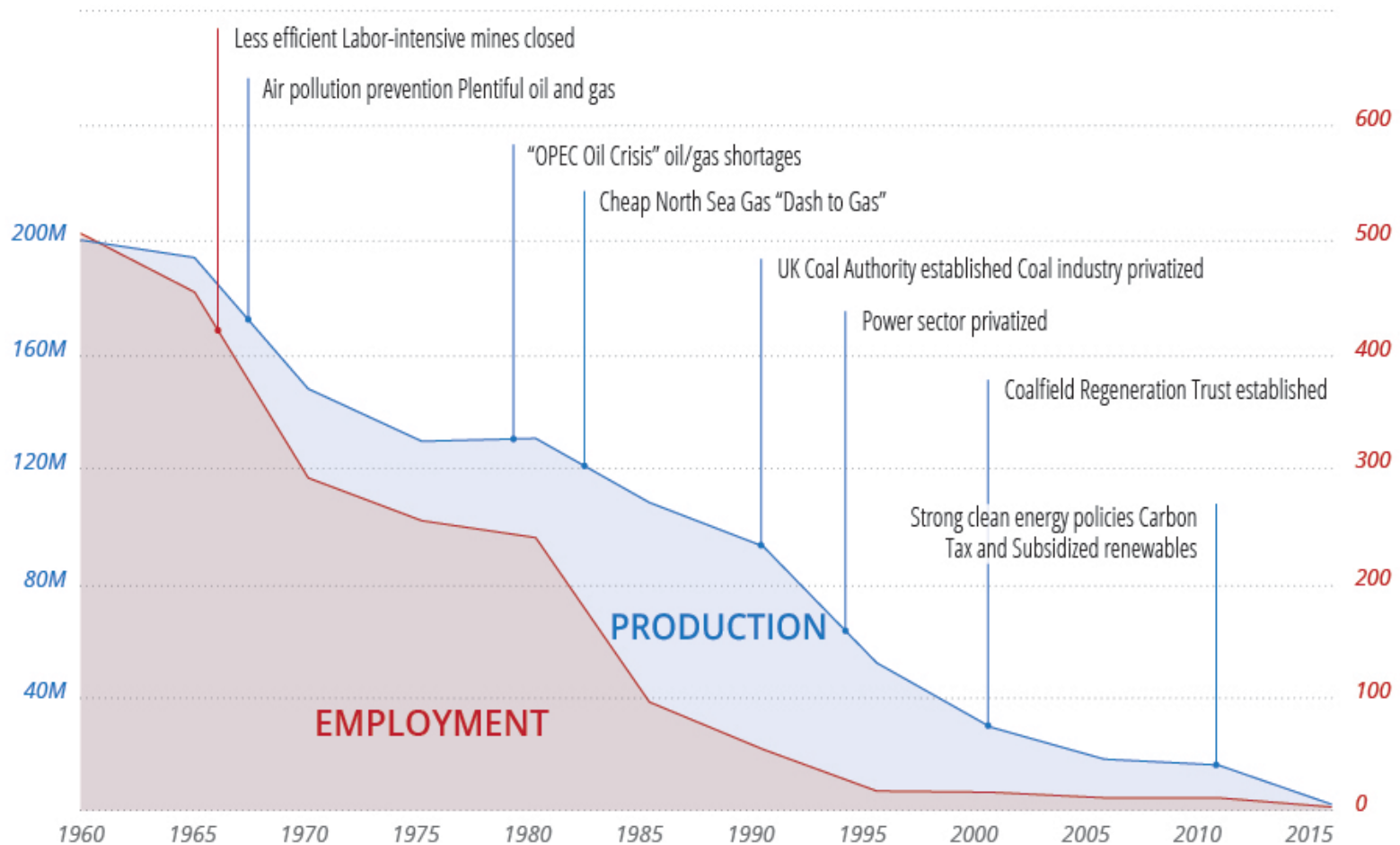
**Coal Industry
Downsizing / Closure
and Job Loss**

DRIVERS OF CHANGE AND GOVERNMENT RESPONSE

United Kingdom

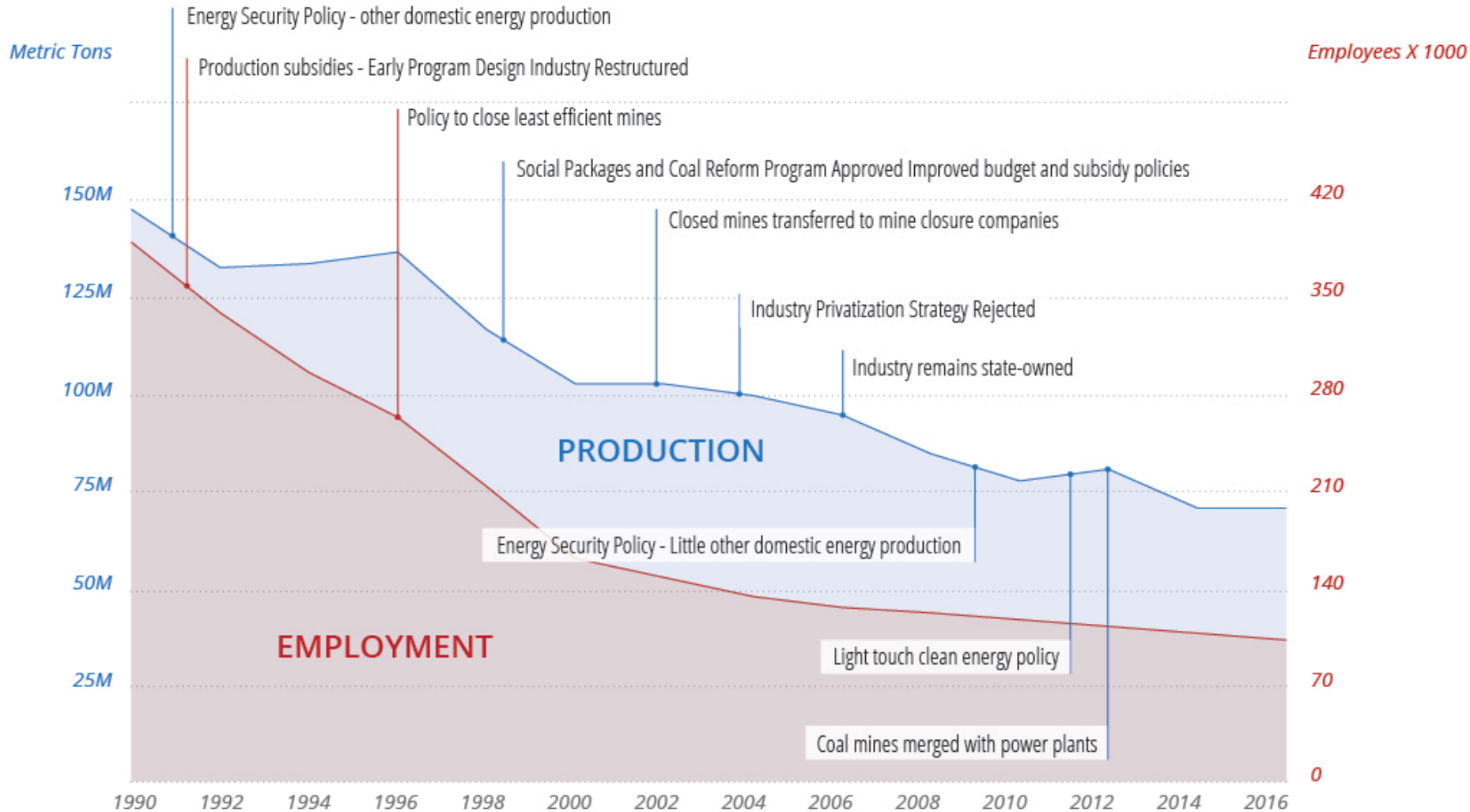
Metric Tons

Employees X 1000



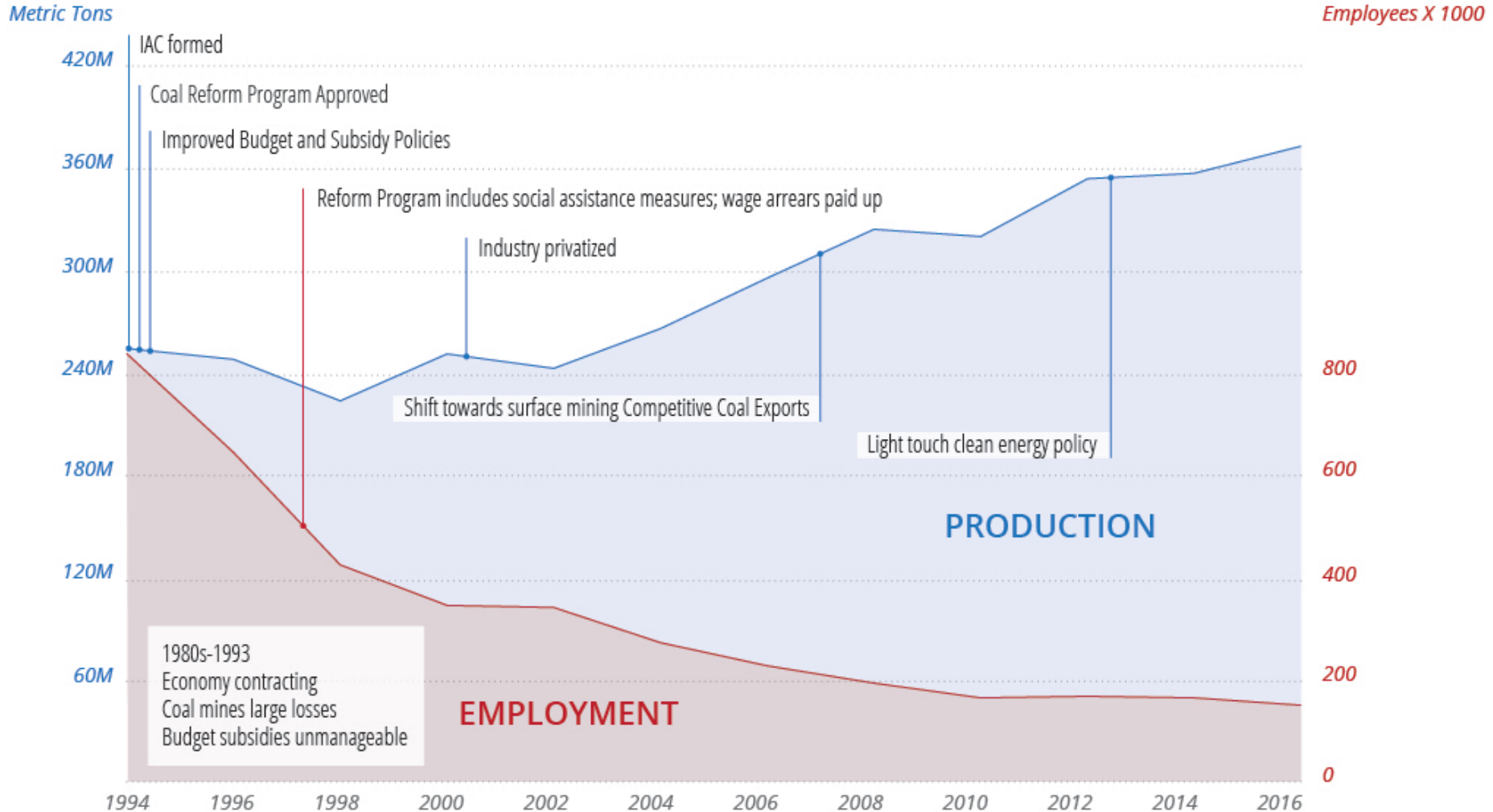
DRIVERS OF CHANGE AND GOVERNMENT RESPONSE

Poland



DRIVERS OF CHANGE AND GOVERNMENT RESPONSE

Russian Federation



THREE PILLARS TO MANAGING COAL MINE CLOSURE

**Coal Sector
Policies and
Strategy**



**People and
Communities**



**Land and
Environmental
Remediation**





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NINE LESSONS LEARNED

PILLAR 1: POLICIES AND STRATEGY DEVELOPMENT

- ❖ **Lesson 1: Managing the social and labor impacts from coal mine closures are best achieved when multiple agencies participate in the policy development**
 - Government leadership
 - High-level decision-making body
 - Decision making process with improved coordination
 - A specific mine closure agency
- ❖ **Lesson 2: Meeting the substantial budget needs for mine closure is a challenge given the short-term, high costs required**
 - State-owned mining companies often retain labor to the point of crisis, forcing government to absorb financial losses rather than close out mines rapidly
- ❖ **Lesson 3: Genuine stakeholder consultation at the planning stage can significantly reduce the possibility of social conflicts**
 - Russia, Poland and Romania illustrate successful stakeholder engagement processes during their coal sector reform programs

Large-scale coal mine closures require clear policy direction supported by a long-term 'Just Transition' program

PILLAR 2: PEOPLE AND COMMUNITIES

- ❖ **Lesson 4: A systematic process to mitigate social and labor impacts that starts before any labor lay-offs occur can result in a more orderly, less stressful, and ultimately lower cost divestiture process**
 - A gendered approach
- ❖ **Lesson 5: Pre-layoff planning and assistance can prepare workers for impending layoffs**
 - Social service programs before beginning layoffs
- ❖ **Lesson 6: Post-layoff assistance, including temporary income support, can help sustain laid-off workers in a way that promotes continued attachment to the labor market**
- ❖ **Lesson 7: Active labor market policies offer services, programs, and incentives that can encourage and enable re-employment among laid-off workers**
 - Pre-layoff Planning → Pre-layoff Assistance → Post-layoff Assistance

A 'Just Transition' requires recognizing the needs of different groups of workers: older workers who are close to retirement; workers who are in the middle of their working life; younger workers; female workers

PILLAR 3: LAND AND ENVIRONMENTAL REMEDIATION

- ❖ **Lesson 8: Environmental reclamation is best addressed from the outset of mine planning**
 - Successful physical closure requires modern mine closure regulations and procedures, and competent institutions
- ❖ **Lesson 9: Financial assurance mechanisms can be an effective tool to guarantee funding availability**
 - There are a range of possible financial assurance mechanisms
 - Many countries are now turning to financial assurances to provide security should a mining operator be unable to meet its closure obligations due to insolvency and abandons the mine

Successful physical closure requires modern mine closure regulations and procedures, and competent institutions

Mine closure companies may deliver more efficient closures, and draw labor and other resources from the closed coal mines

LOOKING FORWARD

Efforts towards a 'Just Transition' reside at the heart of future coal mine closures.

Large-scale action and learning partnerships can steward future best practice.

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