

## Deliverable Proof – Reports resulting from the finalisation of a project task, work package, project stage, project as a whole - EIT-BP2020

<b>Name of KIC project the report results from that contributed to/ resulted in the deliverable</b>	<p>A BOOST FOR RURAL LIGNITE REGIONS</p> <p>WP1: developing a mutual understanding of regional ecosystems</p> <p>Case study: Gorj</p>
<b>Name of report</b>	Policy Brief Gorj, Romania
<b>Summary/brief description of report</b>	<p>“A Boost for Rural Lignite Regions” aims to empower stakeholders in the design and exploration of alternative future pathways in three European energy transition areas: Lusatia in Germany, Eastern Greater Poland in Poland, and Gorj in Romania. In this policy brief, we report on the mental landscape of stakeholders in Gorj, Romania.</p> <p>Interviews carried out in the region reveal that different stakeholders identify similar potentials and challenges, despite their different position and motivation. The following policy brief describes the region in more detail and shows the results of our research.</p>
<b>Date of report</b>	25.05.2021



# Policy Brief, May 2021 Gorj

## Key messages

- Heterogeneous attitudes and expectations for the future of the region exist within the stakeholder groups.
- Most stakeholders perceive the urgency to withdraw from coal production and are optimistic about the future.
- Perceived potentials of Gorj county:
  - Strengths of tourism and agricultural sector (ecological & historical value);
  - High potential of local companies;
  - Educational offers & cooperation with universities, highly skilled youth;
  - Strong connection to the region of local population;
  - Most stakeholders feel recognized and valued.
- Perceived challenges of Gorj county:
  - Lack of opportunity (for the youth);
  - Dissatisfaction with the job market;
  - Absence of a political sustainability vision;
  - Lack of local involvement and poor communication and cohesion between communities and lack of involvement of locals;
  - Legislative and organizational mess;
- Gorj needs all stakeholder levels to act cooperatively towards a common vision.

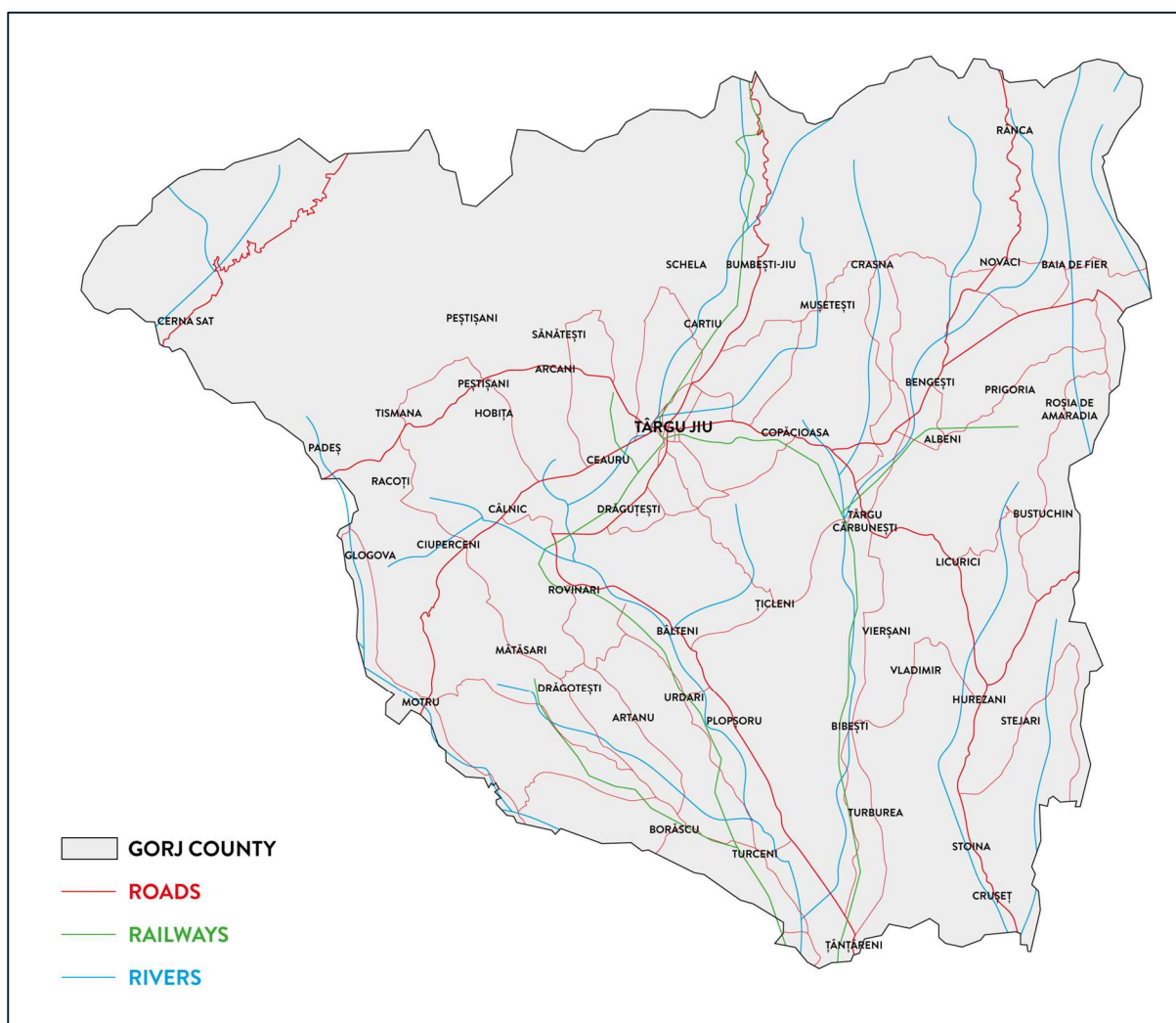
## Introduction

“A Boost for Rural Lignite Regions” aims to empower stakeholders in the design and exploration of alternative future pathways in three European energy transition areas: Lusatia in Germany, Eastern Greater Poland in Poland, and Gorj in Romania. In this policy brief, we report on the mental landscape of stakeholders in Gorj, Romania.

Gorj is a region located in the southwest of Romania. In the North of the region, near Motru and Rovinari, coal is extracted. The county is the biggest electricity producer in Romania accounting for 36% of the country's electricity. Although Romania's energy generation is of mixed sources, the county Gorj's economy is highly focused on coal with 4 power plants producing 14 TWh annually, supplied by 9 open cast lignite mines<sup>1</sup>.

However, research conducted as part of the REBOOST project shows that the notion that dependence on coal is over has taken hold among the local population. Interviews carried out in the region reveal that different stakeholders identify similar potentials and challenges, despite their different position and motivation. The following policy brief describes the challenges in region and gives an overview of perceptions of these challenges by local and regional stakeholders.

**Figure 1: Gorj, Romania**



## Demographics

Romania has 19.30 million inhabitants<sup>2</sup> of which about 350,000 live in the Gorj region. Generally, a population decline can be observed in the country, with a negative population growth of -0.6 compared to 2019, steadily declining since 2014<sup>3</sup>. This also applies to Gorj<sup>4</sup>. Gorj's unemployment rate of around 7-8% exceeds the national average 4%<sup>5</sup>. The resulting dissatisfaction with the job market and feeling of lack of opportunities became very apparent in the interviews.

Gorj is Romania's most important energy region, having high capacity of coal fuelled power plants<sup>5</sup> and of hydroelectric power<sup>6</sup>. Romania's key industries (extractive industries and industrial machinery production) are in Gorj. Other drivers for economic growth are tourism and agriculture.

## Key facts

- 4,932 km<sup>2</sup>;
- 350,00 inhabitants (1,8% of Romanians);
- Steady population decline of 0.6%<sup>3</sup>;
- Unemployment rate: 7-8% in Gorj<sup>5</sup>;
- Key industries located in Gorj;
- 70% of Romania's stock of inferior lignite coal as well as 35% of Romania's natural gas reserves are in Gorj;
- 4 powerplants, 9 open cast lignite mines;
- 2 national parks, 49 protected areas of national interest.



“Faster Decarbonisation would need planning at the national and the local level and this is lacking. Gorj is struggling at the moment with the fact that the civil society is not fully developed.”

## Gorj as an energy region

Coal is still seen as the backbone of Romania's energy system, despite its small share in the energy mix. The Romanian government has a direct financial stake in the fate of the coal industry as 98% of all coal units remain state-owned and the lignite sector provides huge employment opportunities<sup>7</sup>. Thus, the sector is heavily subsidized<sup>8</sup>. Especially employment opportunities, public concerns about energy prices and lacking vision or strategies on how to replace lignite power discourage politicians in Central and Eastern Europe from driving a phase out forward.

However, several sources report that coal production in Gorj region has not been profitable for years<sup>9</sup>. The profitability is further declining due to e.g. lower costs of renewable energy and the European Union Emission Trading Scheme.<sup>10</sup>

Romania does not only rely on coal, it has large domestic oil and gas reserves and a relatively large share of renewable energy (38,3 % in 2017)<sup>8</sup>.

Gorj County has about 35% of Romania's natural gas reserves<sup>11</sup> and two coal fueled power plants will be most likely converted to gas fueled power plants in the next years, as stated by one stakeholder.

The central government receives EU financial support to finance the transition strategy for the region (START Programme)<sup>12</sup>. Part of this Strategy is a decarbonisation plan by energy operators, such as Oltenia Energy Complex (OEC). This endeavour would benefit from clear national guidance on a date and pathway for coal phase-out<sup>13</sup>.

The notion that coal will not be viable after 2030 is gaining ground, especially in Gorj, which was also shown in the interviews conducted.

The future of the energy transition depends on strongly on the enforcement of the climate policy at the European Union, the National and the regional levels.

Figure 2: Stakeholder Map for Gorj, Romania





## Stakeholders' Mental Landscapes

The group of stakeholders is heterogeneous in terms of their attitudes and expectations for the future of the region. The transformation discourse in Romania takes place at the local and national level, lacking regional influence. Due to the strong cooperation between the OEC and the government, important decisions appear to be made in the interests of the nation and not necessarily in the interests of the region. The perceived legislative and organizational mess feeds growing mistrust in the government. Interviewed stakeholders criticize the absence of a political sustainability vision as well as a lacking cohesion between local municipalities and activist groups. However, NGOs such as Bankwatch Romania, Fridays for Future Gorj and Greenpeace exist and actively demand inclusion in the process. Especially administrative and public organisations would like to see a more active civil society.

All stakeholders, except the private contractors linked to the government, aim for a more diversified economy. They see future potential in local companies as well as in the tourism and agricultural sector due to its ecological and historical value, which also contributes to some stakeholders' attachment to the region. Educational offers, especially the cooperation with universities, are perceived as positive and result in highly skilled youth, which is counteracted by a high dissatisfaction in the job market and feelings of lack of opportunities in the region. The extent to which stakeholders feel heard and seen varies but is mostly positive.

## Endnotes

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