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COMMITTEE ON SUSTAINABLE ENERGY

Ad Hoc Group of Experts on Coal and Thermal Power
Fifth session, 18-19 November 2002

**DRAFT PROGRAMME OF WORK
FOR ACTIVITIES RELATED TO COAL AND THERMAL POWER
2003 – 2004**

(prepared by the secretariat)

I. INTRODUCTION AND BACKGROUND INFORMATION

1. The purpose of this paper is to put forward a draft programme of work for the Ad Hoc Group of Experts on Coal and Thermal Power for the period 2003-2004 in order to stimulate discussion and debate regarding the key areas of focus for future activities.

2. This document is intended to facilitate the work of the Ad Hoc Group of Experts and not to prejudice in any way its decisions. Moreover, the Ad Hoc Group of Experts may need to consider how best to implement any action required in the light of issues arising between now and the opening of the session in November, such as the World Summit on Sustainable Development (WSSD) to be held in Johannesburg, 26 August – 4 September 2002.

3. This paper should be read in conjunction with the following Committee on Sustainable Energy documents (i) Draft Programme of Work 2003-2004 (ENERGY/2002/6); and (ii) Provisional Calendar of Meetings, 2003 (ENERGY/2002/7).

4. According to its Terms of Reference, which are appended to this paper in Annex I, the Ad Hoc Group of Experts on Coal and Thermal Power is established for a period of two years by the Committee on Sustainable Energy to carry out, under the guidance of the Committee, activities related to coal and its use for thermal power, with focus on the market adaptation of the coal sector as well as on the environmental aspects associated with the use of coal in power generation, including clean coal technologies.

5. A decision to continue the mandate of the Ad Hoc Group of Experts was last made by the Committee on Sustainable Energy in November 2000, hence the Committee will be required to reconsider the continuation of coal and thermal power activities at its twelfth session to be held on 20-21 November 2002 i.e. immediately following the closure of the Ad Hoc Group of Experts.

6. The overall objective of the programme of work is to submit to the Committee on Sustainable Energy a set of policy and technical recommendations for the future direction specific to each of the programme activities, for the attention of decision-makers in energy. The activities and output of each programme activity are intended to fulfil two purposes, namely: (i) to provide immediate responses to specific issues, and (ii) to provide inputs for the set of recommendations.

II. FUTURE PROPOSED ACTIVITIES

A. COAL INDUSTRY RESTRUCTURING IN THE ECONOMIES IN TRANSITION

7. Four background documents will be available at the fifth session focussing on coal industry restructuring, but with particular emphasis on the economic and social impacts:

- (i) **“Measures Related to the Closure of the Coal Mining Enterprises in the Russian Federation and Mitigation of the Adverse Social Consequences of their Liquidation” (ENERGY/GE.1/2002/5)** – this paper was prepared by the Russian Federation. The Russian Federation, in cooperation with selected governments from transition economies and the ECE region, agreed to prepare a document focussing on measures for managing and financing the social consequences of coal mine restructuring in the framework of relevant programmes and experiences of major European coal mining countries.

For Action/Decision:

- It is proposed that the Ad Hoc Group of Experts determine whether any further action is required on this issue, such as the preparation of a paper that sets out specific measures and guidelines for closure of coal mines in the economies in transition.

- (ii) **“Economic and Social Impacts of Restructuring of the Coal Industries of the Transition Economies” (ENERGY/GE.1/2002/6)** – this extensive draft questionnaire has been prepared by the secretariat in cooperation with the United Nations Department of Social and Economic Affairs (UNDESA). It is a wide ranging questionnaire touching upon issues such as workforce affected, qualification and skills, training/retraining, income support, compensation and pension schemes, job search assistance, out migration, housing policy, differentiated impact related to gender, restructuring planning processes, regeneration of local economic activity, rehabilitation of mine sites, and community and national support.

For Action/Decision:

- To agree on and finalise the text of the questionnaire.
 - To agree to and for countries to officially nominate focal points responsible for compiling the responses to the questionnaire.
 - To agree upon the deadline for submission of responses to questionnaire.
 - To discuss how best to facilitate comprehensive and meaningful responses to the questionnaire. It is proposed that external consultants/experts be engaged to work with focal points on a one-to-one basis to assist with the preparation of responses and/or a regional workshop or workshops should be organised, again with external consultants/experts to facilitate responses on a group basis.
 - To agree the follow-up course of action once responses have been received. It is proposed that a comprehensive report be prepared based on the responses. The report would look to provide an assessment of the overall status of coal industry restructuring of the transitional economies, including highlighting problem areas and gaps. If such a report were agreed upon, who should be responsible for its preparation would then need to be discussed and agreed upon.
- (iii) **“Coal Industry Restructuring – Lessons Learnt From Western Europe” (ENERGY/GE.1/2002/12)** – this paper was prepared by the secretariat in cooperation with the ‘IEA Coal Research – the Clean Coal Centre’ to highlight the wealth of experience available, in particular from western Europe, to countries with economies in transition to mitigate the severe economic, social and environmental impacts of coal industry restructuring. The paper emphasizes the importance of the early implementation of successful long-term economic regeneration programmes as a powerful tool for mitigating these impacts.

For Action/Decision:

- To consider the proposals put forward in the paper, in particular, that a series of regional workshops be organised to address the common problems and obstacles to implementing effective programmes and policies to mitigate the economic, social and environmental impacts of coal industry restructuring in the countries with economies in transition. Issues

specific to one particular country or group of countries could also be dealt with at these events. Such workshops could usefully address how to facilitate the foreign investment essential for economic regeneration programmes by highlighting any advantages of the localities, such as human capital, government concessions (e.g. tax breaks), and the potential for increased use of Information and Communication Technology (ICT) to offer a lower cost structure for any new business/small and medium sized enterprise (SME).

(iv) **Project Proposal submitted to United Nations Development Account**

A project has been submitted by the Sustainable Energy Division for consideration under the next fourth tranche (2004-2005) of the United Nations Development Account entitled "Capacity Building and Institutional Strengthening to Facilitate the Transition to a Viable Post-Coal Mining Economy in the Developing and Transition Economies – Lessons Learnt". The full text of the project proposal is provided in Annex II to this paper.

The creation of the Development Account was proposed by the Secretary-General of the United Nations as Action 21 of the reform package presented in his 1997 report "Renewing the United Nations: A Programme of Reform". The resources for the Account are generated through the Secretariat's efforts to reduce and refocus non-programmatic costs in response to the Secretary-General's call for administrative streamlining. To date, 45 projects have been approved for implementation. The projects are aimed at capacity building, particularly through regional and interregional economic and technical cooperation among developing countries.

The fourth tranche of the Account, for the biennium 2004-2005, will focus on Capacity Building for Meeting Millennium Declaration Goals (MDGs) through partnerships, knowledge-management and taking advantage of communications and information technology. Further information is available at: '<http://www.un.org/esa/devaccount>'.

For Action/Decision

- To note the project proposal as submitted and the potential implications for the Ad Hoc Group of Experts on Coal and Thermal Power should the project be accepted.

(v) **Collection of Coal Industry Restructuring Data from Transition Economies**

The economic transformation in countries with economies in transition has been particularly significant for the coal industries. Over the period 1990 to 2000, over one million coal miners lost their jobs. In order to better understand and deal with this complex economic and social issue, data relating to the physical indicators of restructuring have been collected by the secretariat from affected economies on a regular basis, usually once every two years. The data has included: coal production levels, number of mines, number of employees, subsidy levels, productivity trends and investments in the industry. This data is then analyzed and a summary paper prepared, which is subsequently shared and discussed with government and industry officials at the sessions of the Ad Hoc Group of Experts in order to exchange views on how best to deal with this economic and social problem.

Data was most recently collected in 2001 for the period 1990 to 2000. This timeframe enabled an assessment of the impacts of restructuring in the ten-year period following the move away from central planning to market economies.

For Action/Decision

- It is proposed that restructuring data be collected from transition economies as appropriate for the years 2001 and 2002 and that a summary paper be prepared by the secretariat. It is also proposed that individual countries prepare national reports on the status of restructuring post-2000.

8. **In order to pursue meaningful activities in the area of coal industry restructuring – items 7(ii), 7(iii), 7(iv) and 7(v) refer – it will be essential to secure additional financing and mobilize extra budgetary resources from both public and private sources. This in turn will help to create new opportunities for cooperation among the public sector, the private sector and regional multilateral financial institutions. Without additional funding the extent of efforts achievable by the secretariat will be extremely limited. It is proposed that this issue be the subject of discussion at the fifth session.**

B. COAL DEMAND AND SUPPLY AND FUTURE PROSPECTS

9. In order to identify significant new developments affecting coal demand and supply for power generation in the ECE region, a survey/questionnaire is circulated annually to all ECE member countries requesting current and forecast data. A paper on the prospects for coal in the region “Coal Demand and Supply in the ECE Region” (ENERGY/GE.1/2002/4) is then prepared by the secretariat based on the material provided. Depending upon the availability of information this may only be issued as a conference room document at the time of the session. Preparation of the document is also heavily reliant on the International Energy Agency (IEA) publication ‘Coal Information’, which was normally updated and published in hard copy annually. However, due to resource constraints the IEA will now only be issuing ‘Coal Information’ every two years, which has implications for preparation of the ECE document.

For Action/Decision

- It is proposed that the existing activities in the area of coal supply and demand should be continued with a questionnaire being circulated in February/March and a paper then prepared on ‘Coal Demand and Supply in the ECE Region’.
- Delegations are requested to advise whether any modifications are needed to the Coal Demand and Supply Survey/Questionnaire (ENERGY/GE.1/2002/1).

C. ACTIVITIES IN THE AREA OF CLEANER COAL TECHNOLOGIES

10. Cleaner coal technologies offer opportunities to mitigate the environmental impact of coal use at all stages of the coal cycle. To promote technical cooperation and the exchange of information in this area, workshops and seminars have been organized on a regular basis within the ECE region. In May 2001, an international workshop on "Clean Coal Use – A Reliable Option for Sustainable Energy" was organized in Szczyrk, Poland. A workshop focusing on "Clean Coal Combustion in Small and Medium-Sized Boilers in Central and Eastern Europe" will be held in Brasov, Romania, in September 2002. Additionally, a workshop on Carbon Sequestration will be held in Geneva on 19 November 2002, immediately following the closure of the fifth session of the Ad Hoc Group of Experts.

11. There are no future workshops currently planned focusing on the theme of 'cleaner coal technologies'. Delegations are invited to put forward proposals for future events or for future studies/reports for consideration by the Ad Hoc Group of Experts. Potential future areas of focus could include 'retrofitting and improving thermal efficiencies of coal-fired power plants in economies in transition to meet EU environmental standards' and opportunities in the area of combined heat and power (CHP) and district heating

For Action/Decision

- It is proposed that future activities for the Ad Hoc Group in the area of cleaner coal technologies and/or innovative technologies, such as 'zero emissions to atmosphere' technologies, be the subject of discussion. Future activities could focus on any stage of the coal chain i.e. pre or post combustion and include: workshops, country status reports and/or a regional report.

D. KYOTO MECHANISMS AND THE COAL SECTOR OF THE ECONOMIES IN TRANSITION – OPPORTUNITIES, ISSUES AND BARRIERS

12. The Kyoto Mechanisms, notably the clean development mechanism (CDM), emissions trading (ET) and joint implementation (JI), could offer significant opportunities to achieve greenhouse gas emissions reductions at lower costs to society than other measures, whilst providing prospects for significant additional contributions to both protection of the environment and sustainable development. Businesses have the ability to play a significant role in enabling the Mechanisms to operate to their maximum potential.

13. In principle, any Annex I country (a country referred to in Annex I to the United Nations Framework Convention on Climate Change) can host a JI project. In practice, however, it is anticipated that in the first instance countries in Central and Eastern Europe will be willing to host JI projects. Senter, for example, is carrying out a programme called ERUPT for the Dutch Government, under which carbon credits are purchased via investments in areas such as energy efficiency, renewable energy, fuel switching, afforestation/reforestation and waste management. The Dutch government has already concluded Memoranda of Understanding (MoUs) with Bulgaria, Croatia, Romania and Slovakia.

For Action/Decision

- It is proposed that the Ad Hoc Group of Experts look to explore the opportunities for the coal sector of the economies in transition to benefit from the Kyoto Mechanisms. The prospects for coal bed methane projects, which would bring both safety and environmental benefits, should also be addressed. The preparation of a briefing paper or papers by expert organisations, such as the Foundation Joint Implementation Network (JIN), the IEA, World Bank Prototype Carbon Fund and the US EPA Coalbed Methane Outreach Programme should be considered.

E. SUSTAINABLE DEVELOPMENT

14. A paper (ENERGY/GE.1/2002/7) will be prepared by the World Coal Institute (WCI) focusing on coal's role in sustainable development and any potential implications arising for coal from the World Summit on Sustainable Development (WSSD) to be held in Johannesburg, 26 August – 4 September 2002.

For Action/Decision

- It is proposed that the Ad Hoc Group of Experts discuss any future action in this area in the light of developments following WSSD and any implications flagged by the WCI.

F. STRENGTHENING INTER-AGENCY COOPERATION

15. A number of organisations undertake activities related to coal within the ECE region (and globally), including: the Coal Industry Advisory Board (CIAB) of the IEA, the Coal and Oil Unit of the European Commission Directorate General for Energy and Transport, EURACOAL (formerly CECSO), Euriscoal, IEA Coal Research – The Clean Coal Centre, National Mining Association (United States), WCI and World Energy Council (WEC). It should be noted that this list is not comprehensive.

For Action/Decision

- In the light of presentations and briefings provided by any/all of the above organisations on their activities and areas of focus, it is proposed that a discussion take place to identify both areas of overlap and duplication of activities and also potential opportunities for future collaboration and cooperation.
- It is also proposed to put forward the suggestion that an annual meeting of the above organisations be held on an 'informal', but structured, basis to facilitate the sharing of future work programmes and to discuss areas for joint collaboration and cooperation. Such a meeting could be held in September/October annually and hosted by each organisation on a rotating basis.

G. NEW ACTIVITIES/INITIATIVES

16. In the light of any pressing issues and/or policy decisions taken at the national, regional or EU level, member countries are encouraged to put forward for discussion proposals for new activities or initiatives, including studies, reports and workshops, that would serve to facilitate the attainment of the goals of the Ad Hoc Group of Expert as outlined in the Terms of Reference (Annex I).

ANNEX I

TERMS OF REFERENCE OF THE AD HOC GROUP OF EXPERTS ON COAL AND THERMAL POWER

(Reference: ENERGY/GE.1/1999/3)

The Ad Hoc Group of Experts on Coal and Thermal Power is established for a period of two years by the Committee on Sustainable Energy to carry out, under the guidance of the Committee, activities related to coal and its use for thermal power, with focus on the market adaptation of the coal sector as well as on the environmental aspects associated with the use of coal in power generation, including clean coal technologies.

The tasks of the Ad Hoc Group of Experts are:

- (a) to exchange information on the policies and programmes carried out in the member States for achieving environmental protection and sustainable development in the coal-energy chain and in thermal power generation;
- (b) to identify significant new developments affecting coal demand and supply for power generation in the member countries;
- (c) to provide a forum for exchange of information and experience among member countries on the ongoing institutional restructuring and market adaptation of the coal and thermal power sectors;
- (d) to promote technical cooperation among member States in applying institutional and environmental improvements, including clean coal technologies and practices, throughout the coal-energy chain and in thermal power generation;
- (e) to pay special attention to the transfer of knowledge and experience in the aforementioned areas to member countries in transition; and
- (f) to aim at strengthening inter-agency cooperation, cooperation with other governmental and non-governmental organizations and the involvement of the business community for reaching the above objectives.

ANNEX II

UNITED NATIONS DEVELOPMENT ACCOUNT FOURTH TRANCHE 2004-2005

PROJECT PROPOSAL

Proposed Project:	Capacity Building and Institutional Strengthening to Facilitate the Transition to a Viable Post-Coal Mining Economy in the Developing and Transition Economies – Lessons Learnt
Proposed Duration:	3 years
Lead Agency:	Economic Commission for Europe (ECE)
Partners:	Department of Economic and Social Affairs (DESA) and Economic and Social Commission for Asia and the Pacific (ESCAP)
Geographical Location:	Selected transition economies of ECE and ESCAP regions, in particular PR China and India
Potential Additional Partners:	World Bank, Asian Development Bank, European Bank for Reconstruction and Development and European Union
Proposed Funding:	US\$ 850,000

Objective: The objective of the project is to build and strengthen the human resource and institutional capacity in selected developing and transition economies of the ECE and ESCAP regions (in particular China and India) so as to facilitate the transition to a viable post-coal mining economy. More specifically, the project aims to develop and support dynamic initiatives to enable the affected economies and regions to implement appropriate and long-term economically, socially and environmentally sustainable coal industry and post-coal industry restructuring programmes/policies that will reverse economic decline and hence contribute to poverty eradication. The project encompasses a number of areas consistent with Millennium Development Goals: (i) economic regeneration programmes, including attraction of new foreign investment, will lead to poverty eradication through creation of new employment and income opportunities in line with long-term development objectives (ii) strengthening of human and institutional capacity will mitigate the social and economic impacts of coal industry restructuring; (iii) otherwise enhanced social and economic conditions, together with mine site rehabilitation, will lead to improved environmental sustainability; and (iv) promotion of information, knowledge and technology transfer will facilitate sustainable economic and social development.

Background: The coal sector has played and continues to play a key role as a provider of employment and social welfare in the transition and developing economies of the ECE and ESCAP regions. As a result of deepening globalization and the transition to a market-based economy the coal sector is undergoing or will undergo very deep restructuring. The previously

heavily subsidised coal mining regions of the economies highlighted are becoming increasingly vulnerable and impoverished due to the severe economic, social and environmental problems being confronted as a result of this restructuring. The coal sector is very often the only or key source of employment for a community/region and hence the economic and social impacts that result from restructuring reflect not only the loss of employment at the coal mine itself, but also the businesses and commerce that provide services to both the mine and the community. Extreme poverty compounded with environmental degradation is an inevitable outcome unless the appropriate policies are implemented at the earliest opportunity. The coal industry of western Europe and, to a lesser degree, that of selected central European and Asian economies, has undergone significant restructuring and offers a wealth of experience and knowledge, particularly in the area of economic regeneration.

Project Implementation Strategy: The proposed project will work closely with all parties involved in and affected by the restructuring of the west and central European and Asian coal industries, including restructuring agencies and civil society. Through electronic networking and highly focused seminars, workshops/modules and study tours the transfer of knowledge, technology and experience from 'west to east', 'east to east' and 'north to south' will be facilitated. Addressing the significant economic and social impacts of the restructuring process will be achieved through the close partnership of ECE and ESCAP with DESA.

Project Outcomes in Immediate and Long-Term: The project is expected to result in: (i) strengthened technical and institutional capacity of the participating countries in the implementation of national and regional policies to facilitate the transition to a viable post-mining economy (ii) creation and strengthening of a network of cross-sectoral restructuring expertise in the participating countries resulting in enhanced analytical and applied skills at the national and regional level, which will facilitate dynamic economic and social policy making in support of poverty reduction – in particular, with regard to long-term economic regeneration programmes; (iii) strengthened cooperation with non-UN organisations, European Union countries, NGOs and civil society; (iv) establishment of an advanced internet-based electronic communications network to enhance information flows and facilitate integration and adaptation of experience and lessons from 'western' to transition economies (v) development of an electronic 'clearing house' for regeneration experience, including a database and website comprising the outcomes and results of the project to enable the experience gained, both success and failure, to be shared with as wide a community as possible – this will also be beneficial to other industries yet to undergo restructuring; and (vi) facilitated transfer of coal sector restructuring experience and knowledge gathered and tested in the ECE region to the ESCAP region.