

Just transition in Ida-Virumaa, Estonia

Green and Just Transition Conference
Narva, 29.11.2024

Ivan Sergejev
Just transition process coordinator
Ministry of Finance, Estonia



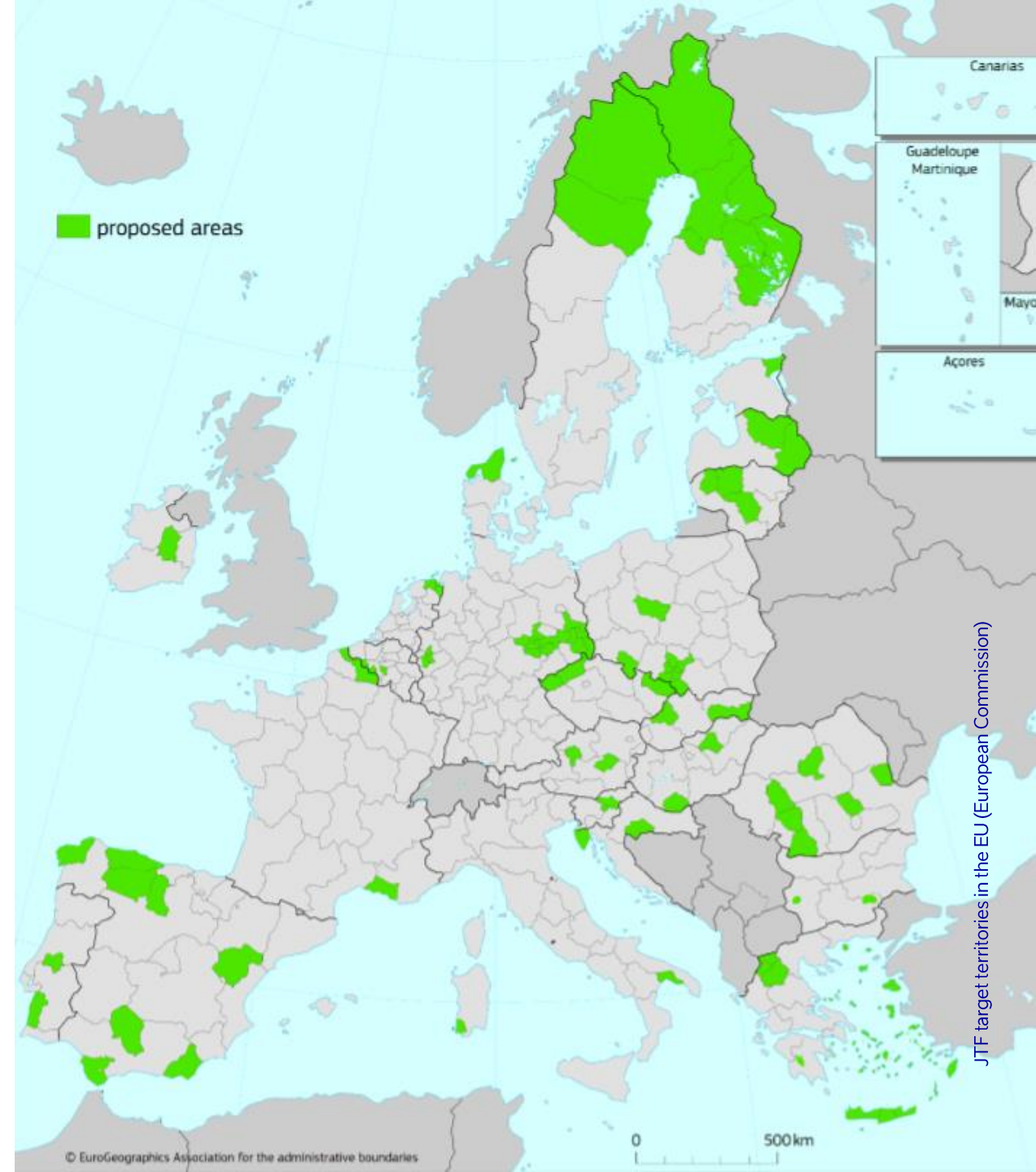
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„No region left behind“

- + The **Green transition** is both necessary and inevitable, if we want humanity to last.
- + However, the **transition is not uniform**: some regions – especially those dependent on fossil fuels – find themselves in a much more vulnerable position than others.
- + In 2020 a „**Just transition fund**“ was set up by the EU within the framework of the „European Green Deal“ to help such regions deal with the socio-economic challenges of the transition.
- + In case on Estonia, the target territory of the JTF is its eastern-most region: **Ida-Virumaa**.



Ida-Virumaa fact sheet

- + **Border region** of EU and NATO.
- + **Population** 132 286 (2024, apx. 10% of Estonia), rapidly ageing and decreasing.
- + **Incomes** – among the lowest nationally (except in the oil shale sector); unemployment rate 2x the Estonian average.
- + **Highly dependent on large industry**, least entrepreneurial region of Estonia.
- + **Only 17,5 %** of the region's residents speak Estonian as their mother tongue.



Our challenge: phasing out oil shale

- + Oil shale — a sedimentary rock containing a solid mixture of **organic chemical compounds**, which can be **burned** for power generation or used in the **chemical industry**.
- + The sector comprises **~1/3 of regional GDP** (~5% of national), employs **~1/10** of the region's workers.
- + **Highly polluting:** processes 9x more water than the rest of Estonia combined, produces over 90% of waste and over 50% of Estonia's GHG emissions.



Impact of the transition

Impacts of the transition are all-encompassing:

- + a **cascading economic effect** on the entire economy of the region;
- + impact on **employment**, jobs in the region, career and **training** opportunities;
- + impact on the feeling of **social security**, satisfaction with the environment and one's prospects, integration and social inclusion;
- + impact on **migration** decisions;
- + impact on the state of the **environment** and the **health** of the population in the area;
- + impact on the **electricity and heat prices** and security of supply;
- + the impact on **municipal budgets** in the region and thus on public services and regional development;
- + impact on the **reputation** of the region among both the local population, the Estonian population.



Photo: Archival imagery, courtesy of the Narva Museum

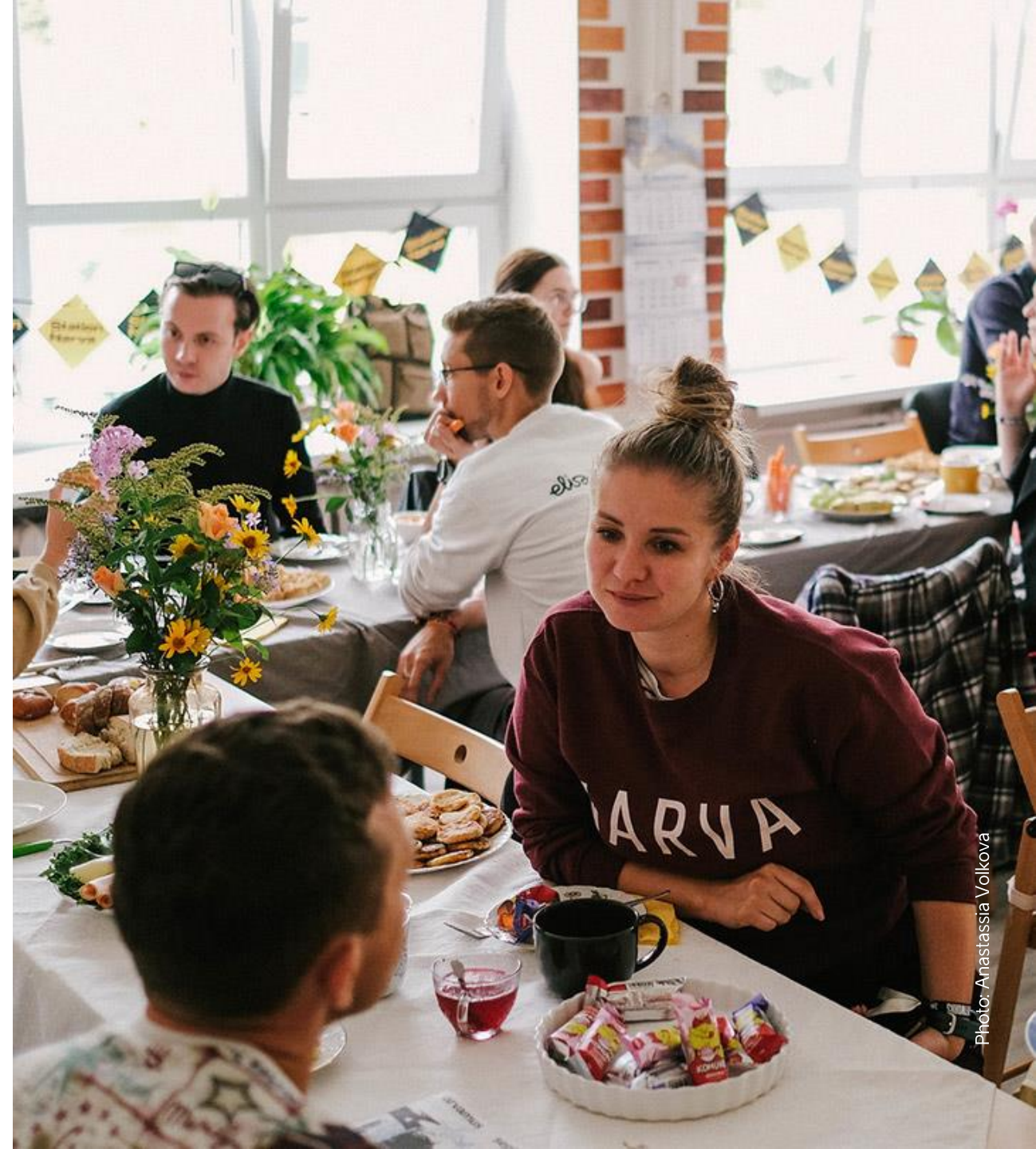
We have to get this right

The local community has not yet fully recovered from the identity crisis and emotional trauma, following the collapse of the Soviet industry 30 years ago.

Partnership and outreach

Comprehensive partnership:

- + A network of **ministries, agencies and local partners** are involved in implementing the JTF in Ida-Virumaa.
- + **Regional just transition platform** and local „soft“ networking structures, e.g. clusters, participate in implementation on the ground;
- + **Public consultation activities**, incl. public opinion polls, seminars, written consultations, focus groups with individual stakeholders, public communication, etc.



Steering committee

- + **Ministries** (Finance, Economic Affairs and Communications, Environment, Social Affairs, Rural Affairs, Culture, Education and Research);
- + **Parliament** representatives;
- + **Unions** (Chamber of Commerce, Estonian SME Association, Trade Unions, Union of Employers, Chemical Industry Union, Council of Rectors);
- + **Local partners** (Association of Local Municipalities, Ida-Viru Enterprise Centre, Ida-Viru Investment Agency);
- + **Chamber of Environmental Associations;**
- + **Unemployment Insurance Fund;**
- + **Youth representatives.**



Youth climate assembly

- + **Took place** in November – December 2021.
- + **Organized** by the Estonian Nature Foundation and NGO Rohetiiger.
- + **Participants:** 40 Ida-Viru youth, selected via an algorithm based on national register's data to ensure accurate representation.
- + **Format:** meeting stakeholders, learning about climate policy, developing a climate-friendly vision for Ida-Virumaa.
- + **Results:** 1) 26 suggestions for inclusion into the TJTP; 2) a new youth NGO founded and included into the JTF steering committee; 3) served as a pilot for other assemblies.



Interventions

Estonia's JTF allocation is 340 million euros +TA, which is split into two main programmatic strands:

1. "Economy and labor"

273 mln € (~80% of JTF volume)

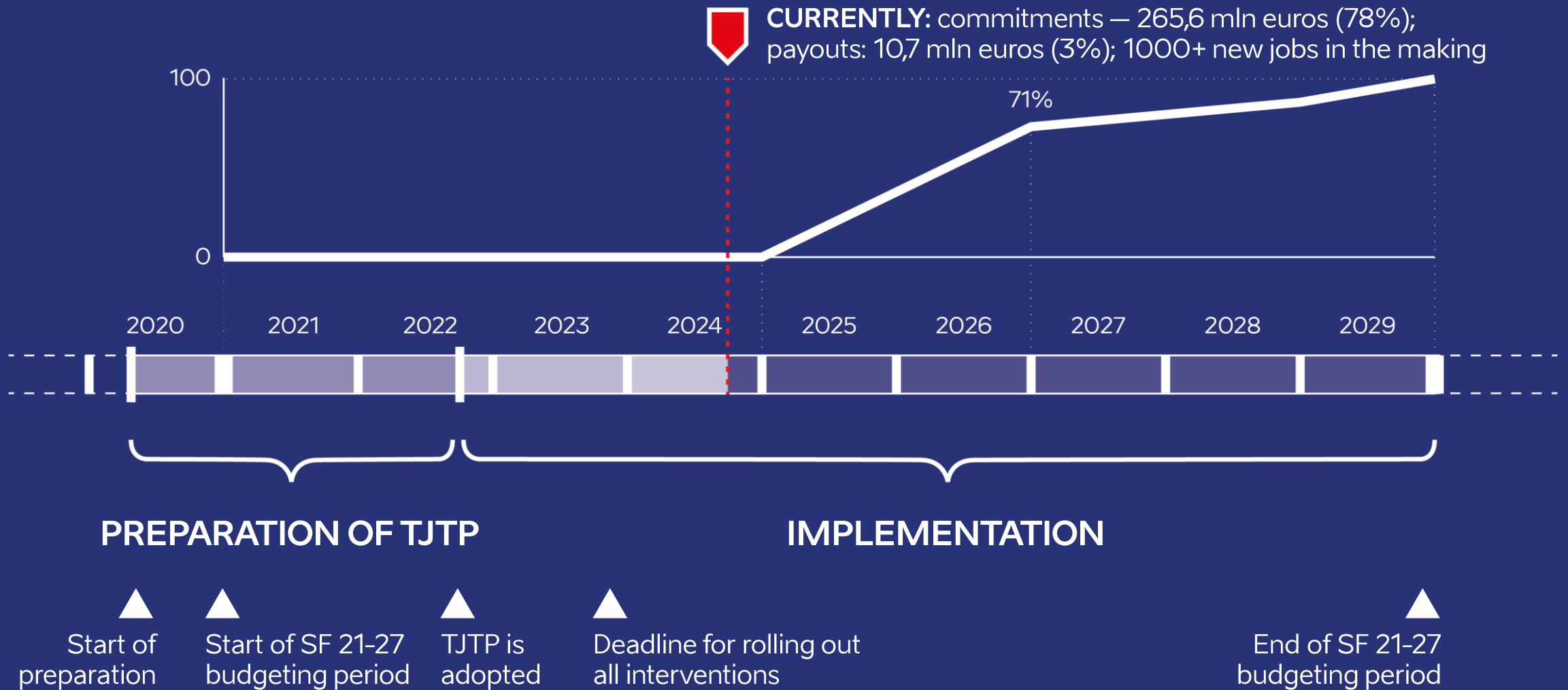
Support for *large scale investments* and *SME's*, *R&D* support in local colleges and enterprises, *incubation* and other business services, *labor market* measures and *training*.

2. "Environment and social inclusion"

66,74 mln € (~20% of JTF volume)

Decoupling *district heating* from oil shale, *renovation* of housing, addressing *environmental* and *health* impacts, supporting *municipalities* and *grass-route* regional initiatives.

JTF timeline





+ Photo: NEO Performance Materials

First results are taking shape

One of the first JTF investments in Ida-Virumaa – the NEO Performance Materials’ magnet factory – will produce and process magnets necessary for electric vehicles, wind turbines and other green technologies. 100 MEUR, 300+ jobs, incl. several dozen in R&D.

Lessons learned

Setting up an inclusive governance structure and thoroughly involving stakeholders – are indispensable for a successful transition.

- + „Selling“ the transition to climate neutrality in a region reliant on fossil fuels is tough, you need to start from the **basics**. It's a great opportunity!
- + Not everything needs to be done by yourself, if you have **good partners**.
- + Stakeholders' presence at the table does not guarantee **participation**.
- + Need to make sure you have – and genuinely work with – **critics** (e.g. trade unions and industry representatives).
- + Transition is about **people** (humans). You can't outsource this aspect, need to put in the hours.
- + **Capacity building and support** to stakeholders is important to make sure their involvement is sustainable.
- + Meet people where they are and speak their **language**. Literally.

Communication-communication-communication!

aitäh!

ivan.sergejev@fin.ee



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