



Just Transition Platform – Policy approach:

TRANSFORMATION STRATEGY ESTONIA (TJTP)

Estonia, Ida-Viru

This document is part of a series presenting information and lessons learned on policy approaches at national, regional or local level supporting a just transition to a climate-neutral economy. The Just Transition Platform (JTP) assists EU Member States and regions to unlock the support in this transition. Visit the JTP website: https://ec.europa.eu/regional_policy/funding/just-transition-fund/just-transition-platform_en

Member State:

Estonia

Region:

Ida-Viru

Sector:

Oil shale industry

Total budget (€):

Around €1.2 billion

Financing conditions (co-financing rate):

N/A

Sources of funding:

EU funding: €340 million – JTF (2021-2027)

National funding:

N/A

Regional funding:

N/A

Duration:

March 2020 – TJTP & meeting with EC in Summer 2021; approval by EC & deployment of measures early 2022

Responsible Managing Authority/Agency:

Estonian Ministry of Finance & Association of Local Authorities Ida-Viru County

Summary

The Territorial Just Transition Plan (TJTP) has helped to create a 'soft' networking structure with a high participation of various regional and local representatives, such as a regional science council, a tourism cluster, an education cluster, etc. These representatives also contribute to the development of the TJTP. The networking structure comprises 52 organisations, including local authorities, oil shale companies, trade unions, environmental associations, ministries, non-governmental organisations, business representatives, and so on. The design of the TJTP allows for the extensive involvement of stakeholders and various public consultations.

The activity of the Just Transition Plan for Ida-Viru is concentrated within these strategic areas:

- reducing the carbon footprint of a functioning industry, including oil-shale-related industries through the development of the implementation of innovative technology;
- economic diversification, particularly in the industrial sector, but also in the service sector (e.g. ICT, tourism, and creative industries);
- boosting the green economy, together with the circular economy, through renewable energy and energy efficiency.

The Ida-Viru TJTP was established by the Ida-Viru district local government association council in February 2020.

Type of policy measure/activities:

The key element of the TJTP in Estonia are various public consultation activities, such as public seminars, written consultations, focus groups, stakeholder meetings were organised. In the summer of 2020, a public opinion poll was carried out aiming to gauge residents' satisfaction with the region's current state and validate future development needs, over 1,500 answers were received. The Ida-Virumaa Vision week was organised in 2021 to further involve the communities and a regional just transition platform and a 'youth climate assembly' was organised to deal with the just transition design from the point of view of the youth. Workshops with over 100 young participants were conducted within this youth climate assembly. An Ida-Viru science council was created, which consists of seven academics from three universities, and has had three meetings so far to assess the region's current state. The just transition implementation plans mainly focus on the economic diversification of the regions, but also plan activities in supporting workers, both financially and through reskilling programmes. They also offer education and job opportunities in the new manufacturing industries that are planned to be settled in the region.

Goals and approach:

From the €340 million from the JTF for the TJTP Estonia, €250 million will go on investments and creating new jobs and building parks. This part of the fund is planned to attract future manufacturing industries to substitute the oil shale sector. The goal is to complete economic diversification by 2035, at the latest, for these 13 interventions planned within the TJTP. Afterwards, oil shale electricity generation will end and by 2040, at the latest, shale oil production in other sectors will end. Oil shale electricity is being phased out, and CO2 reduction targets are locally planned. The TJTP is further focusing on social inclusion of the workforce, by reskilling and preparing for jobs within the future attracted business and industries in the region.

The policymakers co-designed a 'bottom-up' approach, which is characterised by the creative and participatory principles of the local stakeholders. To achieve the most involvement possible from the local population, the approach was tailored to the participant's needs. For example, for workers, smaller three-hour workshops were adapted instead of day-long workshops. Overall, the recruitment of participants was followed by an introductory meeting, a vision building workshop, eight policy design workshops, two extended network meetings, and an impact assessment. The whole process took place entirely online and lasted from September to December 2020.

Important outputs, results or achievements:

The TJTP Estonia for the Ida-Viru region is still in the planning stage.

Until now, several strategy plans, such as a regional business plan for business development and investment, a regional plan to reduce carbon emission, a regional green plan, and a regional education plan, have been written and approved by TJTP Estonia.

However, further implemented outputs are expected; the regional strategy will boost innovative-led growth in the regions. This is planned to be achieved through economic diversification and attracting new industrial stakeholders to broaden and diffuse innovation while focusing on a transition towards a climate-neutral economy.

Moreover, it is expected to create new jobs within the new sectors. Already, up to 800 jobs have been created at the industrial parks, and 200 jobs have been created through the activities conducted by the Ida-Virumaa County programmes. Overall, over 60 investment projects have been planned to attract industries and businesses back into the region.

Additionally, to monitor and support the TJTP Estonia, the Ida Viru science council was founded in February 2020. Moreover, throughout the organised 'Youth Climate Summit', 26 proposals for the region's transition plan were created and are planned to be elaborated within the plan.

Scalability¹ and transferability²:

A degree of transferability is given but the success of the transferability depends on the motivation and application of the lessons learned within the TJTP Estonia. More precisely a balance between 'mass' and 'tailored' actions within a region would have to be found. The same applies to the scalability of the good practice; while certain elements or specific approaches can be replicated quite easily (e.g. 'youth climate summit'), others are difficult to be scaled or transferred to another region, for example the individual meetings with local stakeholders.

¹ Scalability entails that a policy approach can be adapted to a bigger scale than just the local context.

² Transferability entails that a policy approach can be applicable to a similar setting and replicated.

Key success factors and lessons learnt:

A key success factor is the generated environment of psychological security and trust between stakeholders. A critical point has been to invest a lot of time in the involvement and hearing out of the local stakeholders. The involvement of the local stakeholders was not reached through impersonal communication via mailing lists, google forms, or infrequent video calls, but rather required face-to-face communication in both groups and private settings. This personal approach was also accompanied by adapting the format of communication to the local stakeholder's needs and time. The environment created was only possible thanks to a personalised approach with all stakeholder groups, empathy, and deliberate reach-out efforts in harder-to-engage communities. Moreover, the strong involvement from the youth of the region who conducted a 'youth climate summit', which produced 26 proposals for the just transition plan has been identified as a success factor of the transition strategy.

Key challenges:

Key challenges of the TJTP Estonia are the administrative coordination on the regional level. Since the responsible partner on a regional administrative level, namely the Association of Local Authorities Ida-Viru County is missing the administrative capabilities and experience for the planning and spending of the whole expected EU-Funding. Further, the missing administrative capabilities on the regional level are expecting the funding time constraints to be a challenge once these would be approved. Since most of the funding will be through fast relief money, which has to be used within two years of the approval, the challenge will be to manage the workload and use the large amount of money in such a short term, with a lack of administrative capacity.

A further challenge has been the definition of the national phasing out plan, and the European definition of a transition. While the Estonian plan focuses on the oil shale phase-out in electricity production until 2030, it is still planning to use oil shale for production in the petrol-chemical sector. This discrepancy is creating an obstacle to the TJTP Estonia plans.

Lastly, a third challenge is the language barrier with the Russian-speaking citizens of Ida-Viru county. The social inclusion approach of the project faces the challenge in this language barrier. The majority of the region's population, especially the older citizens, predominantly speak Russian and have difficulties in reading Estonian. Therefore, communication between administrative authorities and the local stakeholders is problematic at times.

Central framework conditions³:

Ida-Viru county is the third most populated region of Estonia, because of the decrease in the county's population. Further to this, due to its cultural and historical background, only 17.5% of the county's population speak Estonian: a large proportion of the population speaks Russian.

The Region of Ida-Virumaa hosts more than 5,900 companies and public sector entities. The total number of employees in the whole region is approximately 40,800. The quarterly turnover of companies is €505 million, with €76 million paid in state taxes and €59 million in labour taxes. There are 15 large employers in the area, 11 of which are businesses. 40% of the largest employers registered in Ida-Viru are in the oil shale sector, 67% of which are private. The peak of oil shale mining and processing in Ida-Viru was in the 1980s, with over 14 thousand people working in the mines alone. Since the 1990s, the sector has been in decline.

The transition process of the region is now on its way. However, these recent developments are only a small step in a process that has been going on for several decades and will continue for years to come. The main negative impact of transition is the loss of jobs in the oil shale sector. The county is facing the challenge of diversifying its economy and creating new jobs. The EU's Just Transition Fund will provide some support for this.

Outlook:

The TJTP is awaiting approval of the European Commission, which is expected to come in the autumn of 2022. Once the TJTP is approved, the plan is to continue the same way throughout the planned elaboration of the TJTP and its implementation.

³ Framework Conditions encompass the institutional, informational and socio-economic factors that determine a given environment (contextual information), e.g. market conditions, access to finance, tax regulation, infrastructure and support.

Partners & contacts:

- Estonian Ministry of Finance
- Association of Local Authorities Ida-Viru County.
- IVEK: Ida-Viru Ettevõtluskeskus
- IVIA: Ida-Viru County Industrial Areas Development Foundation
- Job Portal: Eesti Töötukassa
- Several universities

Website:
N/A

Sources:

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Manuscript completed in July 2022

Luxembourg: Publications Office of the European Union, 2024

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Print ISBN 978-92-68-17567-5 doi:10.2776/915085 KN-09-24-417-EN-C

PDF ISBN 978-92-68-17568-2 doi:10.2776/066088 KN-09-24-417-EN-N



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