



# Assessment for Estonia (Ida Virumaa)

Status: Final Plan

Date of plan: 04.10.2022



## Overall Plan Rating

There are also some indicators rated as not consistent with the just transition. These are marked as red on the traffic light system and should be the foremost priorities to address and improve on. The indicators are organised under their corresponding principles in the Annex to this report.

## Performance of TJTP by principle



**Principle 1:** The TJTP should be sustainable and deliver on long-term, international and EU climate commitments such as the Paris Agreement and EU 2030 and 2050 climate objectives.



**Principle 2:** The TJTP should not lead to prolonged fossil fuel use or promote false solutions to the transition to climate neutrality. As a guide, coal should be phased out by 2030.



**Principle 3:** The TJTP should lead to sustainable economic diversification at the local, regional and national level.



**Principle 4:** The TJTP should address social inequalities, improve interregional solidarity, decrease inequalities and tackle injustices.



**Principle 5:** The TJTP should not harm EU environmental and climate objectives and values.



**Principle 6:** The TJTP should respect the polluter pays principle.



**Principle 7:** The TJTP should be supported by adequate, coordinated and long-term public and private funding sources.



**Principle 8:** The TJTP should be designed, monitored and evaluated through meaningful partnerships which engage all stakeholders in an open, inclusive and ongoing process, especially at local level. Social dialogue and collective bargaining should be central pillars of the transition when it comes to the labour market and enterprises.



**Principle 9:** The TJTP should take a place-based, local approach to strategy design and implementation.



**Principle 10:** The TJTP should be developed based on high quality, independent and objective analysis of the challenges and opportunities of the transition for regions.

## Breakdown by indicator

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### Principle 1

The TJTP should be sustainable and deliver on long-term, international and EU climate commitments such as the Paris Agreement and EU 2030 and 2050 climate objectives.



Indicates a commitment to at least a 65% reduction in GHG emissions at regional or national level by 2030

Comments: States that overall emissions in Estonia have already decreased by 71% since 1990, and points to Estonia's net GHG emissions being expected to decrease by 37% by 2030 compared to 2020. However, although it notes that, "as many relevant strategic documents are currently being prepared or updated, it is currently not possible to definitively determine Estonia's path to climate neutrality", The NECP estimates only an 80% reduction in GHG emissions by 2050.

Following exchanges with civil society active in the region:

- In October 2022, Estonia's parliament adopted a new renewable electricity target of 100% by 2030 and renewable energy target of 65 per cent by 2030.
- The National Development Plan for the Energy Sector until 2035 is currently being updated with the inclusion of the NGOs; it is unclear to what extent it is going to lay a basis for the updated NECP but the previous (widely outdated) NECP was largely compiled on the basis of the previous National Development Plan for the Energy Sector 2030
- The National Development Plan for the Energy Sector until 2035 aims to reach carbon neutrality by 2050 but threats remain in regard to approaching that commitment (nuclear and CCS must be avoided).



Identifies the opportunities to increase renewable energy in the region and specific actions, projects or targets are proposed

Comments: Especially for heating, although this appears to rely unduly on biomass (which applies the insufficient REDII criteria to qualify it as sustainable). The potential harmful impacts of biomass are recognised, but not addressed.

Some large wind and solar projects are proposed to be supported (although these are to be implemented via JTF support to larger, incumbent industries (although some of these have relatively low employee numbers overall of fewer than 250 employees). The planned investments are relatively small in capacity:

- The construction of Aidu and Ahtme solar parks with a total capacity of 35 MW
- A 50 MW wind farm
- A renewable energy maintenance centre



Identifies the opportunities to increase energy efficiency or reduce energy use in the region or nationally, but no specific actions, projects or targets are proposed

Comments: An area of intervention is for, "Local government investments in JTF eligible areas (with a focus on improving the energy efficiency of local government buildings and updating social infrastructure)" - but it could be stronger and it does not appear to be integrated systematically and strategically.



### Principle 2

The TJTP should not lead to prolonged fossil fuel use or promote false solutions to the transition to climate neutrality. As a guide, coal should be phased out by 2030.



A phase-out of coal is planned or implied (the fossil fuel is recognised as in terminal decline), but the end date is after 2030 or undefined

Comments: 2035 for oil shale in electricity production (and 2040 in energy).



A phase out of fossil gas infrastructure phase-out is planned or implied, but the date is after 2035 or is undefined



Not enough information available or fossil fuel subsidies not discussed



### Principle 3

The TJTP should lead to sustainable economic diversification at the local, regional and national level.



Promotes economic diversification, but there is no consideration of the need for new industries to be sustainable

Comments: This is particularly the case for new operations planned in the region using plastics as a raw material, hardwood for 'biocomposites' and the extensive reliance on biomass for many planned operations.

- Recognises the value of SMEs and start-ups for economic diversification, but does not set out clearly how it will provide support to develop and incentivise them
  - ✔ Includes programme specific indicators (section 2.5) to measure support to, or success in supporting, SMEs and start-ups.
  - ✘ TJTP plans to provide excessive or unjustified support to large enterprises, particularly from the Just Transition Fund

Comments: 153 million EUR out of the total 354 million EUR will be spent on big enterprises.

- Indicates a link to and a need for consistency with the NECP, but does not clearly link investments for sustainable economic diversification and decent job creation to it

Comments: This is perhaps positive as the NECP needs to be updated in line with the EU's 2050 climate neutrality goal.

## ● Principle 4

The TJTP should address social inequalities, improve interregional solidarity, decrease inequalities and tackle injustices.

- Justifies why certain regions should receive support with reference to the underlying economic and employment impacts of the transition, and justifies the choice objective criteria or comparative data

- Prioritises employment support and job search assistance for workers directly losing their jobs as a result of the transition AND other worker groups, including those who may be indirectly affected

Comments: Although much emphasis is placed on support for workers directly in the oil shale industry, as well as for attracting health workers.

- Identifies the existing and future skills, training and education gaps for all workers and sectors, including future generations, at regional level on the basis of objective and quality skills forecasts or clearly sets out a process to identify them

Comments: Sets out a process to ensure 'education provision meets local expectations; by setting up a steering committee to manage the programme of education and which will be "made up of local representatives from the business, training and education sectors."

- Foresees targeted investments sufficient to remedy these gaps and create decent, sustainable and resilient jobs for all current (and future) workers in the region

- Recognises the risk that new jobs created don't offer the same quality or wages as jobs in declining industries and the need to include measures to tackle this, but doesn't consider all factors of decent work, such as access to collective bargaining, or safe, healthy working conditions and reasonable working hours

Comments: Focus is on low average wages and the need to address this to attract young people to stay.

- Recognises some inequalities and identifies some measures to address those arising from the transition, such as a minimum income support, energy poverty reduction or early pensions. But the TJTP does not consider existing inequalities or address all inequalities identified with planned measures

Comments: "Subsidies for moving from job to job and employee re-profiling for workers in the oil shale sector" is one area of intervention, but focused on workers directly losing their jobs as a result of the exit from oil shale. In complement to ESF+ and other EU fund-supported actions the JTF will also support the improvement of the availability of integrated social and healthcare services.

- Identifies the potential changes to quality of life arising from the transition and includes some targeted measures to address residual negative factors, such as air and water quality issues

Comments: The intervention area "Support for regional initiatives for a just transition" recognises that the JTF is meant to address the impacts of the transition to a climate-neutral economy for regions and people (emphasis). The focus of the measure is on the promotion of an environmentally sustainable way of life at the individual and community level and on social entrepreneurship.

It also includes a performance indicator, "reclaimed land used for green spaces, social housing, economic or other uses."



fails to recognise the importance of supporting gender equality in the just transition plan

Comments: It focuses only on boosting women's araticipation in the workforce by boosting creative industries - based on a European Parlamaent report on the creative sector which noted that women are heavily represented in the sector. However, as the report notes, the gender pay gap remains in this sector and it doesn't address womens' participation elsewhere in the labour force.



## Principle 5

The TJTP should not harm EU environmental and climate objectives and values.



Includes activities which would negatively impact environmental and biodiversity indicators relating to:

- Biodiversity
- Air pollution
- Accessible greenspace (land take)
- Water quality

AND/OR it includes significantly harmful activities as defined by the EU Taxonomy or which would lead to unsustainable use of natural resources or which would lead to ecosystem harm

Comments: The huge expected increase in biomass risks negative envrionmental impacts and should be riaied here as a red flag. The inclusion of a pumped hydroelectric project should also raise concerns about negtaive envionetal and biodiveristy impacts,



Foresees investment in new fossil fuel infrastructure, including for example for power generation, heating, fossil fuel-based chemicals manufacture or aviation capacity. A red rating is also given if the TJTP foresees investments which would prolong the life of existing fossil-based infrastructure, for example retrofits in existing EU ETS installations

Comments: Planned use of 'old tires' and plastic as a raw material for the chemicals plant raises a risk of increased emissions from fossil fuel-derived products.



Identifies actions or activities to improve a wide range of environment and biodiversity indicators in the regions concerned. It includes, as a minimum, actions or activities relating to at least 3 of the following categories:

- Biodiversity
- Air pollution
- Accessible greenspace (land take)
- Water quality

Comments: Oil shale and water quality should be imporved through the actions identified. Accessible green spaces may be increased and biodiversity enhanced through restoration of sites - but this should be critically evaluated from the perspective of polluter pays and biodveristy indicators should be included.



Foresees no new investment in waste incineration or landfill capacity

However, neither does it include or prioritise measures for increasing economy circularity or to reduce waste

Comments: While measures to favour a circular economy are apparent, "planned use of 'old tires' and plastic as a raw material for the chemicals plant may throw this into doubt" - the feasibility of these processes is extremely suspicious and environmental NGOs have been calling attention to it.



## Principle 6

The TJTP should respect the polluter pays principle.



The TJTP does not identify the entities responsible for existing environmental damage.

AND/OR the TJTP recommends to use JTF resources to pay for land restoration without an analysis - or commitment to an analysis - of the possibility and applicability of the Polluter Pays Principle

- ✘ The TJTP contravenes the Polluter Pays Principle by prioritising energy transition investments in companies with grants from the just transition fund, without a clear justification of why the companies cannot cover these costs by alternate means



## Principle 7

The TJTP should be supported by adequate, coordinated and long-term public and private funding sources.

- Relies on EU funds only to deliver the just transition (although not limited to the Just Transition Fund and the Pillar III of the Just Transition Mechanism)  
AND/OR there is no clear targeting of funds for the most appropriate activities or to address funding gaps

Comments: No national funds are mentioned.

- Private funding sources are identified alongside public funding sources, with an indication of how private funds may be leveraged, mainly or exclusively relying on Pillar II of the Just Transition Mechanism

Comments: Estonia is only "considering the possibility of using the funds of the II pillar of the JTM."

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## ● Principle 8

The TJTP should be designed, monitored and evaluated through meaningful partnerships which engage all stakeholders in an open, inclusive and ongoing process, especially at local level. Social dialogue and collective bargaining should be central pillars of the transition when it comes to the labour market and enterprises.

- A coordination body is established. Requirements for membership of the coordination body and composition of the membership body are clearly presented. Detailed information on meeting timing and regularity is provided, as well as detailed information on how, when and where relevant documents and information on process will be published in an accessible place, ideally including online tools.

Comments: Civil society in the region find the coordination body (Just Transition steering group, coordinated by the Ministry of Finance) fairly clear and straightforward. All the steering group related information (protocols, presentations, etc.) is publicly available and accessible on the official website.

- Clearly and comprehensively identifies stakeholders, including key groups as identified in the European Code of Conduct on Partnership, but includes no indication of or justification for their roles and status in the process

- Concrete detail on stakeholder engagement plans (e.g. meeting and consultation schedules and arrangements), as well as provisions to address stakeholder capacity-building needs

AND the TJTP includes sufficient details on how stakeholders have or will be involved in the preparation, implementation, monitoring and evaluation of the TJTP and how their views and inputs were integrated into the final plan

Comments: Specific support is foreseen:

- communication focused on Russian-speaking beneficiaries and the community;
- technical assistance ensure effective information flows and assist beneficiaries in project preparation and coordination and to increase transition-related knowledge among regional partners;
- Assistance for partners to participate in international networking, best practice sharing and skills development activities;
- increasing the capacity of major social stakeholders (trade unions, business and environmental organizations) for active participation in the transition process.

- Public consultation and engagement of all stakeholders while all options are open is provided for, but the period of consultation and engagement is launched with less than 4 weeks prior notice

AND/OR

The period for consultation and engagement lasts for less than 12 weeks

AND/OR

There is less than 4 weeks to comment on the final draft

AND/OR

Not all relevant stakeholders have been given the opportunity to participate in a public consultation.

Comments: Overall, the process, involving multiple working groups and consultation appears to have been participative. The TJTP proudly notes that, "In November-December 2021, a youth climate conference was held, in which approximately 30 young people of different ages from Ida-Viru participated, who submitted suggestions for additions to this plan. After the end of the climate conference, the young people who participated in it formed a non-profit organization (MTÜ PWP Liit), which has now been accepted as a member of the transition steering committee. "

- Social dialogue is not a part of the planning process, or is mentioned only passively. Labour unions and social partners have not been engaged in social dialogue during the development of the TJTP.

Comments: Trade unions have been included in the just transition steering committee, but it is not clear there has been a role for social dialogue in the plan.

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## ● **Principle 9**

The TJTP should take a place-based, local approach to strategy design and implementation.

- Identifies NUTS 3 regions which will require targeted action and prioritises measures for the specific NUTS 3 regions concerned
  - Takes into account the need for community engagement, indicates how existing and planned community initiatives may be integrated into the TJTP and makes clear provision to engage and inform the local community
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## ● **Principle 10**

The TJTP should be developed based on high quality, independent and objective analysis of the challenges and opportunities of the transition for regions.

- The indicators and/or data included in the TJTP are focused at the regional level and are high quality, appropriate to the goals of the fund to address the socioeconomic challenges arising from the transition to climate neutrality and they are comprehensive, encompassing both quantitative and qualitative measures
- The TJTP does not foresee a revision process even to remedy poor performances or ensure consistency with a revised NECP

**For further information on the TJTP assessment tool**

Imke Luebbeke

Head of Climate and Energy, WWF European Policy Office

**Contact**

Katie Treadwell

Energy Policy Officer, Climate and Energy team, WWF European Policy Office

ktreadwell@wwf.eu

Romain Laugier

Climate Officer, Climate and Energy team, WWF European Policy Office

rlaugier@wwf.eu

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WWF European Policy Office, 123 rue du Commerce, 1000 Brussels, Belgium.