



Ida-Virumaa
Omavalitsuste Liit

Ida-Viru Just Transition

September 19th 2024.

Meelis Kuusk

CEO

Association of Local Authorities of Ida-Viru County

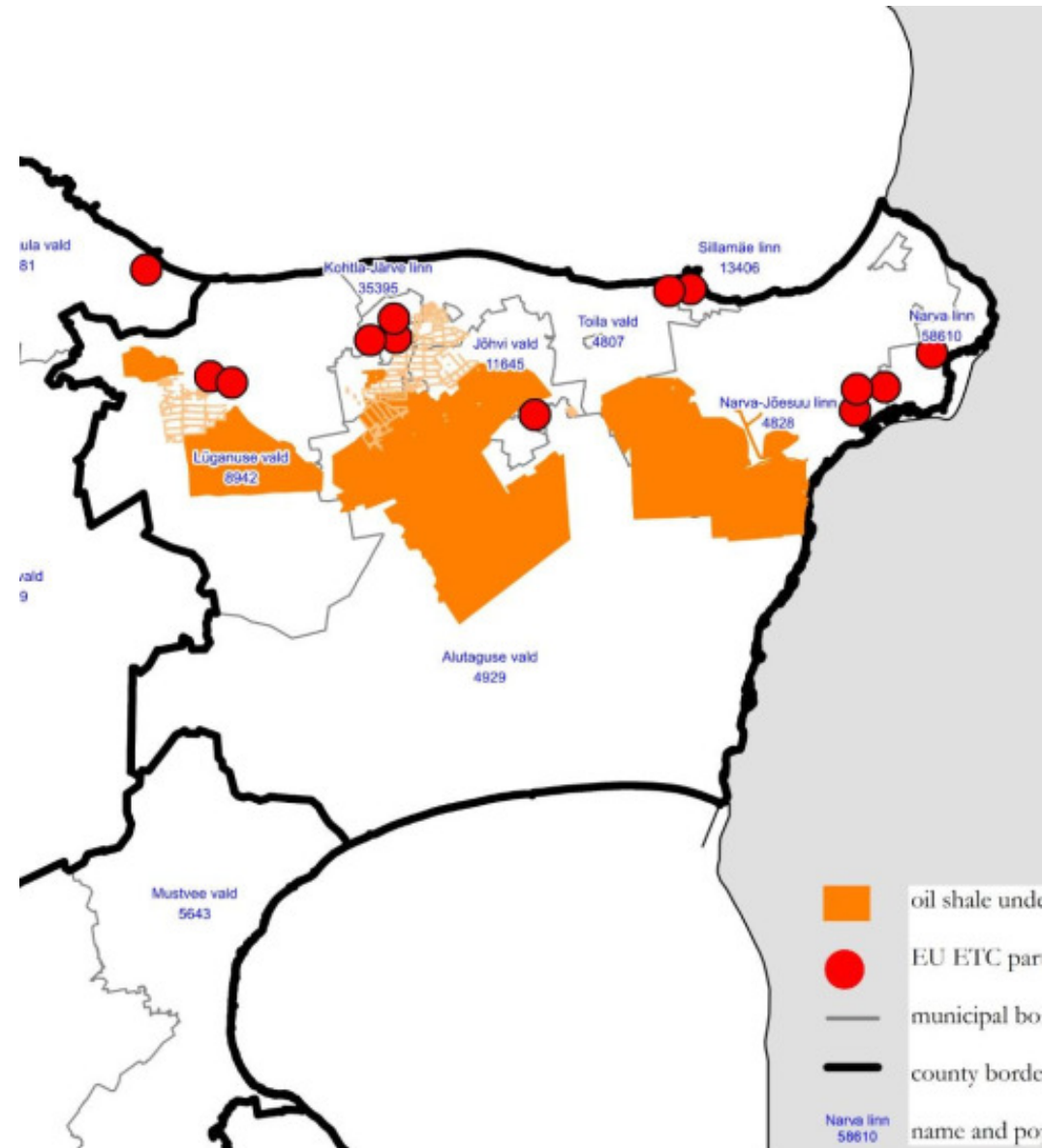
Hardi Murula

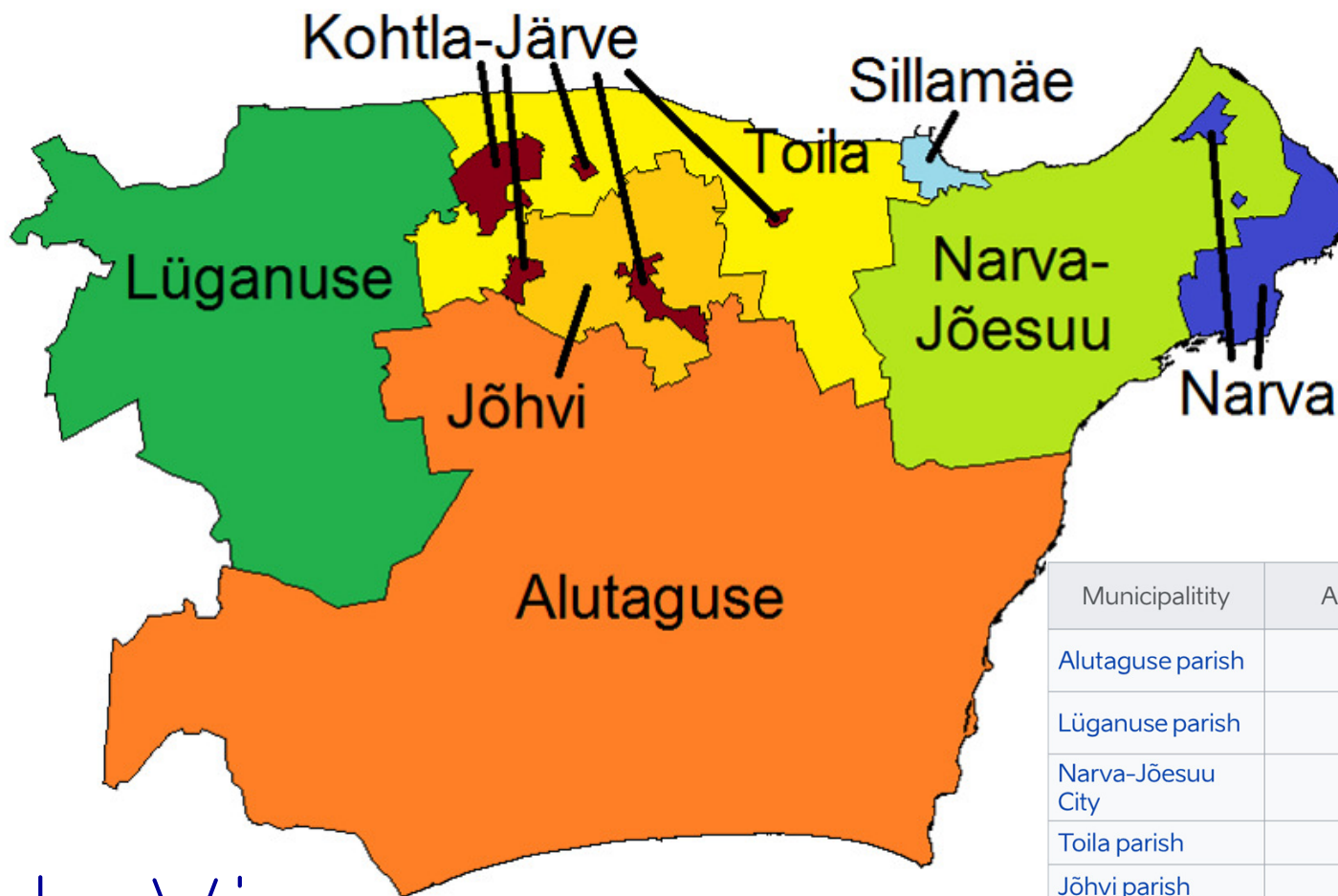
Project expert

ivol.ee

Ida-Viru factsheet

- + **Population** 130 362 (01.01.2024) 10% of Estonia, rapidly ageing and decreasing
- + **Economy** of the region depends on oil-shale sector, **5%** of Estonian national GDP, **2,5 %** of Estonian total employment, **13%** of Ida-Viru employment, **20%** of region's labour taxes, **50%** of Estonian GHG total emissions
- + **Unemployment** rate is 13,6 % (April 2024) Estonian average rate is 7,7%
- + **Relative poverty** is daily reality for 35 % of the region's population (vs. Estonian average is 21%)
- + **Only 17,5 %** of the region's residents speak Estonian as their mother tongue

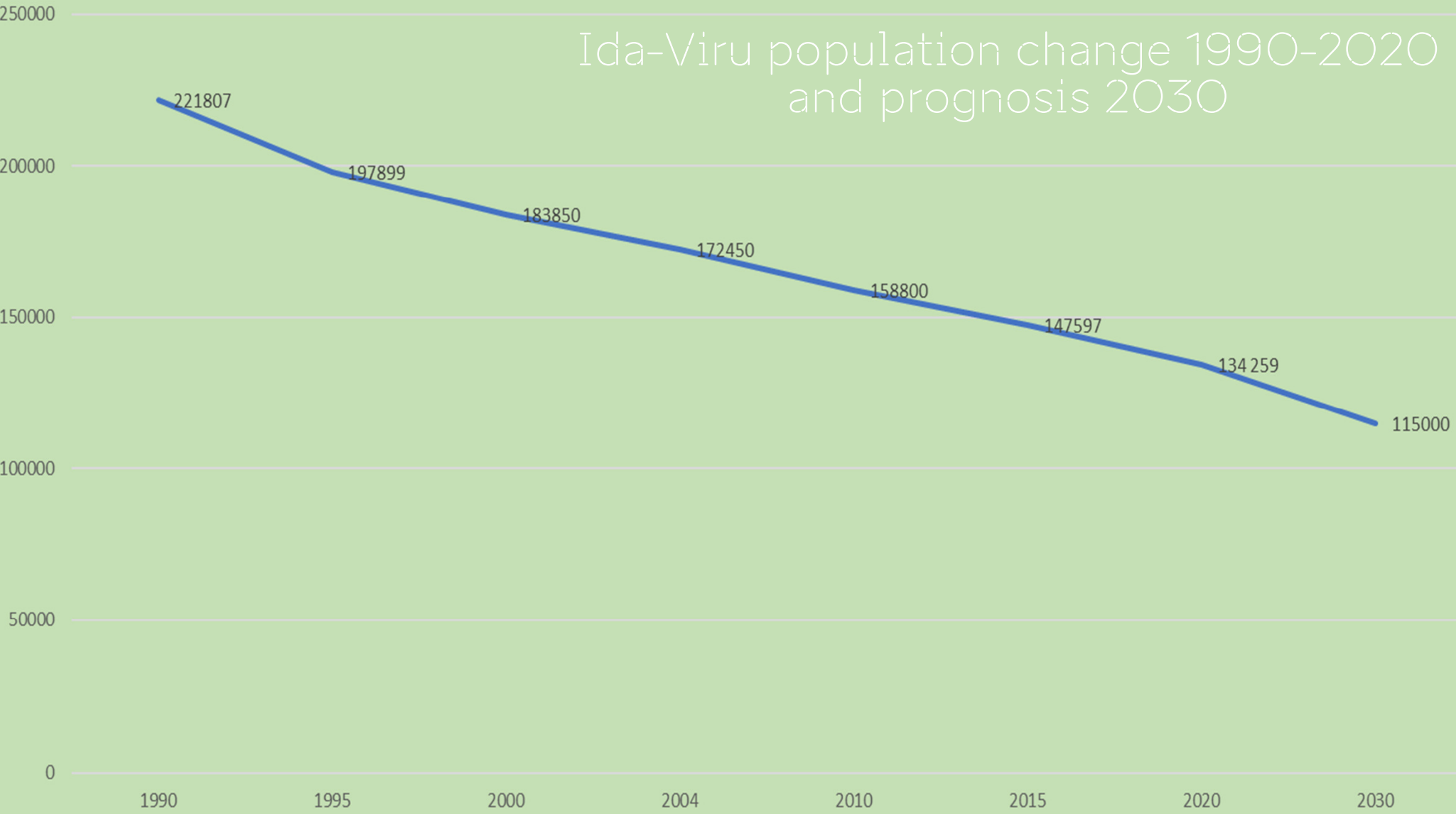




Municipality	Area km ²	Population (2022)	Density
Alutaguse parish	1465	4 658	3,2
Lügánuse parish	599	8 201	13,7
Narva-Jõesuu City	411	4 712	11,5
Toila parish	266	4 616	17,4
Jõhvi parish	124	11 141	89,8
Narva City	85	53 955	634,8
Kohtla-Järve City	39	32 252	827,0
Sillamäe city	11	12 164	1 105,9

Ida-Viru
local municipalities

Ida-Viru population change 1990-2020 and prognosis 2030



Exiting oil shale in Ida-Virumaa

- + The oil shale sector is highly concentrated in the eastern-most region of Estonia, **Ida-Virumaa** (or Ida-Viru).
- + In 2021, oil shale related companies located in the region accounted for over **64 % of Estonia's total GHG emissions**.
- + This means that our transition to climate neutrality (incl phasing out oil shale) will have — and is already having — the **most impact** specifically on Ida-Virumaa.
- + This transition has the potential to exacerbate the **challenges** already present in the region (low wages, high unemployment, declining and aging population, etc.)

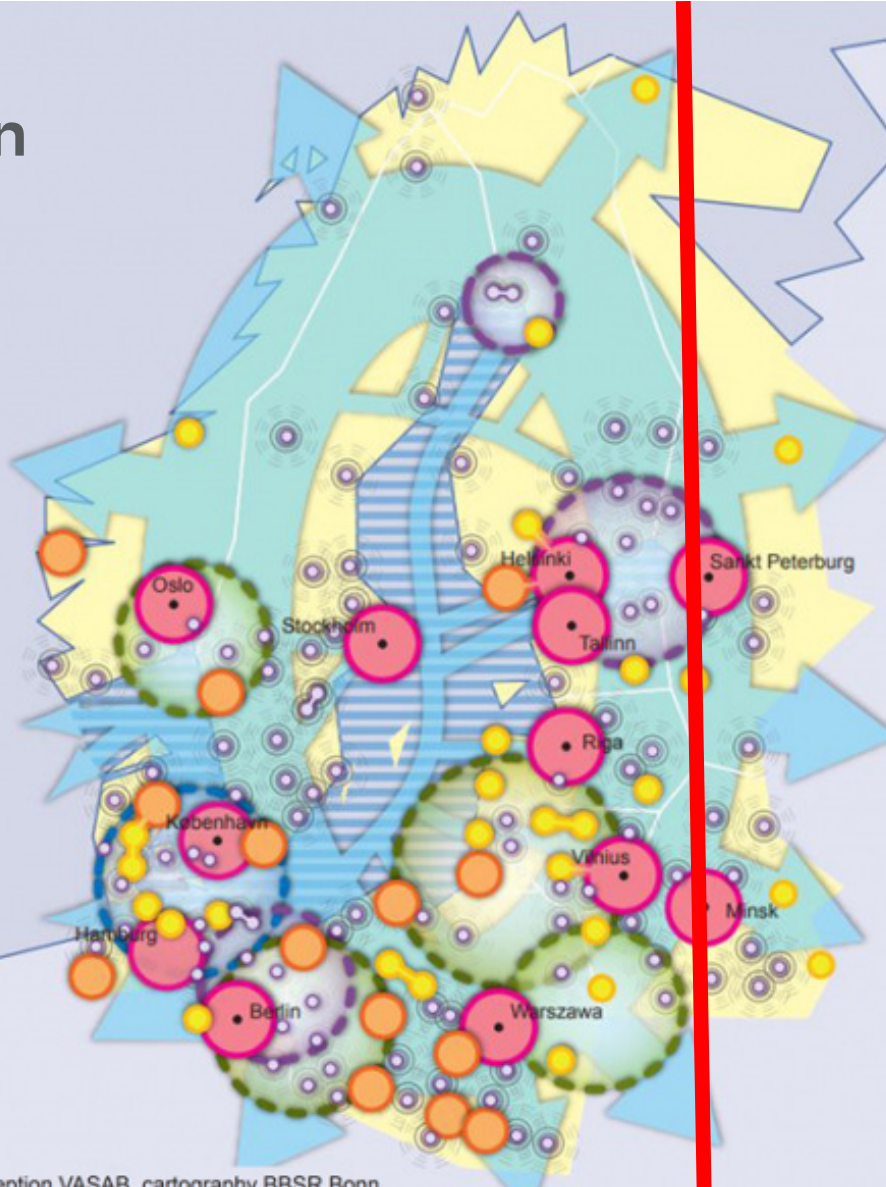




IDAVIRU
#SEIKLUSMAA

Gate or/and castle?

Baltic sea region vision 2030



Functional profile of urban regions and centres *

-  Global gateway with prominent R&D and knowledge intensive business services
-  BSR gateway with well developed R&D and knowledge intensive business services
-  Urban region in process of metropolisation with growing globally linked R&D and knowledge intensive services
-  Regional development centre providing high quality services to residents in the surrounding area
-  Bi-polar and multipolar urban development

Cross-border cluster cooperation areas

-  Existing
-  Potential
-  Cross border global integration zone
-  Integrated transport system and international links
-  Integrated maritime spatial planning

Plan A

Regional development strategy – a joint document of local authorities of the county; Includes up-to-date overview of the county, vision and sectoral activities to achieve strategic objectives, as well as an action plan and references to specific plans B; C; G ja E

Plan B

Regional **Business** plan for business development and investment.

Plan C

Regional plan for reduce **Carbon** emission

Plan G

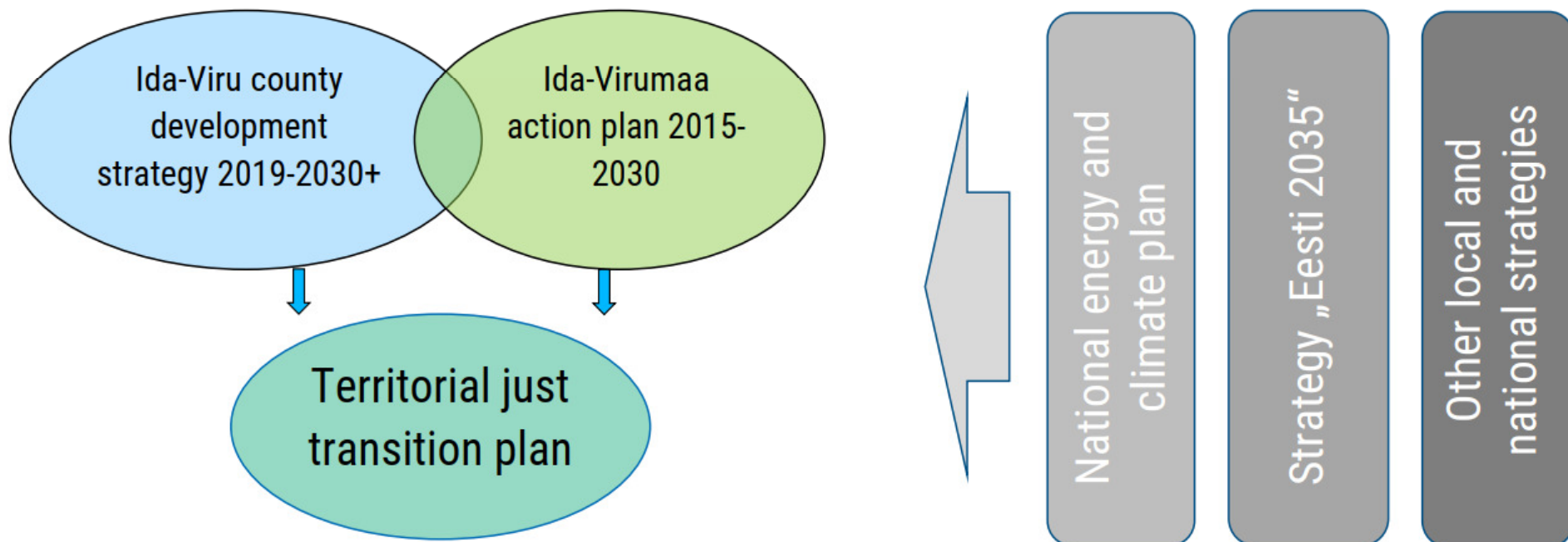
Regional **Green plan** for boosting green-, bio-, blue- and circular economy sectors.

Plan E

Regional **Education** plan

TJTP strategic framework

- Ministry of Finance is in the process of extending the Ida-Virumaa action plan until 2030.
- Association of Local Authorities of Ida-Viru County has started the process of renewing county development strategy to add stronger focus on the transition process.



Involvement of TJTP specific partners

- **Steering Committee for TJTP**


- Established by Ministry of Finance for preparation as well as for monitoring of the implementation of TJTP;
- Membership includes 18 main stakeholders (relevant ministries, regional authorities and bodies, representatives of employers, employees, environmental NGOs, universities etc);
- Acting as a working group under the Monitoring Committee (according to Art 15 of Commission Delegated Regulation 240/2014).



- **Structures at the regional level**


- Association of Local Authorities of Ida-Viru County (IVOL);
- Regional just transition platform, established by IVOL, 52 different regional and other stakeholders involved;
- Other „soft“ networking structures (regional science council, education and tourism clusters etc.)

The transition in Ida-Viru: Fast relief vs long-term change. Types of actions:

Fast relief

 Labor mobility allowances and re-profiling services for oil shale sector employees

  Services in support of economic diversification

 Support scheme for small enterprises

 Increasing the volume of in-service training, vocational and higher education offering

Resulting construction activity helps relieve immediate effects of the transition

  Development of social and health services supporting social change

 Support for regional initiatives amplifying the just transition


Long-term economic change

 Support scheme for industrial investment

 Support scheme for increasing the knowledge intensity of enterprises

Long term social and environmental change

 Decoupling district heating from oil shale

 Alleviating environmental and health impacts of oil shale mining and processing

  Investments in JTF-eligible areas by local governments

Intervention logic

The JTF in Estonia is to be split into two main programmatic strands:

- “**Economy and labour**” aims to help restructure and diversify the economy and workforce of Ida-Viru region. Actions foreseen as part of this programmatic strand largely correspond to activities described in points a, b, c, d, k, l and m of paragraph 2 Article 8 of the Regulation establishing the Just Transition Fund (regulation).
- “**Environment and social inclusion**”, tackles the social, environmental and community aspects of the transition, corresponding to activities described in points d, e, f, g, h, i, j and o of the Regulation.

As a result of the clarification of the JTF regulation and extensive consultation, the proportional split between the strands is proposed to be **80% / 20%** (excl TA).

Interventions

1. “Economy and labor”

- 273 mln € (~80% of JTF volume)

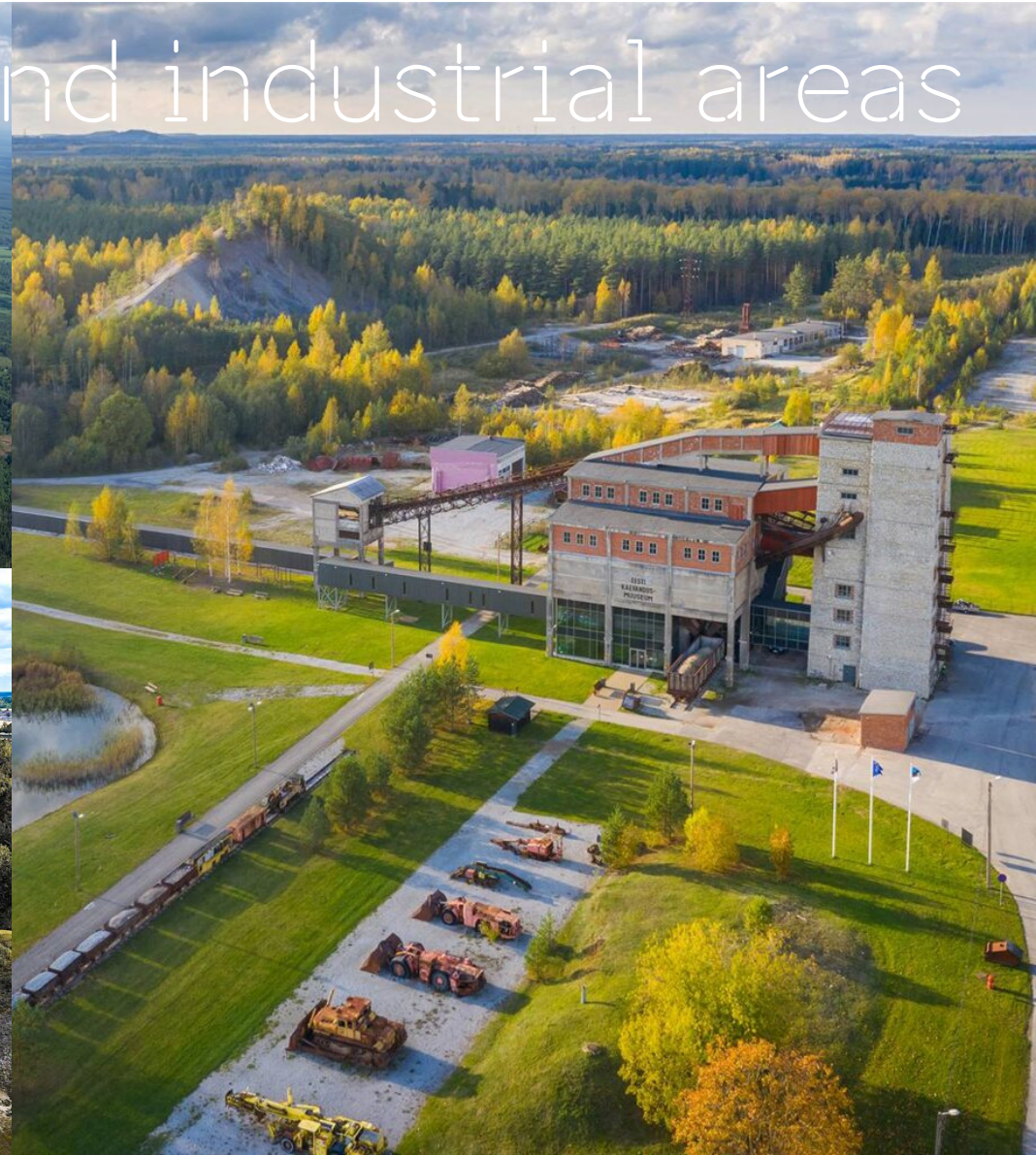
1. **Ida-Viru grand investment grant** – 153 million €
2. **Increasing the knowledge intensity of Ida-Viru entrepreneurship** – 50 million €
3. **Services in support of economic diversification** – 25 million €
4. **Ida-Viru SMEs investment grant** – 15 million €
5. **JTF labor market measures** – 5 million €
6. **Increasing the volume of in-service training, vocational and higher education offering** – 25 million €

2. “Environment and social inclusion”

- 66,74 mln € (~20% of JTF volume)

1. **Decoupling district heating from oil shale** – 20 million €
2. **Alleviating environmental and health impacts of oil shale mining and processing** – 10 million €
3. **Empowering people's wellbeing in Ida-Virumaa** – 5 million €
4. **Local government investments in JTF-eligible areas** – 15 million €
5. **Support for regional initiatives amplifying the just transition** – 16,74 million €

Re-use of mining and industrial areas



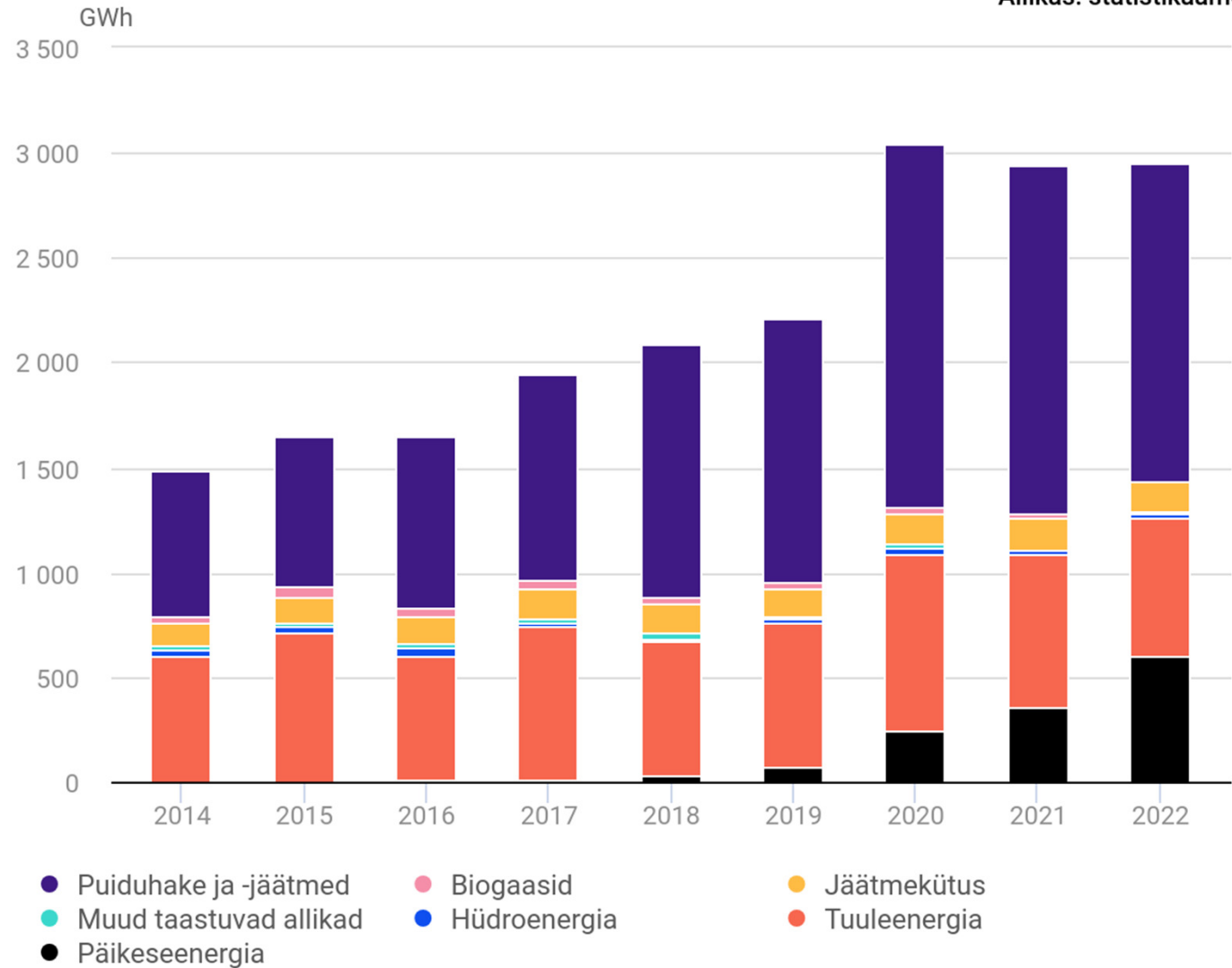


Ida-Virumaa
Omavalitsuste Liit

Renewable energy production in Estonia

Taastuvatest allikatest toodetud elekter | 2014–2022

Allikas: statistikaamet



Re-use of oil-shale ash for the production of calcium carbonate and magnesium



Source: ragnsells.ee



Source: ragnsells.ee

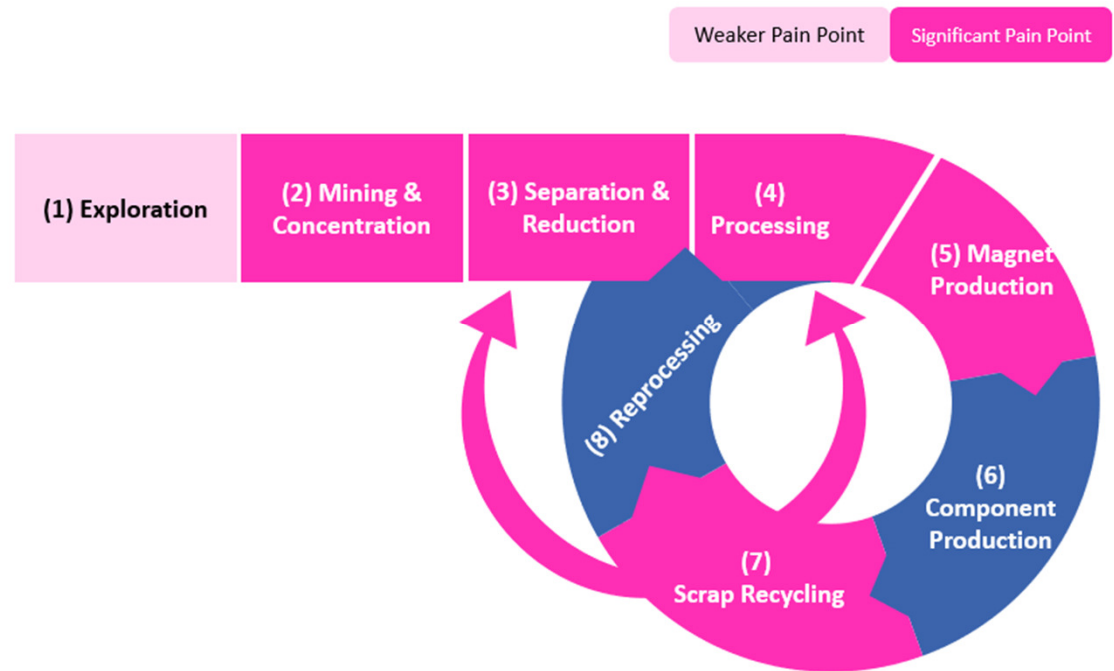
What NEO Can Do:

Co-Location of REE Separation, Reduction, Magnet & Recycling

- **Innovative Solution, Sustainable Production, Recycling & Circular Economy**

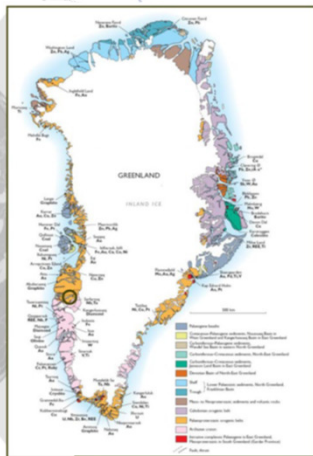
- Co-location allows recycling with less chemicals & less energy input
- Co-location eliminates the need to transport ill-defined materials to inter-regional boundaries, thus reducing carbon footprint
- Being closer to customers will improve the economics by streamlining the EOL value chain
- NEO will be the first and only one in Europe to implement 100% closed loop recycling for sintered neo magnet at one location, boosting the circular economy in the EU

- **NEO could address (3), (4), (5) & (7) pain points and turns them into BLUE**



Prospective Rare Earth Supply Initiatives

- Neo is purchasing an exploration license from Hudson Resources Inc. covering the Sarfartoq Carbonatite Complex in SW Greenland.

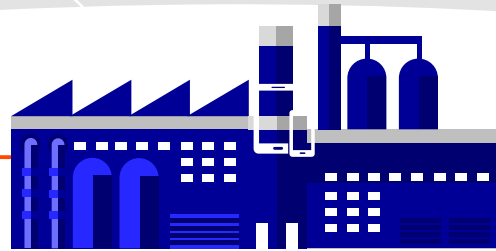


Neo's REE processing facility in Sillamäe, Estonia

- Hastings Technology Metals, Neo's largest shareholder, is developing the Yangibana Rare Earth Project, with substantial Neodymium and Praseodymium resources.

- Non-binding MOU with Australia Rare Earths for potentially 50% of the planned production of mixed rare earth carbonate from the Koppamurra Rare Earth Project.
- Ionic clay deposits rich in magnetic REEs, particularly heavy REEs (Dy and Tb), which are used in powerful sintered neo magnets for EV traction motors.

Positions Required for Existing and New Plant



Magnet Plant



Direct Labour (Vocational)	Engineering	Material Science	Chemistry (QA/QC)	Office
357	31	4	7	20

Engineering: Electrical, Mechanical, Automation, etc...

Office: Finance, Accounting, Logistic, EHS, IT etc...

These numbers will be double for Phase 2

Expansion of Existing Rare Earth Separation



Direct Labour (Vocational)	Engineering & Process Control	Chemistry (QA/QC) and Office
50	10	5

Engineering & Process Control: Industrial operations, process technologists, chemical engineers/controls engineers/chemists project managers

Why Narva ?

- Available qualified labor with industrial background
- Strong support from local authorities
- Availability of energy
- Neo footprint in region (NPM Silmet)

Challenges

- Accomodation for foreign and new specialists
- International school



< Kood = 4000h of code >

- > 0 teachers, 0 classes, 0 EUR tuition fee
- > School provides **equipment** (computer + monitor)
- > **100%** practical programming
- > Possible to complete the program **remotely**
- > **Self-study methodology** - choose your own pace
- > **International** and **English speaking** environment



Jõhvi digimulti incubator

- **Location: Jõhvi Business Park, Kotinuka**
- **Current situation:**
- **Preliminary design completed**
- **Financing available**
- **Investment volume: approx. 16 million EUR**
- **Purpose**
- **Incubator (office) - startup program**
- **Incubator extension - Jõhvi railway station building**
- **Film studios**
- **New economy jobs for young people**



Narva Industrial Incubator

- **Location:** Narva Industrial Park, Narva
- **Current situation:**
- **Building permit available**
- **Financing available**
- **The public procurement is ongoing as of May 2024**
- **Construction will begin in August 2024**
- **Volume of investments: approx. 8 million EUR**
- **Purpose:**
- **Incubator (office)**
- **Robotics Center**
- **Mechanical Center**
- **Industrial incubator (leased premises for up to 5 years)**





Ida-Virumaa
Omavalitsuste Liit

Thank you !

Meelis Kuusk

CEO

Association of Local Authorities of Ida-Viru County

Keskväljak 1-301, Jõhvi 41531

meelis.kuusk@ivol.ee

+372 5300 6106

Hardi Murula

Project expert

Association of Local Authorities of Ida-Viru County

Keskväljak 1-301, Jõhvi 41594

hardi.murula@ivol.ee

+372 503 6817