



# Contemporary Challenges of Employee Participation

## Opposing the Negative Results of Covid

Contemporary Challenges of Employee Participation -  
Opposing the Negative Results of Covid-19

We live in the north-east of Estonia. Our region Ida-Virumaa is an industrial area, where oil shale has been mined for more than 100 years using both open-cast and underground methods. We work for the state-owned company Eesti Energia that includes oil shale mining and processing, electricity and fuel oil generation in particular.

Our industry trade union, the Independent Trade Union of Miners and Energy Workers, located at the plant, represents workers in the mining industry and partly in the Estonian power sector.

There have been talks of green energy transition, reduction in CO<sub>2</sub> emissions, and circular economy cycle over the past decade. Our company allocated large investments to make the blocks for generating electricity emit CO<sub>2</sub> into the atmosphere as little as possible, to build a new block of the power plant, consuming a large percentage of biowaste together with oil shale, to make other blocks be rebuilt for biowaste consuming, and the old blocks that could not be rebuilt be closed. It seemed that we were doing everything to make our plant continue working in modern conditions and under modern requirements for the Green Plan.

However in the end of 2018 and the beginning of 2019, the price of electricity declined so much that we could not enter the market due to the prime cost of energy we produce. One of the components of that primecost was the cost of CO<sub>2</sub> quotas, which sharply began to rise in price. This led to the situation, when, at the beginning of 2019, many workers were laid off, the capacities of the mining mine and open pit began to close, and blocks for generating electricity were stopped. During the year, we laid off 1,700 employees, which is more than a half of those employed at the beginning of the layoffs.

At the same time we heard about mining plants closure and power units closure, as they posed a threat to the clean air of our planet. It began to be implemented so quickly that it caused a real shock for the entire region. There was information that Europe allocates funds for those regions that are directly affected. In Estonia this is our region where mining plants are located.

After layoffs had been conducted, our Government began to make a strategy for the development of our region within the framework of the "Green Transition", that should have taken into account the funds allocated by the European Union for Just transition. At that moment our Trade Union entered into discussion regarding the development strategy of the region at the state level. We took part in all meetings, sessions, and polls in order to ensure that funds would be invested in our region properly, new plants would create new vacancies, and retraining of employees who are at job centres as job seekers would be created. An employee had to be able to get a job after the training, not staying at a job centre further.





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We have identified that Just Transition is the application of the measures necessary to achieve domestic and international climate goals in such a way that during the transition to a climate-neutral economy, at the maximum possible level, the well-being of residents, local governments and the state, while entrepreneurs were provided with support from the public sector to find and implement new business opportunities following the transition.

This process directly concerns Ida-Virumaa. At the county level, Just transition means a restructuring of the high greenhouse gas emitting sectors of the economy. This includes both the restructuring of the shale sector and the diversification of the entire economy of the county, including development of workers skills and improving the living environment, which will ensure employment and income security in the region.

The transition must be planned in such a way to ensure the strategic security of the energy supply in Estonia. With the help of social dialogue, analysis and expert assessment, a decision will be made whether a just transition will mean a restructuring or a complete cessation of the shale industry, and by what time.

While the transition to a climate-neutral economy will be a lengthy process, the current focus is on actions aimed at achieving long-term goals that will be undertaken over the next 10 years. By 2030 the Estonian government has set a goal to reduce total greenhouse gas emissions by 70%<sup>1</sup> compared to 1990. In 2018, about 70% of all greenhouse gas emissions in Estonia came from the large energy and industrial sectors, of which almost 90% came from the activities of enterprises in Ida-Virumaa.

Considering also commitments under the European Union (EU) Common Energy and Climate Policy Vision until 2030 for other sectors, for the EU ETS, which is dominated by the oil shale sector, this means reducing greenhouse gas emissions from the current level of 13,8 million tons (2018) up to 6.5 million tons (approximately) by 2030.

Achieving these goals means significant changes for the whole Estonian energy sector and Ida-Virumaa in particular.

A change of this magnitude will affect not only shale companies sectors and their employees, but on the region as a whole. The influence can be positive or negative. In connection with the process of transition to Ida-Virumaa at least the following possible areas of influence must be taken into account:

- impact on employment and jobs in the region, including changes in wage levels, availability of skilled labour, training needs and training opportunities
- influence on the social sense of confidence and satisfaction of the inhabitants of the region
- influence on the migration decisions of people in the region
- impact on integration and social inclusion
- impact on the environment
- impact on exports at the state and regional level
- impact on electricity prices in Estonia
- impact on heat prices and security of supply in the region
- impact on the price of using oil shale as a raw material





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- impact on the health of the inhabitants of the region
- impact on the budget of local governments in the region and, consequently, on public services and regional development
- influence on the reputation of the region among the local population and the population of Estonia.

A successful transition in Ida-Virumaa involves the creation of a comprehensive and well-managed strategy for the region, which is funded and implemented through various instruments, in the development of which the local community is actively involved. Just Transition Fund (JTF) is just one of the sources that does not solve all the problems and necessary actions.

Since the Ida-Virumaa County Action Plan and the Ida-Virumaa County Development Strategy 2019-2030+ are in place and are being updated today, which will be implemented through four-year action plans, it is reasonable

rely on these development documents to support a successful transition, complementing them with just transition themes.

To guide the preparation and implementation of the transition strategy, a steering committee has been formed, which includes representatives of the relevant ministries, the Ida-Virumaa Union of Self-Governments and interested parties. The role of the steering committee is to make proposals to the Ministry of Finance as well as to the Union

local governments of Ida-Virumaa on additions to the action plan and development strategy of the county, as well as to express their opinion on the draft territorial transition program included in the implementation program, on intervention projects to be implemented in within the framework of the transition program, as well as other intervention projects within the framework of the cohesion policy implementation program that have a significant impact on a just transition for Ida-Virumaa County

The Commission also is to monitor the implementation of the territorial transition program and make recommendations on changes to the plan or interventions applied on its basis.

Composition Steering Committee, the procedure for its work, including the procedure for making decisions, is established by Order No. 104 of the Minister of Public Administration of 06/12/2020. The mandate of the steering committee is valid until the European Commission approves the final report on the program for the implementation of the cohesion policy for the period 2021-2027.

Aiming wide involvement and to collect proposals for the implementation of the just transition process, the Ida-Virumaa Union of Local Governments has created a broader Ida-Virumaa fair transition platform. The role of the platform is organising discussions and engaging in a just transition. The platform will work through various opinions and formulate proposals for organising a just transition, which will be input the data for the steering committee and associated policy writers at the state and regional level.

All important stakeholders have the opportunity to participate in the development of both documents. The active participation of representatives of Ida-Virumaa, as the region most affected by transition is in progress and contributing to planning for the changes facing the region.





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The main objectives of involvement and participation are to ensure the active participation of stakeholders in the development of the strategy and to inform the public. Engagement is based on the principle that drafting transition strategy is an open process and inputs and ideas from all stakeholders who wish to contribute to solving today's and future problems in Ida-Virumaa are welcome and equally important and solutions must be found together. The process will implement various opportunities for participation in order to create the widest possible target group, with special attention to those target groups that are not traditionally actively involved in the preparation of policy documents (for example, youth, entrepreneurs, Russian-speaking population). Particular attention will be paid to communication activities, including cooperation with the local media.

Materials related to the process (including drafts, minutes of meetings and presentations) will be published as soon as reasonably practicable.

The Ministry of Finance and the Union of Local Governments of Ida-Virumaa will announce upcoming events or participation opportunities in a timely manner on its website, as well as through other information channels.

Particular attention will be paid to ensuring that more important information is provided, as well as the possibility of participation in Russian.

All this contributes to the transparency of the process and allows you to track the current stage of the process.

To ensure the knowledge-based nature of the process and take into account the best practices of other countries, the Ministry of Finance and the Ministry of Economics and Communication commissioned the study by Praxis "Adaptation of the economy of Ida-Virumaa and the labour market to the reduction of the share of the oil shale industry".

Expected results of the study:

- analysis of scenarios for the decline in the share of the oil shale industry, their socio-economic consequences, the affected target groups and opportunities for the adaptation of the economy and the labour market in the perspective of 2050;
- recommendations on areas of economic and labour market restructuring in the region and possible interventions;
- studying examples of good foreign practice;
- proposals for communication and follow-up monitoring of activities that contribute to a just transition.

The Ida-Virumaa Action Plan and the County Development Strategy are documents that are updated over time and will be supplemented after 2020 in accordance with additional information given

monitoring and changes in the development needs of the region or state strategic documents. If necessary, by changing the implementation program, the territorial transition program, which is an annex to the implementation program, will be changed.

Parallel to the Just Transition process, a number of activities will be carried out with a lead time of more than 2020, which will be important inputs in complementing the Just Transition strategy.





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The Fundamentals of Climate Policy until 2050 provide that from 2019, at least once every four years, the Riigikogu must submit a report on how, in the preparation and implementation of cross-sectoral and sectoral strategies took into account the goals of climate policy in order to assess the need to update the document on the basis of this.

In cooperation with Tallinn University of Technology and Tallinn University, the project "Climate change mitigation with CCS and CCU technologies" is being implemented, which studies the suitability of various carbon capture technologies and creates scenarios for the implementation of these technologies in the Estonian oil shale industry. It also analyzes the impact of the most efficient solutions on the environment and the technological and economic potential of the Estonian industrial sector for use of captured CO<sub>2</sub>.

At the initiative of the Ministry of Economy and Communications, within the framework of the structural reform support programs, the project „Input Study for the renewal of Estonian National Energy and Climate Plan and Climate Policy until 2050“, one from the results of which are scenarios for the transition to climate-neutral energy production with an assessment of their socio-economic impact. The results of the project will be known by the beginning of 2022.

In order to clarify and supplement the development strategy, as well as to implement the FSP measures, the board of the Union of Local Self-Governments decided to develop a business plan for the county to attract investment and development Entrepreneurship (Plan B), County Carbon Plan (Plan C), and County Green Plan for Renewable Energy, Circular Economy, and Bio- and Blue Economy (Plan G) with December 2021 deadline of the year.

The full text of the updated county development strategy, along with the action plan for 2023-2027, is scheduled to be approved by the councils in 2022.

The Ministry of the Environment has begun preparations for drawing up a new environmental development plan. The approval of the development plan is scheduled for 2022.

An updated version of the State Energy and Climate Program until 2030 will be submitted to the European Commission by June 30, 2023 in accordance with the current regulation European Union on Energy Union and Climate Action Management (EU) 2018/1999.

The Union of Local Governments and the Estonian Centre for Environmental Research are participating as partners in the Horizon 2020 CINTRAN (Carbon Intensive Regions in Transition – Unravelling the Challenges of Structural Change), the purpose of which is to predict the possible social consequences for the county with a reduction in the share of the shale sector. Ida-Virumaa is one of the four pilot districts of the project along with Silesia (Poland), Rhineland (Germany) and Western Macedonia (FYROM). The project will last until 2024.

At the EU level, a European climate law is being discussed that looks at ways to reach the goal of reducing net greenhouse gas emissions to zero by 2050. Among other things, the EU is proposing to set a new EU target to reduce greenhouse gas emissions by 2030 and a pan-European greenhouse gas reduction trajectory for 2030-2050. Negotiations are also underway on implementation acts of the EU ETS directive for the fourth trading period (2021-2030), which may change the rate of reduction of free allocated volume units





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emissions.

Thanks to all the joint efforts, in which both local governments and heads of enterprises in the region took part, entrepreneurs, both the Government and the Trade Unions of our region, the Ida-Virumaa Development Strategy 2021-2035 was created - this is a common strategic document for the local governments of Ida-Virumaa, drawn up under the auspices of the Ida-Virumaa Union of Self-Governments, in which

contains a description of the development directions of the county until 2035.

The development strategy provides a framework for documentation and initiatives related to the development of various sectors in the county, which is the "green" plan (Plan G), County Business Plan (Plan B), County Carbon Reduction Plan (Plan C), Just Transition Highlights, Education Development Plan (Plan E), Marketing Development Strategy, and development of products in the tourism cluster. This development documentation provides a more detailed description of development plans in various areas.

The development strategy was approved by the councils of all local governments in Ida-Virumaa. The action plan within the framework of the development strategy will be approved by the Ida-Virumaa Municipality Association.

Ida-Virumaa County has two main problems to solve: population decline and ageing and the related need to adjust the infrastructure and volume of services, economic diversification and implementation of the "green" transition while maintaining (increasing) the level of well-being of the inhabitants of the county.

The drafters of the development strategy and partners have identified a vision for the development of Ida-Virumaa, in which the main aspect that will undoubtedly lead to change the desire to take a leadership position in the field of green transition in Estonia while maintaining and improving the well-being of the population of the county and the competitiveness of enterprises.

In order to solve the problems existing in the county, local governments and social partners should work together in three main areas: the area of development of the inhabitants of the region (education, culture, sports, social sphere and health care), development in the field of economy and entrepreneurship, including tourism, and in the field of residential environment and infrastructure.

The development goals and directions will be in line with the transition taking place in the county and the associated fair transition from a fossil fuel-based economic model to a more environmentally friendly and a diverse socio-economic one.

The development strategy will be implemented with the support of the county's development partners. The implementation of the strategy will be coordinated by the Association of Local Governments of Ida-Virumaa (County Development Organisation MARO), the foundation "Development of Industrial Parks of Ida-Virumaa" (Ida-Virumaa Tööstusalade Arendus SA) and the Ida-Virumaa Entrepreneurship Center (Ida-Virumaa Ettevõtluskeskus SA).will also be closely connected with the implementation process.





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The implementation of the strategy will be monitored by the Union of Local Governments of Ida-Viru County at two-year intervals. The following concepts are used in the Development Strategy:

CCS-CCU technologies – Carbon capture and storage and Carbon capture and utilisation.

Cluster - in the meaning of this development strategy, a form of cooperation between competent persons and organisations based on a network in a particular area, which is characterised by jointly formulated goals in a particular area and joint concrete actions aimed at achieving them, as well as resources.

County Development Strategy – a county strategic development planning document drawn up on the basis of the Local Government Organisation Act, which was created jointly with local governments in the county and various interest groups, and which lists the strategic goals of Ida-Virumaa County and the ones necessary to achieve them strategic directions of development in the long term until 2030+.

Recreation and entertainment zone – an area in a county that, due to its natural and anthropogenic prerequisites and opportunities, is focused on providing opportunities for recreation, entertainment and tourism services.

The circular economy is an economic model that prioritises the sustainable use of resources. The "Greens" Plan (Plan G) is a plan for the use of renewable energy, "green" technologies, "blue" and circular economy in Ida-Virumaa during the transition to a climate neutral economic model.

"Green" transition - carried out within the framework of the "Green Pact Europe", the transition to a climate-neutral and environmentally friendly socio-economic model, which includes three main parameters:

- Climate neutrality by 2050
- Separation of economic growth from the use of natural resources
- No one will be left behind

"Green" technology - the use of technology and science to create environmentally friendly products.

Industrial and business region – a region in a county where industrial companies and other types of business activities will be intensively operated.

Industrial zone - prepared (or in preparation) zones with basic infrastructure, institutionalised management, certain land property, divided into soils, aimed at the development of industry, as well as other areas of entrepreneurial activity.

At a time when we were very busy with the green transition, due to which hundreds of workers were laid off at our enterprise, in March 2020, another unexpected problem came - COVID-19. People began to get sick en masse, and we even had to close the mining enterprise for 3 weeks.

Thanks to the timely decisions of our Government, we managed to stay afloat without closing the enterprise at that time and without laying off people. The aid package adopted by the Government was that the Unemployment Insurance Fund was to provide support worth 250 million euros. Eligibility criteria were defined for grants.





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Establishments that meet at least two of the following criteria could apply for salary subsidies:

- 1) The turnover or income of the company must be at least 30% lower than the same period last year.
- 2) Due to the coronavirus, the company is unable to offer employment to at least 30% of its employees.
- 3) The company has reduced the salary of its employees by at least 30%.

(Read more on dv.ee: <https://www.dv.ee/novosti/2020/03/19/pervye-resheniya-o-pomoshhi-ot-kassy-po-bezrabortic>)

For such enterprises, the Unemployment Insurance Fund reimbursed 70% of the average gross salary for the last 12 months, but not more than 1,000 euros. The employer is also obliged to pay each employee at least 150 euros at the time of receiving the assistance. According to the Minister of Social Affairs, about 80% of the monthly salary can be provided to an employee in this way.

Employers will be able to use assistance from the Unemployment Insurance Fund in March, April and May, but not more than 60 days.

Our enterprise also used such help within 2 months.

It was also decided that the Health Insurance Fund will now compensate for sick leave for any reason from the first day, but only for a certain period.

As reported by the Health Insurance Fund, sick leave or care leave can be taken by employees who are not healthy themselves, who have unhealthy children or relatives who need care. This applies to all diseases, not only for the coronavirus. Also, sick leave can be issued by those who have been in contact with people who have confirmed coronavirus, but they themselves do not have any symptoms.

Such payment for sick leave continues to this day, and assistance to enterprises was only in the first wave of COVID-19.

In 2020, power plants generated 5,516 gigawatt-hours (GWh) of electricity, a quarter less than a year earlier. The amount of electricity produced from oil shale has dropped by half. According to the analyst of the Department of Statistics, in 2020, the growth of electricity production from renewable sources lasted. "Over the year, the production of electricity from wood fuel increased by 13% and accounted for a quarter of the total electricity production. 843 GWh of wind energy was produced, up 23% from a year earlier, while hydropower generation, i.e. water energy, increased over the year more than two times," said the analyst of the Department of Statistics.

This meant that we produced less and less electricity from oil shale, but in the second half of 2021, the price of electricity began to rise.

We had to reactivate all the blocks that could work. We began to generate energy in the quantities that our production capacities were capable of. We have increased shale production. All this we produce only within the framework of the "Green Transition", observing all the criteria for reducing CO2 emissions. But due to the global increase in the price of CO2 quotas, we still cannot fully operate all units, because the cost of electricity is too high.





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Our union of miners and power engineers believes that the transition to zero CO2 emissions in the world should take place fairly, smoothly, and not at the expense of a certain category of workers who were forced to leave in one day

labour market without giving anything in return. These people were left without work, without means of subsistence. The Green Transition strategy has been outlined and developed, but its implementation takes time, and people need to live and work now.

The Green Transition should be fair, not destructive.

