PÄRNU

Pärnu Integrated Action Plan

URBACT

Co-funded by the European Union
Interreg

The EcoCore Project

Green Transition in Small Cities along Transport Corridors

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PÄRNU 2025

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IAP SECTION 1

FOCUS, CONTEXT, NEEDS AND VISION

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Integrated Action Plan (IAP)

EcoCore project gives opportunity for Pärnu to work with local and national stakeholders to address the challenges regarding the transition to green and sustainable economy. The focus of the IAP is around a new major infrastructure project called Rail Baltic, which connects Pärnu to two capital cities – Tallinn and Riga. This opens up totally new economical perspectives for Pärnu and it is crucial that the city takes out maximum of this new development. As the new possibilities arise, new ways of creating a sustainable economy should also be taken into account.

This Integrated action plan focuses on how Pärnu could use all the logistical corridors in its advance as new offshore wind parks, e-methanol and hydrogen plants are being planned to be in Pärnu and working in just a few years from now.

The project helps to increase local level knowledge on how to better use all the available ressourcces (logistical corridors and industrial areas of Pärnu), and how to manage them sustainably. The project also focuses on local level cooperation and international knowhow and how to integrate best practices to Pärnu's development.

Current situation and data

Pärnu, a city with 52,000 people, is a summer tourist destination with its own cruise and industrial port. It is strategically positioned, connected to Tallinn, Riga, and Helsinki Vantaa via the Via Baltica (E67) highway and a local airport. Its international connectivity is further developing and it will soon have a new station for the Rail Baltica fast train service. The Council is also building a new 300m long bridge and plans to develop a new commercial downtown centre in addition to the original 'old' town centre.

The city is well-suited for manufacturing industries due to its transport connectivity, with successful wood processing and textile manufacturing industries. There is a growing demand for industrial space, and the city has planned to add new industrial areas (approximately 60 hectares) to the north-west Pärnu industrial area.

The city is already making strides towards the green transition with efforts to promote and incentivise solar panel installation, sustainable mobility and car reduction measures. In 2019 the Council opened its own 5MW solar power-plant on top of an old waste plant. All public buses are fuelled by natural biogas from local sources. It is also planning for the construction of two off-shore wind farms with a total of 600 turbines.

The priority of Pärnu Council, in cooperation with the regional Pärnu County Authority, is to diversify the local economy, specifically to minimise seasonality impacts and low wages in services which are typical of tourist destinations. A further key economic development aim is to create the best living quality and standards for the people and attract new industries and investors.

Pärnu city SWOT Analysis:

STRENGTHS

- E-residency- remote entrepreneurship
- Strategic location
- High quality environment including air
- Plentiful natural assets
- E-government services
- Safety and security
- Relatively low corruption
- Returning immigrants
- Simple and streamlined process to establish a company
- No tax on company profits unspent or reinvested
- Renewable Energy Resources e.g. wind, solar, wood
- Strong cultural offering

WEAKNESSES

- High cost of living with the sense that wage increases are not matching the rate of price increases
- Shortage of human resources
- Lack of local government autonomy in terms of finances
- Central government manages the distribution of local funds
- Lack of capacity in electricity grid to support hydrogen development
- Lack of autonomy to drive airport related strategic growth
- Relatively shallow riverbed liming port activity
- Lack of young people

OPPORTUNITIES

- Rail Baltica improving connectivity
- Climate change resulting in increased tourism demand
- Gaming industry & its possibility as an interdisciplinary anchor
- Staff relocation from large corporates e.g. banks due to wages & eservices
- Attraction of digital nomads & related entrepreneurship opportunities
- Airfield (250 hectares) open for development
- A model of more inclusive & equitable development
- Extension of tourism season e.g. medical spas, products to target ageing market
- Circular & bioeconomy
- Logistics & aviation related industries
- Regional College of Tartu

THREATS

- Climate Change – Floods & Fires
- Cost of Living
- High energy prices (for businesses especially)
- Rail Baltica – could lead to dormancy & the development of Pärnu as a commuter city
- Increasing bureaucratic delays
- War in Ukraine – lack of Russian tourists, fear from international tourists due to proximity with Russia
- Growing dominance of far right
- Resistance to change

Existing strategies and policies

Pärnu City Council is committed to steering the development of the city and its hinterland towards a more sustainable and resilient future especially to take account of the effects of climate change. The City Council is incorporating the policy guidelines of the EU Cohesion Policy namely Smarter, Greener, Connected, Social and Europe closer to citizens as a guiding framework into its future development plans.

Pärnu subscribes to the various dimensions of the New Leipzig Charter - the just, green, productive and digital city. The city has embraced digitalisation and actively promotes the adoption of new technologies displacing older carbon intensive practices.

Through EcoCore the city aims to support the implementation of some of the key policy objectives found in the following national and local level policy documents.

National strategies

- Estonia 2035 Strategy
- Estonia Digital Agenda 2030
- Estonian Research and Development, Innovation and Entrepreneurship Strategy 2021—2035 (RDIE)
- Welfare Development Plan 2023-2030

Existing local strategies:

- Pärnu City Development Plan
- Pärnu's Climate Action Plan
- Pärnu General Plan

Problem identification by local stakeholders (ULG)

Based on the information gathered from local ULG and stakeholders, the main problems regarding Pärnu development are listed below:

- **Limited Economic Diversification:** While Pärnu has a growing manufacturing base, particularly in wood processing and textiles, there is a need for further diversification to reduce dependence on a few industries and to make the local economy more resilient. The city aims to expand its manufacturing base and grow sectors such as IT to diversify its economy.
- **Seasonality and Low Wages in the Service Sector:** Due to its status as a tourist destination, Pärnu faces significant seasonality with economic activities peaking in summer and dwindling in other seasons. This leads to low wages and job instability in the service sector, affecting local livelihoods and economic sustainability.
- **Environmental and Energy Sustainability:** Aligning industrial development with European and national objectives for sustainable local development is a challenge. There is a particular focus on the energy transition away from fossil fuels towards a low-carbon, circular economy, which is a significant challenge given the scale of investments required and the lack of available local renewable energy sources.
- **Infrastructure Development:** While Pärnu is well-positioned geographically and is developing its transport infrastructure (e.g., airport, Rail Baltica, new bridge), there is a continuous need to enhance this infrastructure to support economic growth and improve connectivity.
- **Education and Skills Development:** There is a need to expand education and skills development to strengthen the local workforce's capabilities. This is crucial for attracting new industries and entrepreneurs and for supporting the transition to a more diversified and sustainable economy.
- **Green Transition for Existing Businesses:** Implementing greener energy strategies is challenging for existing businesses due to the significant investment required and the current lack of local renewable energy sources. This hinders the city's ambition to guide development towards a more sustainable, low-carbon economy.

Pärnu ULG members/stakeholders

NAME	ORGANISATION	MORE INFORMATION
Silver Smeljanski	Deputy Mayor Pärnu City Government	EcoCore project team
Lauri Liblik	Business Specialist	
Aivo Lepp	Development Specialist	
Eveli Uisk	Pärnu City Government	Head of Development Department Pärnu City Government
Siim Orav	Pärnu City Government	City Architect Pärnu City Government
Andres Sooniste	Chamber of Pärnu Entrepreneurs	Representative of Chamber of Pärnu Entrepreneurs (50+ members)
Jaana Junson	Pärnu City Council	Head of Planning Commission Pärnu City Council
Ain Hinsberg	Pärnu College	Project manager
Erik Reinhold	Pärnu Development Centre	Head of Development centre
Garri Raagmaa	Pärnu College	Director of Pärnu College

Vision – general objective

The vision of the IAP is to set clear agenda of how Pärnu can use all its logistical corridors in its advance and how to do it sustainably.

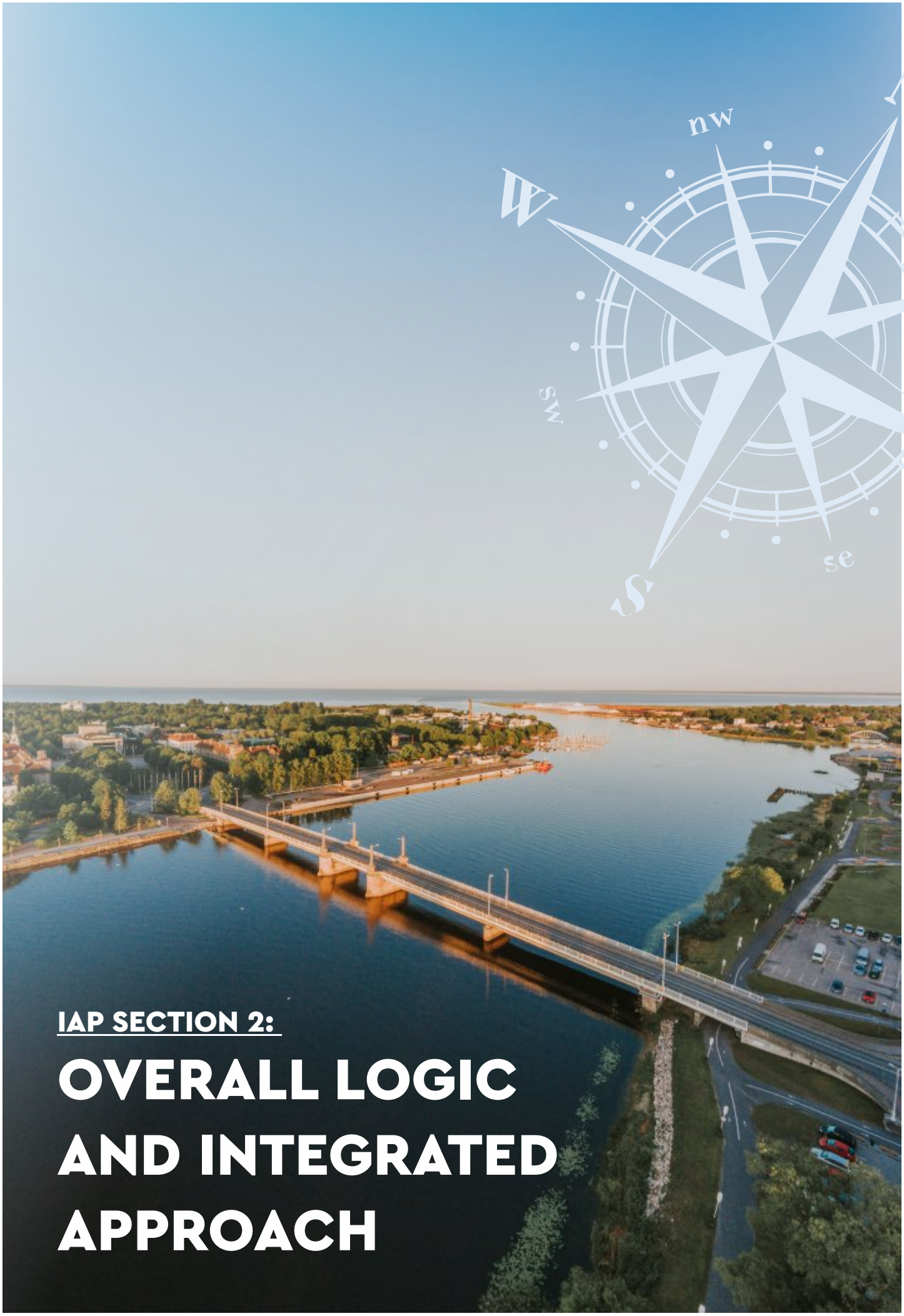
First ideas of testing actions

From different meetings with project work group and ULG and also taking into account all relevant problems and goals, Pärnu came up with an idea to create international continuous local economic development conference to boost the knowledge of local stakeholders and enhance sustainable economic development close to main transport coridors – via baltica highway and Rail Baltica.

Currently Pärnu is in a situation, where all major logistic developments are in a phase of being built or soon to be built. But there is no concrete plan how to sustainably gain value from all these developments. Thats why Pärnu would like to organize international conference tackeling this problem. We would like to get the best knowhow from nabouring countries how to create logistical HUBs and run long lasting projects, because they have many decades of best practises of running these huge projects. Also, as Pärnu is close to Latvia, we would like to expand the economic development and cooperation to Latvia as well. As Rail Baltica and Via Baltica highway goes through Latvia and Estonia it would be smart to see the region as one economic region and start developing the economy togeather for the future as many new possibilities arise.

This conference should take place every year. Thanks to EcoCore project we have secured extra funding for future projects regarding the economical development in the region. And we have also ideas of new Interreg or Horizon projects to take part in.

This test event would be the starting point for future development cooperations in Pärnu and Estonia-Latvia region.



IAP SECTION 2:

OVERALL LOGIC AND INTEGRATED APPROACH

OVERALL LOGIC AND INTEGRATED APPROACH

Pärnu, historically known as **Estonia's summer capital**, is rapidly transforming into a dynamic logistics and industrial hub through a combination of strategic infrastructure investments, the development of modern industrial parks, and a focus on sustainable and high-tech industries. This shift is largely driven by its advantageous location along the Tallinn–Riga corridor, which is being reinforced by major transport initiatives.

One of the most transformative projects is **Rail Baltica**, a high-speed rail link that will connect Pärnu directly to Central Europe. The planned freight terminal in Pärnu, set to begin operations by 2026, is projected to handle 10–14 trains weekly, facilitating the export of regional products such as wood, furniture, textiles, and peat to major European markets like Germany and Poland.

Additionally, the **Via Baltica** (E67) highway provides direct north-south road connectivity from Tallinn to Riga and further into Central Europe, making Pärnu an accessible and attractive location for logistics and freight companies. The city's maritime capabilities are enhanced by the Port of Pärnu, which can handle vessels up to 148 meters in length and is equipped for efficient cargo handling.

Complementing these assets is the upgraded **Pärnu Airport**, now capable of accommodating charter flights, private aviation, and with the potential to develop cargo transport capacity.

To support industrial growth, several **purpose-built parks** have been established, such as the Niidu Industrial Park located within the city and designed for logistics, warehousing, and light industry, as well as Uulu Technopark and Sauga Technopark, both strategically placed along the Via Baltica and near future Rail Baltica infrastructure to attract transport and manufacturing businesses.

Beyond physical infrastructure, Pärnu is embracing sectoral diversification with projects like the **Power2X green methanol and hydrogen plant**, which utilizes sustainably sourced biomass to produce clean energy and support Estonia's green transition. In addition, a new 200-hectare **defense industrial park** is being developed in Ermistu, Pärnu County, to manufacture ammunition and explosives, with operations expected to start by 2027 and a planned investment of €50 million. These developments are supported by a proactive business environment, including strong collaboration between educational institutions and companies to ensure a skilled workforce, an emerging innovation ecosystem with regional initiatives such, and a high quality of life that combines natural beauty with a sustainable lifestyle.

In next five years Pärnu will focus on three big strategic objectives which include areas of interventions:

1. Multimodal Logistics and Opportunities

a. Leverage Rail Baltica, Port of Pärnu, Pärnu Airport and road transport to enhance logistics and connectivity in the Baltic Sea region.

b. Promote opportunities in manufacturing, education, real estate and tourism through improved logistics.

c. Implement green and digital solutions to support sustainable and efficient transportation and logistics systems.

Area of Intervention	Specific SMART Objectives	High-Level Actions
Rail Baltica Integration	Ensure seamless integration of Rail Baltica into Pärnu's logistics network by 2030.	Develop infrastructure around Rail Baltica stations. Connection roads to key locations (Industrial zones, port etc) Facilitate freight and passenger services.
Port of Pärnu	Increase cargo throughput by 20% by 2030.	Modernise port facilities. Enhance connectivity between the port and other transport modes.
Pärnu Airport conversion	Increase the passenger capacity by 2028.	Conversion of the airport into a private. Introduce new regional and international flight routes.
Road Transport Efficiency	Reduce road transport emissions by 15% by 2030.	Promote the use of railway and sea transport to reduce the traffic load on the roads.

2. Green and Digital Solution Development

a. Implement eco-friendly public transportation and promote renewable energy projects.

b. Advance smart city initiatives to enhance digital services for residents and businesses.

Area of Intervention	Specific SMART Objectives	High-Level Actions
Green Solutions	Reduce Pärnu's carbon emissions by 25% by 2030.	Implement eco-friendly public transportation systems. Expand renewable energy projects.
Smart City Initiatives	Roll out 3 smart city projects by 2026.	Install smart meters for energy and water management. Launch pilot smart mobility solutions.

3. Planning and Development of Sustainable and Green Industrial Areas in Pärnu

a. Focus on developing environmentally friendly industrial zones that incorporate renewable energy, green infrastructure and circular economy principles.

b. Enhance collaboration between industries, local government and educational institutions to foster innovation and sustainability.

Area of Intervention	Specific SMART Objectives	High-Level Actions
Sustainable Industrial Zones	Develop a green industrial zones by 2030.	Identify and allocate land for industrial zones. Implement green infrastructure and renewable energy solutions.
Renewable Energy Integration	Ensure 50% of energy inindustrial areas comes from renewable sources by 2035.	Establish partnerships with energy providers. Support industries in transitioning to renewable energy systems.

The goal of the EcoCore URBACT project in Pärnu is to accelerate the green transition in emerging industrial regions by developing a place-based, collaborative Integrated Action Plan (IAP). This plan addresses critical environmental, economic, and social challenges, offering a strategic roadmap for transforming Pärnu into a leading model of sustainable industrial development in the Baltic Sea region.

Pärnu's IAP provides a comprehensive framework for the sustainable transformation of industrial lands, focusing on the Savi, Niidu, and Hiiu industrial areas, while supporting city-wide resilience and inclusive growth. It combines smart investment, multi-level governance, and stakeholder-driven planning to ensure a just and successful green transition.

In developing this IAP, the Pärnu Urban Local Group (ULG) has identified key challenges that the city must address to future-proof its economy and improve quality:

- **Multimodal logistics and its opportunities** – Pärnu must strengthen its brand as a green investment destination, attracting sustainable businesses and marketing the city as a logistics and industrial hub connected to Rail Baltica and Via Baltica. The city is committed to expanding circular economy practices, reducing resource consumption, and promoting innovation aligned with the Pärnu Climate Action Plan and Estonia's Circular Economy Roadmap.

- **Green and Digital Solution Development** – focus on integrating sustainable technologies and smart infrastructure to reduce the city's carbon footprint and enhance urban efficiency. This initiative promotes eco-friendly public transportation, expands the use of renewable energy, and implements smart city innovations such as energy monitoring systems and digital mobility solutions. By combining green infrastructure with digital tools, Pärnu aims to create a more resilient, data-driven, and environmentally responsible urban environment that supports both citizens and businesses in the transition to a low-carbon future.
- **Planning and Development of Sustainable and Green Industrial Areas in Pärnu** - aims to transform existing and future industrial zones — such as Savi, Niidu, and Sauga into models of environmentally responsible growth. This initiative focuses on integrating renewable energy, green infrastructure, circular economy principles, and low-impact construction standards into industrial planning. Through collaboration with businesses, planners, and educational institutions, Pärnu seeks to create industrial areas that are not only economically competitive but also aligned with its climate goals, ensuring long-term sustainability and regional attractiveness.

The IAP is developed through a co-creative stakeholder process, identifying strategic and practical actions that unlock local potential. It includes:

- Identification of economic and educational opportunities;
- Definition of implementation phases with timelines and key milestones;
- Design of monitoring and evaluation frameworks to ensure accountability and learning;
- Alignment with national (Estonia 2035, RDIE Strategy) and EU-level (European Green Deal, Cohesion Policy) objectives.

Through this plan, Pärnu City Government aims to:

- Position the city as a national leader in green industrial development;
- Enhance the city's participation in cross-border collaboration (e.g. Estonia–Latvia green corridor development);
- Increase local resilience and prosperity by embedding sustainability into urban, economic, and social systems;
- Support the goals of the Pärnu City Development Strategy, Climate Action Plan, and the broader Estonian Green Transition Agenda.

This IAP is not only a strategy for Pärnu's future — it is a blueprint for replicable action in other mid-sized cities across Estonia and the Baltic Sea region. It prioritizes people, place, and planet, ensuring that economic growth is balanced with social inclusion and ecological integrity.

Objective 1: RB integration to city:

Objective	Action	Expected outcome	Resources	Timeline
Rail Baltica integration to city	Develop rail baltica cargo terminal surrounding areas for manufacturing and business areas	More businesses around strategic logistical hub	100 000 eur for zoning purpouses	Q2 2026
	Green public transport connections from Rail Baltica passanger terminal	Better connection to Pärnu city centre and RB terminal	2m-5m for reconstructiong road and new cycle lanes and bus only lanes	2027-2029
	Connect Port of Pärnu, Pärnu airport and Rb cargo terminal via inner city railroad	Connect all city industrial zones via inner city railroad for greener transport in the city	15+m of planning and constructing the connection	2030

The integration of Rail Baltica into Pärnu's urban, industrial, and transport systems represents one of the most transformative infrastructure developments in the city's modern history. As part of the broader European Rail Baltica project — which connects Tallinn to Warsaw via Riga, Kaunas, and ultimately to the European high-speed rail network — Pärnu will gain not only strategic access to continental freight and passenger corridors, but also a catalytic opportunity to reimagine its local economy and spatial development. The city is uniquely positioned to leverage this infrastructure to create a sustainable, high-value economic cluster anchored in logistics, advanced manufacturing, and clean technologies.

At the core of this vision is the development of the Rail Baltica cargo terminal and its surrounding areas, which are earmarked in the city's spatial and investment strategies as priority zones for industrial expansion. These areas will be master-planned to support green industrial parks, logistics centers, innovation campuses, and export-oriented manufacturing facilities. The proximity to a high-capacity international rail line will significantly lower logistics costs, reduce time-to-market for regional producers, and attract foreign direct investment. This development is expected to bring new businesses and employment opportunities to the region, while positioning Pärnu as a core logistics node in the North–South European corridor.

To support inclusive mobility and reduce carbon emissions, the city is planning to implement green public transport connections from the new Rail Baltica passenger terminal to the city center and key residential districts. These connections will prioritize low-emission modes such as electric buses, biogas-fueled vehicles, and potentially autonomous shuttles in the future. Dedicated transit lanes, mobility hubs, and integrated ticketing will ensure a seamless travel experience for commuters and tourists. The aim is not only to improve accessibility, but to promote modal shift away from private cars, reducing urban congestion and environmental impact.

A critical element of Pärnu's long-term transport strategy is the proposed inner-city rail link connecting the Port of Pärnu, the regional airport, the Rail Baltica cargo terminal, and major industrial zones such as Niidu, Sauga, and Hiiu. This freight-focused rail corridor would enable sustainable movement of goods between the city's key logistical assets, minimizing the need for road-based freight transport. The concept builds on the European trend of developing urban freight rail systems that serve multiple industrial and transport nodes within city regions, lowering emissions, noise, and wear on public roads.

This multimodal, low-emission logistics network would be a first-of-its-kind for Estonia and could serve as a blueprint for other mid-sized cities in the Baltics seeking to combine green transition goals with economic growth. The integration of port, rail, and air logistics — facilitated by smart digital systems — would enable Pärnu to compete with larger metropolitan logistics hubs while offering the benefits of lower operating costs, high quality of life, and environmental stewardship.

The strategic integration of Rail Baltica into Pärnu's green industrial development plan reflects the city's commitment to forward-looking urban planning and sustainable economic transformation. It underscores the city's ambition to become a regional leader in smart logistics, sustainable transport, and circular economy-based industrial policy, firmly aligning with the objectives of the European Green Deal, Estonia 2035, and the EcoCore URBACT project.

Objective 2: Green and digital solution development

Objective	Action	Expected outcome	Resources	Timeline
Green and digital solution development	Renewable energy projects	Greener energy for citizens and industres to reduce carbon footprint	Private and Public investments TBC	Start in 2026
	Electric bus infrastructure	0 emission public transport	Ca 10m	Q1 2027
	Smart City initiative	Develop a fund for innovative smart solutions and use Pärnu as a sandbox for testing new initiatives. Develop city as a high-tech city	1m	Q4 2026

The development of green and digital solutions in Pärnu forms a critical component of the city's broader strategy to accelerate its transition to a climate-neutral and smart urban economy. In response to growing environmental pressures, shifting EU regulatory standards, and increasing citizen demand for sustainable living, Pärnu is actively investing in technologies and infrastructure that not only reduce carbon emissions but also enhance the efficiency, inclusivity, and resilience of urban systems.

A central focus of this transformation is the expansion of renewable energy projects, which play a pivotal role in reshaping the local energy landscape. The city is advancing plans for large-scale offshore wind farms, solar energy installations on public and industrial buildings, and the continued use of locally sourced biogas for heating and transport. These projects are designed to significantly increase the share of clean energy available to households, businesses, and municipal services, thereby reducing reliance on fossil fuels and strengthening Pärnu's energy security. Importantly, this transition supports Estonia's national climate targets and the EU's Fit for 55 package, while also making Pärnu more attractive to industries that require access to affordable, low-carbon electricity, such as data centers, green manufacturing, and hydrogen production.

To complement this cleaner energy supply, the city is committed to decarbonizing its public transport system through the gradual rollout of a modern electric bus network. Building on the success of its biogas bus fleet, Pärnu plans to introduce zero-emission electric buses powered by locally generated renewable energy.

This includes investments in charging infrastructure, depot upgrades, and smart fleet management systems, all of which are essential to delivering a quiet, clean, and efficient transport experience for users. By eliminating tail-pipe emissions from public transit, the city aims to improve air quality, reduce noise pollution, and encourage a modal shift away from private cars — especially for short and medium-distance trips.

At the core of this evolution lies Pärnu's emerging role as a «Smart Green City», where digital innovation supports ecological and social goals. The city is establishing a dedicated Smart City Innovation Fund — a financial mechanism designed to support the development, piloting, and scaling of digital technologies that enhance urban sustainability and service delivery. Through this fund, the city will actively seek partnerships with startups, universities, and technology providers to co-create and test solutions in areas such as smart grids, water conservation, real-time air quality monitoring, waste sorting and collection, e-mobility, and urban planning simulations using AI and digital twins.

Pärnu will also be positioned as a «sandbox city» — a living lab where emerging technologies and ideas can be tested under real-world conditions, monitored, and refined before wider deployment. This approach not only accelerates innovation but creates an ecosystem that fosters entrepreneurship, knowledge transfer, and public-private collaboration. Residents will be engaged through participatory tools, digital feedback platforms, and co-design workshops to ensure that smart city developments are inclusive and responsive to community needs.

This integrated approach — where renewable energy, clean mobility, and digital innovation converge — positions Pärnu as a model for sustainable urban transformation in Estonia and across the Baltic Sea region. It reflects the city's commitment to leading the twin transition (green and digital) while delivering tangible benefits to its residents, businesses, and future generations.

Objective 3 Planning and Developing Sustainable and green Industrial areas

Objective	Action	Expected outcome	Resources	Timeline
Planning and Development of Sustainable and Green Industrial Areas	Buy straegic land around renewable energy substations to create zones for high energy consumption industries	New investments and high salary job creation	10m (private and public)	Q4 2026
	Create green industrial zones planning guidebook	Efficient and clear rules for new developed industrial zones	20 000 eur	Q1 2026
	Continue Pärnu economic forum	Better collaboration between local private and public sector	50 000 annually	Q3 2025

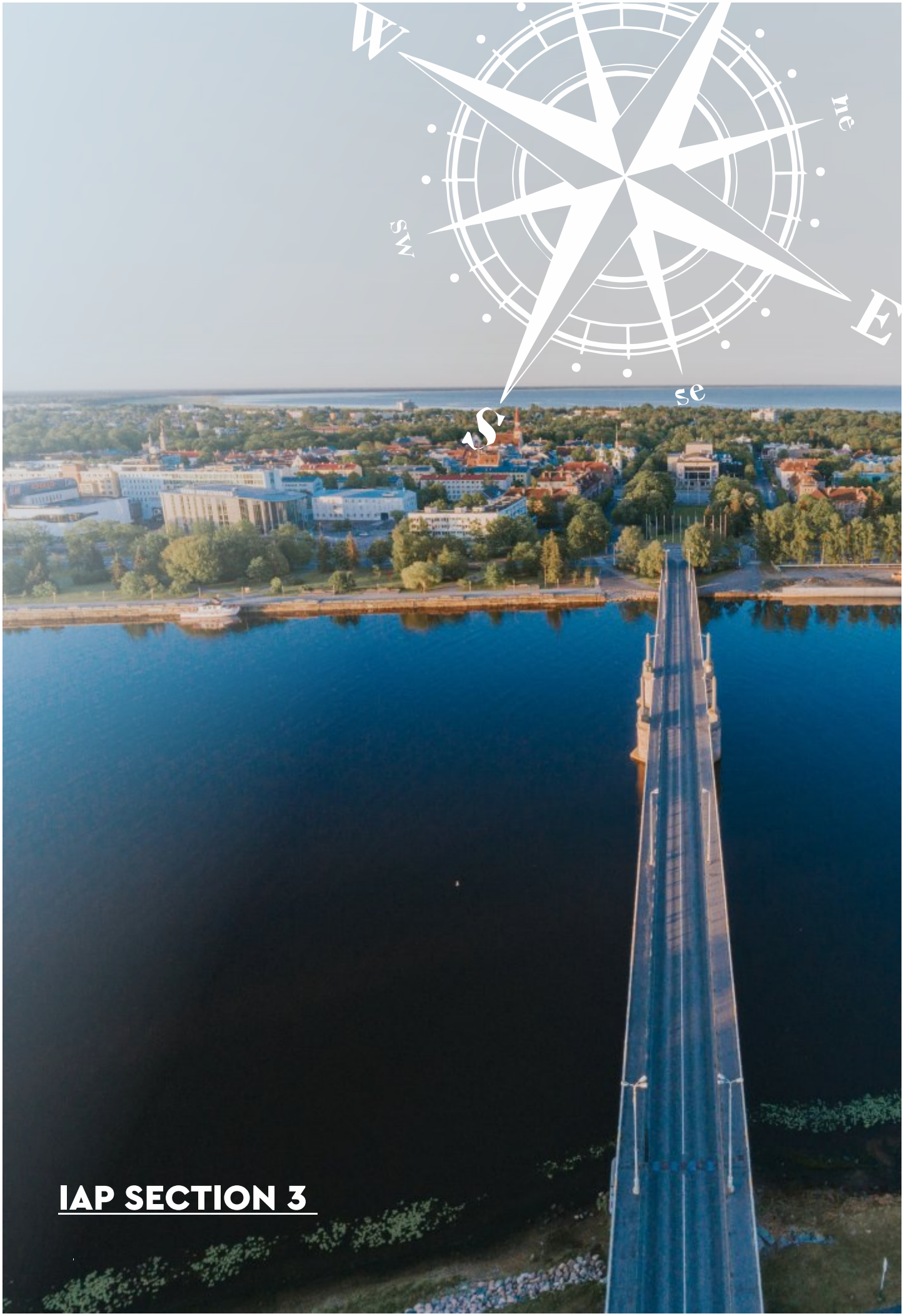
The planning and development of sustainable and green industrial areas in Pärnu represents a cornerstone of the city's strategy to drive forward the green transition while fostering economic resilience and future-ready job creation. As global industry shifts toward decarbonization and environmental compliance, Pärnu is proactively positioning itself as a regional leader in green industrial development through innovative spatial planning, targeted investments, and collaborative governance models.

A critical component of this strategy involves the strategic acquisition and zoning of land adjacent to renewable energy substations. These locations offer significant advantages for energy-intensive industries such as green hydrogen production, electric battery assembly, bio-based manufacturing, and data centers. By developing industrial zones with immediate access to locally generated clean energy — including wind, solar, and biogas — Pärnu can provide competitive operational costs, reduce transmission losses, and enable real-time carbon-neutral operations. This targeted approach aligns with both Estonia's National Energy and Climate Plan and the European Green Deal objectives, while enhancing the city's ability to attract high-value investments, spur innovation, and generate high-wage, knowledge-based employment opportunities.

To support this next generation of industrial zones, Pärnu will develop a Green Industrial Zone Planning Guidebook. This guidebook will act as a comprehensive policy and design tool that outlines the technical, environmental, and procedural standards for all new industrial development projects. It will include guidance on land use efficiency, integration of renewable energy systems, energy-positive building standards, biodiversity preservation, sustainable transport access, and water and waste management systems based on circular economy principles. The guidebook will ensure regulatory clarity for developers and investors, while also embedding sustainability at the heart of urban-industrial expansion. Importantly, it will align with Pärnu's General Plan 2035 and the city's Climate Action Plan, creating a unified planning framework to guide future development.

In addition to spatial and regulatory planning, the city recognizes the importance of stakeholder dialogue and long-term collaboration between public authorities, businesses, and the wider community. To facilitate this, Pärnu is committed to continuing and expanding the Pärnu Economic Forum, which was launched under the EcoCore initiative as a test action. This forum will evolve into an annual strategic conference focused on green growth, smart logistics, industrial innovation, and regional cooperation. It will bring together local entrepreneurs, investors, educators, urban planners, national policymakers, and international experts to share knowledge, identify joint ventures, and shape the future of the city's economy. The forum will also serve as a platform for presenting updates on the IAP, tracking progress on green industrial zones, and generating new project ideas eligible for funding through programs like Interreg, Horizon Europe, and the Just Transition Fund.

Through this integrated approach — anchored in strategic land development, clear regulatory tools, and multi-stakeholder collaboration — Pärnu is building the foundations for a robust, green, and inclusive industrial ecosystem. These efforts are not only about attracting investment and creating jobs but also about demonstrating how mid-sized cities can lead in the transition to a circular, climate-neutral economy while improving quality of life for residents and ensuring the long-term health of their natural and economic environments.



IAP SECTION 3

Integrate Rail Baltica Into Sustainable Industrial and Urban Development In Pärnu

The integration of Rail Baltica into Pärnu's urban, industrial, and transport systems is a transformative opportunity to position the city as a strategic logistics and industrial hub in the Baltic Sea region. As a critical node along the trans-European Rail Baltica corridor connecting Tallinn to Warsaw, Pärnu will benefit from enhanced freight and passenger connectivity, offering the city a unique opportunity to reimagine its economic base and spatial planning priorities.

At the heart of this vision is the development of the Rail Baltica cargo terminal and surrounding zones, identified in the City Development and Investment Plans as priority areas for industrial and commercial expansion. These areas will be master-planned to accommodate green industrial parks, innovation campuses, export-oriented manufacturing facilities, and logistics centers. The proximity to high-speed international rail infrastructure will reduce logistics costs, shorten delivery times, and improve regional supply chain efficiency. This is expected to attract new investments, facilitate job creation, and strengthen Pärnu's position within the North–South European freight corridor.

To support sustainable and inclusive mobility, the city will develop green public transport links connecting the Rail Baltica passenger terminal with the city centre and key residential districts. Plans include electric and biogas bus services, mobility hubs, smart ticketing systems, and dedicated green lanes. This will enhance accessibility while encouraging a modal shift from private vehicles to public transport, reducing traffic congestion and greenhouse gas emissions.

A core element of the long-term strategy is the development of an inner-city rail freight corridor connecting Pärnu's key logistical nodes: the Port of Pärnu, the regional airport, the Rail Baltica terminal, and industrial areas like Niidu, Sauga, and Hiiu. This rail link would create a low-emission, multimodal freight network that improves logistics efficiency and significantly reduces the need for road-based freight transport, aligning with EU urban freight strategies.

This initiative will be supported by the introduction of digital logistics platforms, smart infrastructure monitoring, and stakeholder engagement to create a resilient, data-driven, and climate-neutral logistics ecosystem. Pärnu's role as a pilot city in this green logistics transformation will create a blueprint for replication across similar-sized cities in the Baltic region.

Key Actions:

1. Develop a detailplan for industrial development around the Rail Baltica cargo terminal.
2. Implement zoning and land-use regulations to support green and logistics-oriented investment.
3. Establish a multi-stakeholder governance structure to oversee planning and development.
4. Design and implement electric/biogas public transport connections to the Rail Baltica passenger terminal.
5. Conduct a feasibility study for the inner-city rail freight corridor linking port, airport, and industrial zones.
6. Pilot digital tools for real-time logistics coordination, emissions monitoring, and freight route optimization.

Expected Outcomes:

- Increased freight and passenger traffic through Pärnu.
- Establishment of new logistics and manufacturing enterprises.
- Greater connectivity between key economic zones.
- Reduction in GHG emissions from freight and commuting.
- Enhanced investment appeal and high-quality job creation.

Key Performance Indicators (KPIs):

- Completion of industrial zone masterplan by Q4 2026.
- At least 3 new logistics-oriented companies established by 2028.
- 20% reduction in truck freight volume through city centre by 2035.
- 50% of freight between port, airport, and terminal shifted to rail by 2035.
- 2,000+ jobs created or retained through logistics-related investment by 2035.
- Passenger satisfaction rating for Rail Baltica public transport links >80%.

Relevant Stakeholders (Lead):

- Pärnu City Government

Supporting Stakeholders:

- Rail Baltica Estonia
- Estonian Ministry of Economic Affairs and Communications
- Pärnu County Development Centre
- Enterprise Estonia
- Port of Pärnu Authority
- Pärnu Airport Authority
- Private logistics and industrial park developers
- Pärnu College (University of Tartu)
- Local transport operators

Resources Required:

- Planning expertise for masterplanning and zoning (urban planners, transport engineers)
- Technical feasibility studies (rail links, grid upgrades, terminal design)
- Digital platform development and integration
- Green public transport infrastructure (buses, charging stations, depots)
- Stakeholder coordination and project management capacity

Estimated Total Budgetary Cost (2025–2030):

- €15–20 million

Potential Funding Streams:

- EU Connecting Europe Facility (CEF)
- Interreg Baltic Sea Region Programme
- European Structural and Investment Funds (ERDF, Cohesion Fund)
- Estonian Transport Administration grants
- Rail Baltica joint venture funds
- Private sector co-investment (PPP)

Implementation Timeframe:

- 2025: Planning and stakeholder engagement, launch of public transport design
- 2027: Finalize zoning, green mobility pilot implementation
- 2029–2030: Inner-city freight rail feasibility, infrastructure procurement and rollout
- 2030: System integration, M&E, and strategic review

Risk Assessment:

- **Risk:** Delay in Rail Baltica infrastructure delivery
  Likelihood: Medium | Impact: High
  Mitigation: Adjust planning timeline; interim freight solutions
- **Risk:** Limited investor interest in industrial zone
  Likelihood: Medium | Impact: Medium
  Mitigation: Early outreach and tailored investment incentives
- **Risk:** Community resistance to freight corridor
  Likelihood: Low | Impact: Medium
  Mitigation: Stakeholder engagement and environmental safeguards
- **Risk:** Infrastructure funding gaps
  Likelihood: Medium | Impact: High
  Mitigation: Diversify funding sources, phased investment approach

This strategic integration reflects Pärnu's commitment to sustainable economic transformation, modern infrastructure, and green industrial leadership in the Baltic region.

Accelerate Green and Digital Transition through Renewable Energy and Smart City Innovation in Pärnu

The development of **green and digital solutions** in Pärnu forms a core part of the city's ambition to become a climate-neutral, digitally empowered, and innovation-driven city by 2035. In line with the EU's Green Deal and Estonia's national climate strategy, Pärnu is actively investing in **infrastructure and technologies** that reduce emissions, enhance public services, and support economic competitiveness.

A cornerstone of this transformation is the **expansion of renewable energy production**, including the development of **large-scale offshore wind farms, citywide solar panel installations**, and the continued use of **locally sourced biogas**. These investments will increase the **availability of clean, low-cost electricity and heating** for households, businesses, and municipal services. Access to sustainable energy is also crucial for attracting high-energy industrial users such as data centers, green tech manufacturers, and hydrogen producers.

In parallel, Pärnu will **decarbonize its public transport network** by replacing older fleets with **zero-emission electric buses**, supported by biogas where applicable. This includes investment in **charging infrastructure, depot upgrades**, and smart fleet management systems. These efforts aim to improve air quality, reduce urban noise, and encourage a modal shift to public transport, reinforcing the city's goals under its Climate Action Plan.

Central to Pärnu's Smart City vision is the establishment of a **Smart City Innovation Fund**, which will provide **financial and technical support for piloting, scaling, and implementing digital technologies** that advance sustainability and urban quality of life. The fund will support projects related to **smart grids, real-time air quality and energy monitoring, AI-based urban planning, digital waste management, and e-mobility infrastructure**. Pärnu will function as a sandbox city, offering startups, researchers, and tech companies a live testing ground for innovative solutions.

Citizen participation will be fostered through **interactive digital platforms and co-design workshops**, ensuring that smart city developments reflect the needs and priorities of residents while enhancing civic engagement.

Key Actions:

1. Expand renewable energy infrastructure including solar, wind, and biogas projects.
2. Roll out a zero-emission electric public transport system.
3. Launch the Smart City Innovation Fund for green tech pilots.
4. Deploy smart monitoring systems for energy, water, and emissions.
5. Position Pärnu as a sandbox city for startups and digital testing.
6. Facilitate public engagement through digital tools and workshops.

Expected Outcomes:

- Higher share of renewable energy in local grid.
- Reduced emissions from municipal transport.
- Increased citizen satisfaction with public services.
- Boost in local green tech and smart mobility startups.
- Data-driven decision-making in urban development.

Key Performance Indicators (KPIs):

- Increase local renewable energy production by 30% by 2030.
- Convert 100% of city buses to electric or biogas by 2028.
- Launch 10 Smart City pilot projects by 2027.
- Reduce municipal GHG emissions by 40% from 2020 baseline.
- Achieve 80% citizen satisfaction in digital public services by 2030.

Relevant Stakeholders (Lead):

- Pärnu City Government

Supporting Stakeholders:

- Ministry of Economic Affairs and Communications
- Ministry of Climate
- Smart City Estonia Network
- Pärnu College (University of Tartu)
- Local energy and transport companies
- Estonian GreenTech Cluster
- Startup and innovation hubs
- Pärnu residents and civil society groups

Resources Required:

- Capital investment in energy and transport infrastructure
- Fund allocation for Smart City pilot projects
- ICT and data management platforms
- Technical and planning expertise for digital transformation
- Community outreach and engagement resources

Estimated Total Budgetary Cost (2025–2030):

- €12–15 million

Potential Funding Streams:

- EU Cohesion Policy Funds (ERDF, ESF+)
- Just Transition Fund (Estonia)
- Horizon Europe (Green Deal, Climate Action)
- Interreg Baltic Sea Region Programme
- Private sector co-investment and PPPs
- National climate and digital innovation funds

Implementation Timeframe:

- 2025: Launch renewable energy expansion and Smart City Innovation Fund
- 2026: Start pilot projects and electric bus infrastructure
- 2027–2029: Scale up smart city solutions and transport electrification
- 2030: Performance review, impact assessment, strategy update

Risk Assessment:

- **Risk:** Limited investor and startup engagement
  Likelihood: Medium | **Impact:** Medium
  Mitigation: Strong outreach and innovation incentives
- **Risk:** Technology deployment delays or compatibility issues
  Likelihood: Medium | **Impact:** High
  Mitigation: Pilot phase testing and vendor due diligence
- **Risk:** Low public adoption of new systems
  Likelihood: Medium | **Impact:** Medium
  Mitigation: Public education campaigns and digital literacy programs
- **Risk:** Budget constraints for scaling
  Likelihood: Medium | **Impact:** High
  Mitigation: Diversify funding sources, leverage EU programs

This initiative positions Pärnu as a national and regional leader in **climate-smart digital transformation**, combining renewable energy, sustainable mobility, and innovation ecosystems to create a thriving, future-ready city for generations to come.

Plan And Develop Sustainable and Green Industrial Areas In Pärnu

The planning and development of sustainable and green industrial areas in Pärnu is a central pillar of the city's broader strategy to accelerate the green transition, stimulate economic diversification, and generate high-quality jobs. As global industry rapidly shifts toward decarbonization and resource efficiency, Pärnu is proactively responding by creating future-ready industrial zones that are integrated with renewable energy systems, innovative planning principles, and collaborative governance structures.

A key strategy within this objective is the strategic acquisition and zoning of land near renewable energy substations. These areas will be prioritized for energy-intensive and high-value-added industries, such as green hydrogen production, electric battery assembly, data centers, and circular bio-based manufacturing. Proximity to clean energy infrastructure, including offshore wind farms, solar parks, and biogas facilities, will provide investors with access to low-carbon energy at competitive prices while enabling real-time, carbon-neutral operations. This targeted approach aligns with both Estonia's National Energy and Climate Plan and the European Green Deal, making Pärnu a prime location for sustainable industrial investment.

To guide this transformation, the city will develop a Green Industrial Zone Planning Guidebook — a policy and design tool that outlines technical, environmental, and regulatory standards for the development of new industrial areas. The guidebook will promote land-use efficiency, integration with local energy grids, energy-positive construction, sustainable transport links, biodiversity protection, and circular economy principles. By offering clear and transparent guidance, the document will reduce regulatory uncertainty for developers and help accelerate the permitting and development process.

To strengthen collaboration across sectors, Pärnu will continue to build on the success of the Pärnu Economic Forum, launched under the EcoCore initiative. This annual forum will evolve into a key regional platform for green industrial policy, innovation, logistics, and investment. It will bring together local and international stakeholders — including entrepreneurs, policymakers, researchers, and investors — to exchange knowledge, co-develop solutions, and present new project opportunities aligned with the city's Integrated Action Plan (IAP).

Key Actions:

1. Identify and acquire strategic land parcels near renewable energy substations for green industrial development.
2. Finalize and publish the Green Industrial Zone Planning Guidebook by 2026.
3. Launch zoning and regulatory reforms to facilitate clean tech and circular economy industries.
4. Create infrastructure to connect these zones to renewable energy sources and multimodal transport hubs.
5. Expand the Pärnu Economic Forum into a national and cross-border event for green industry.
6. Develop partnerships with investors, universities, and businesses for zone planning and pilot projects.

Expected Outcomes:

- Creation of investment-ready green industrial zones with access to clean energy.
- Increased economic diversification and resilience.
- New high-skilled, high-wage jobs in sustainable industries.
- Greater collaboration between public, private, and academic sectors.
- Improved environmental standards in industrial development.

Key Performance Indicators (KPIs):

- At least 3 strategic land parcels acquired and zoned for green industry by 2027.
- Green Industrial Zone Planning Guidebook adopted and implemented by 2026.
- Establishment of at least 5 new clean tech or green manufacturing businesses by 2030.
- Creation of 1,000+ new jobs in green industrial sectors by 2030.
- Annual Economic Forum attendance reaching 300+ participants from at least 5 countries.

Relevant Stakeholders (Lead):

- Pärnu City Government

Supporting Stakeholders:

- Ministry of Economic Affairs and Communications
- Enterprise Estonia
- Pärnu County Development Centre
- Pärnu College (University of Tartu)
- Local energy utilities and grid operators
- Estonian Business and Innovation Agency
- Private landowners and investors
- Environmental NGOs

Resources Required:

- Capital for land acquisition and zone infrastructure development
- Technical expertise in spatial planning and zoning
- Environmental impact assessment consultants
- Project management and stakeholder coordination resources
- Communications and outreach materials for investor engagement

Estimated Total Budgetary Cost (2025–2030):

- €18–22 million

Potential Funding Streams:

- EU Cohesion Policy Funds (ERDF)
- Just Transition Fund
- Estonian Green Investment Scheme
- Interreg Baltic Sea Region Programme
- Private co-investment and public-private partnerships (PPPs)
- Horizon Europe (Climate, Industry, and Circular Economy streams)

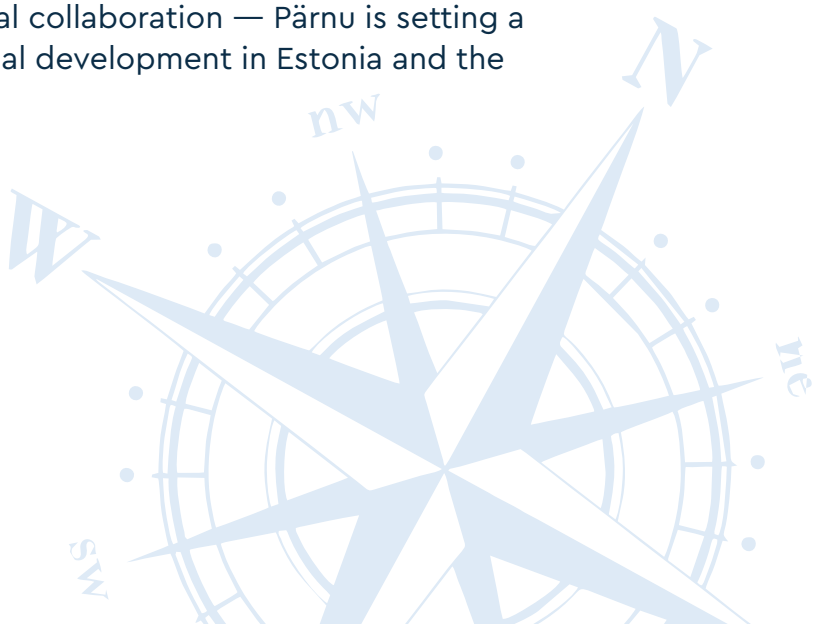
Implementation Timeframe:

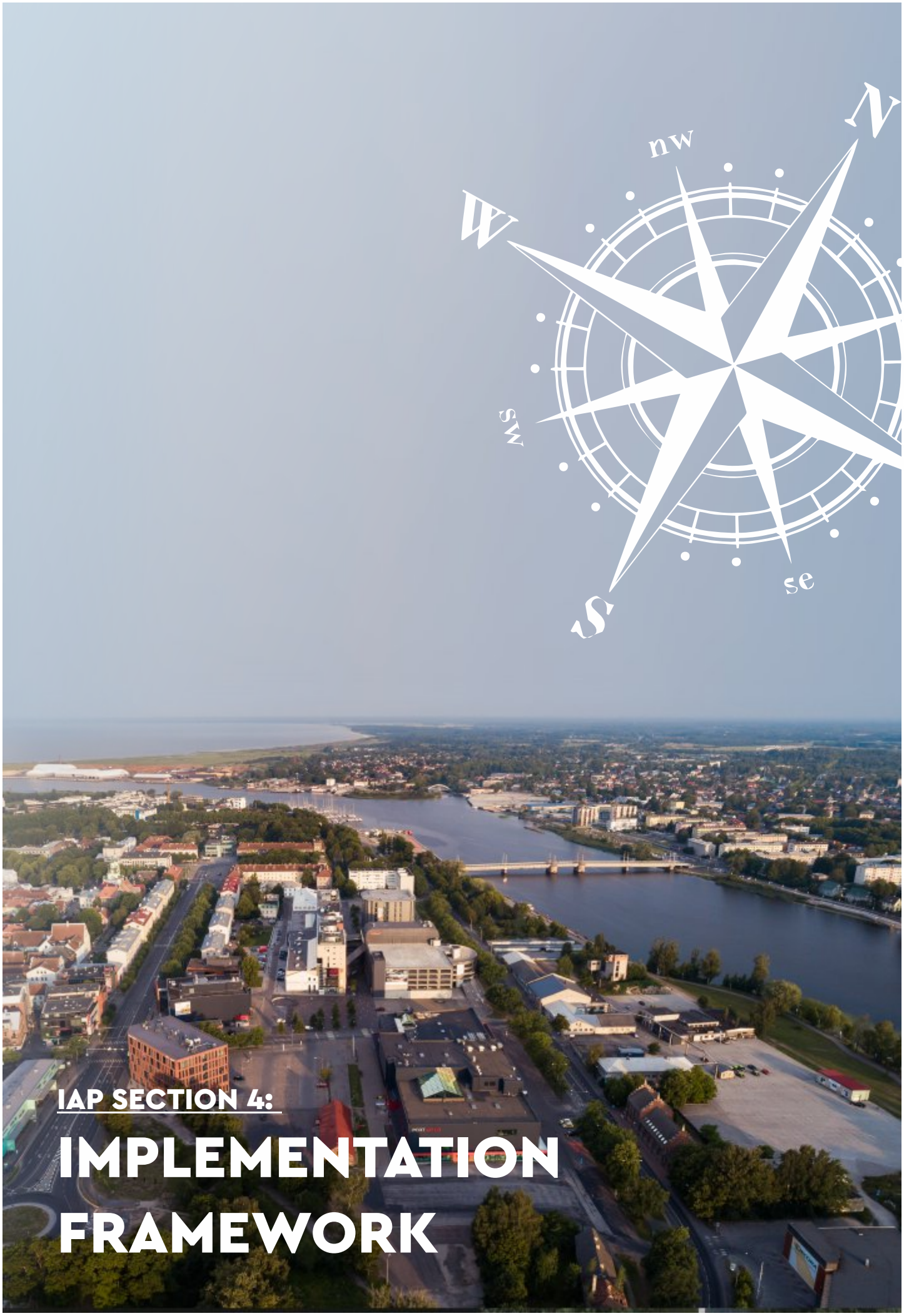
- 2025: Land acquisition planning, stakeholder engagement, forum preparation
- 2026: Release and adoption of Planning Guidebook; launch of zoning reform
- 2027–2029: Infrastructure build-out, pilot zone activation, business onboarding
- 2030: Full zone operation, investment tracking, strategy review and update

Risk Assessment:

- **Risk:** Delays in land acquisition or permitting
  Likelihood: Medium | Impact: High
  Mitigation: Early negotiation with landowners and regulatory authorities
- **Risk:** Limited investor interest in early-stage zones
  Likelihood: Medium | Impact: Medium
  Mitigation: Incentives and investment promotion campaigns
- **Risk:** Environmental opposition or compliance delays
  Likelihood: Low | Impact: Medium
  Mitigation: Transparent planning, early community involvement
- **Risk:** Budget overruns or funding gaps
  Likelihood: Medium | Impact: High
  Mitigation: Diversify funding streams, prioritize phased implementation

Through this integrated strategy — combining spatial planning, renewable energy integration, and cross-sectoral collaboration — Pärnu is setting a new standard for sustainable industrial development in Estonia and the broader Baltic region.





IAP SECTION 4:

IMPLEMENTATION FRAMEWORK

IMPLEMENTATION FRAMEWORK

4.1 Governance Process for the Integrated Action Plan (Stakeholder Engagement Strategy)

Effective implementation of the Pärnu EcoCore Integrated Action Plan (IAP) relies on a robust and inclusive governance structure that ensures leadership, accountability, transparency, and deep engagement across all stakeholder groups. As part of the URBACT EcoCore network, Pärnu recognizes the critical importance of sustained cooperation between local government, academia, industry, civil society, and regional development institutions to guide the city's green transformation.

Stakeholder Engagement Strategy

To advance the IAP objectives, the City of Pärnu has established a multi-level stakeholder engagement approach, coordinated through the Urban Local Group (ULG). This collaborative governance model ensures that policy priorities are co-created, resources are aligned, and initiatives are implemented in a manner that reflects local needs, regional goals, and EU policy frameworks.

The following mechanisms structure stakeholder participation:

- **Pärnu ULG Meetings:** Regular convening of stakeholders from the public sector, academia, business, NGOs, and utilities to collaboratively guide the IAP. These meetings will continue beyond the EcoCore project to support long-term implementation.
- **Co-Creation Workshops:** Thematic workshops using design-thinking and systems innovation methods to co-develop strategies, define priorities, and address barriers in areas such as renewable energy, sustainable industry, mobility, and education.
- **Public Consultations:** Structured public consultations and digital feedback mechanisms will engage residents and local businesses to ensure proposals are aligned with public interest and foster community buy-in.

This inclusive governance process fosters trust, transparency, and coordination among stakeholders, enhancing implementation efficiency and long-term commitment.

Key Stakeholders and Their Roles in the URBACT Local Group (ULG):

Stakeholder	Role in ULG/IAPImplementation
Pärnu City Government	Lead partner responsible for overall IAP governance, strategy coordination, and interdepartmental implementation.
Pärnu College (University of Tartu)	Partner for research, training, innovation pilots, andskills development.
Enterprise Estonia	Business support and funding advisory partner for innovation, circular economy, and green transition initiatives.
Pärnu County Development Centre	Regional planning support, business developmentcollaboration, and stakeholder outreach.
Pärnu Chamber of Entrepreneurs	Voice of local businesses, fostering private sector engagement and input into industrial strategy.
Environmental NGOs and Community Groups	Civic oversight, advocacy for environmental standards and social inclusion.
Transport and Utility Companies	Partners in infrastructure development and green logistics integration.

Leadership and Accountability:

- **Lead Governance Entity:** Pärnu City Government (Department of Development and Planning), coordinating IAP execution and reporting to the URBACT Local Group and Pärnu City Council.
- **Support Functions:** Internal municipal departments, Enterprise Estonia, the Pärnu Chamber of Entrepreneurs, and academic partners provide sector-specific support.
- **Data Sharing and Transparency:**
  - Use of shared data dashboards and reporting templates.
  - Annual progress reports on IAP implementation made publicly available.
  - GDPR-compliant data exchange protocols across partners.

Accountability Mechanisms:

- Annual IAP progress reporting to the ULG and regional planning bodies.
- Dashboard publication of KPIs and progress summaries.
- Feedback loops with ULG members and the public through workshops, surveys, and public engagement events.

4.2 Monitoring & Evaluation

The Pärnu EcoCore IAP includes a comprehensive Monitoring & Evaluation (M&E) framework aligned with URBACT's principles of learning, accountability, and continuous improvement. The framework will measure progress, inform decisions, and allow the city to adapt actions in response to real-time feedback.

Stages of M&E:

1. **Initial Evaluation (2025):**
    a. Baseline data collection from municipal systems, stakeholder surveys, and infrastructure audits.
    b. KPI targets set based on feasibility and policy alignment.
2. **Performance Monitoring (2026–2030):**
    a. Ongoing data tracking using smart dashboards and reporting tools.
    b. Thematic progress reviews in each strategic domain (industry, energy, transport, education).
    c. Mid-term review and adaptive strategy adjustments in 2028.
3. **Final Evaluation (2030):**
    a. Full impact assessment compared to baseline and mid-term goals.
    b. Engagement of stakeholders in review and lessons-learned sessions.
    c. Publication of the final evaluation report.

Category	Indicators	Measurement Tools
Stakeholder Engagement	Number and diversity of ULGparticipants; workshop attendance	Event records, surveys
Green Infrastructure & Industry	m^2 of green industrial space developed; number of businesses using renewables	Zoning approvals, business data
Energy & Emissions	Local renewable energy capacity; GHG emissions per capita	Energy provider data, emissions inventory
Public Mobility	% of zero-emission buses in fleet; public transport usage	Fleet management data, transport surveys
Innovation & Education	Smart city pilots launched; green skills enrollment	University and VET provider data

Monitoring Tools & Practices:

- Annual IAP implementation report prepared by Pärnu City Development Department.
- Use of a Smart Pärnu platform to track KPIs and publish dashboards.
- Regular stakeholder surveys and feedback collection.
- Mid-course corrections via stakeholder consultations and performance reviews.

Evaluation Oversight:

- Evaluations coordinated by the City's Planning and Development Department, supported by academic partners.
- Stakeholder validation of results through ULG review sessions.
- Final report shared with URBACT, Estonian national authorities, and regional development networks.

This governance and M&E framework ensures that Pärnu's IAP is **transparent, inclusive, and responsive**, and that its results are measurable, replicable, and impactful at both the local and regional levels.

4.3 Funding Strategy (Financial Plan & Resources)

The successful implementation of the Pärnu EcoCore Integrated Action Plan (IAP) requires a well-coordinated financial strategy that aligns targeted investments with strategic objectives. The funding approach aims to combine municipal budgets, national and EU funding programmes, and private sector contributions to ensure sustainable delivery of actions under the EcoCore project framework.

The table below provides an overview of proposed actions, estimated costs, and anticipated funding sources. Where possible, existing funds have been confirmed; other components are subject to future application processes, feasibility studies, or private partnership development.

IAP Strategic Objectives	Action	Amount per Action (€)	Total Estimated (€)	Funding Source(s)
1. Support Business Sustainability	Business engagement, gap analysis, sustainability guidance	€ 100,000	€100,000	Pärnu City Government
	Sustainability training, circular economy and ESG support for SMEs	€500,000	€500,000	Enterprise Estonia, EU Green Transition Funds, Private Sector, Interreg, Pärnu Chamber
	Support for renewable energy integration in businesses	€150,000	€150,000	SEAI Estonia, EU Structural Funds, Business Co-Investment
	Development of sustainability reporting and digital platform	€200,000	€200,000	Horizon Europe, City Budget, University R&D Support
2. Green Industrial Development	Strategic land acquisition near renewable energy hubs	€2,500,000	€2,500,000	Pärnu City Investment Budget, ERDF,National Green Economy Fund
	Green Industrial Zone Planning Guidebook & Framework	€100,000	€100,000	Pärnu City, Ministry of Climate, Interreg Baltic Sea Region
	Feasibility study: inner - city freight rail & cargo terminal integration	€400,000	€400,000	CEF Transport, Rail Baltica JV, City Government
	Green infrastructure for industrial zones (transport, utilities)	€3,500,000	€3,500,000	EU Cohesion Fund, National Infrastructure Grants
	Pilot green industry projects (energy, materials, water reuse)	€600,000	€600,000	EU Recovery Fund, Private Investors, Smart City Fund
3. Digital & Smart City Innovation	Launch of Smart City Innovation Fund	€1,000,000	€1,000,000	Pärnu Smart Budget, Horizon Europe, Startup Estonia, Private Tech Ventures
	Smart infrastructure pilots (mobility, energy, water)	€1,200,000	€1,200,000	EU Missions, Urban Innovative Actions, National Digital Fund
4. Strengthening Education & Skills	Green skills curriculum integration, VET expansion	€700,000	€700,000	Ministry of Education, Erasmus+, Enterprise Estonia
	Feasibility study: Marine and Renewable Energy Training Centre	€250,000	€250,000	Pärnu City, Universities, Interreg
	University-industry R&D pilot projects (circular economy, digital twins)	€500,000	€500,000	Horizon Europe, R&D Estonia, Private Sector Co-Funding

Estimated Total Budget (2025–2030):

- €11.3 million

Funding Strategy Summary: The IAP relies on a blended funding model:

- **EU Funds:** ERDF, Horizon Europe, Interreg Baltic Sea Region, CEF, EU Green Deal funding instruments
- **National Funding:** Estonian Green Investment Scheme, Ministry of Climate, Ministry of Economic Affairs and Communications, SEAI
- **Municipal Funds:** City of Pärnu Development & Investment Budget
- **Private Sector:** Co-investment in innovation, infrastructure, and pilot zones
- **Academic Institutions:** Research, feasibility studies, and training programmes through Erasmus+, university partnerships

4.4 Risk Assessment

The IAP integrates a proactive risk management framework to ensure robust planning, early identification of risks, and agile response mechanisms.

Risk Category	Potential Risk	Likelihood	Impact	Mitigation Strategy
Operational	Project delays, administrative bottlenecks, staffing gaps	Medium	High	Implement strong project management, milestone tracking, interdepartmental coordination
Financial	Lack of secured funding or cost overruns	High	High	Diversify funding sources, apply early to EU grants, maintain contingency funds
Political	Changes in national or EU policies	Medium	Medium	Maintain alignment with national strategies, engage policymakers regularly
Environmental	Severe weather events, unforeseen environmental compliance costs	Low	High	Conduct environmental impact assessments, integrate adaptive infrastructure design
Social	Public opposition, stakeholder disengagement	Medium	Medium	Early public involvement, transparent communication, ongoing consultation mechanisms

Monitoring and Contingency Framework:

- **Quarterly project reviews** and cross-sector working group evaluations
- **Open stakeholder channels** for continuous input
- **Annual reporting and strategy review** to URBACT network and Pärnu City Council
- **Contingency Planning:** Ensure each project has defined mitigation measures, flexible budget lines, and decision points for course correction

This funding and risk strategy ensures that Pärnu's IAP is resilient, realistic, and responsive, enabling the city to achieve its EcoCore objectives and to demonstrate excellence in green industrial development at a national and European level.

4.5 Implementation Timeline

The implementation of the IAP is structured in three main phases:

- **2025–2026:**
  - Stakeholder engagement intensifies
  - Feasibility studies launched (industrial zones, training center, logistics)
  - Smart City Fund and pilot initiatives initiated
  - Initial funding applications submitted to EU/national sources

- **2027–2028:**
  - Green industrial guidebook finalized and adopted
  - Land acquisition and infrastructure development begins
  - Public transport electrification scaled
  - Pärnu Economic Forum established as annual regional event
  - Mid-term review and strategy adjustments

- **2029–2030:**
  - Full rollout of industrial zone services
  - Smart city solutions scaled across Pärnu
  - Final evaluation and performance reporting
  - Roadmap for next phase (2030–2045) drafted and aligned with Estonia 2050

This timeline aligns with the EcoCore project goals and provides a realistic structure for Pärnu's transition toward a sustainable and innovation-led industrial future.

PÄRNU