



BALTIJAS
STARPTAUTISKĀ
AKADĒMIJA

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Section 2 "Green Economy"

LATVIA ON THE WAY TO IMPLEMENTING THE GREEN DEAL

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The European Green Deal

- ❑ To reduce greenhouse gas emissions by 55% and to become fully climate-neutral by 2050
- ❑ Achieving the 2030 target of a 55% reduction in harmful emissions will require 350 billion euro in additional investment each year

- ❑ Become climate-neutral by 2050
- ❑ Protect human life, animals, and plants, by cutting pollution
- ❑ Help companies become world leaders in clean products and technologies
- ❑ Help ensure a just and inclusive transition



Source: EU Commission The European Green Deal

National development plan of Latvia for 2021-2027

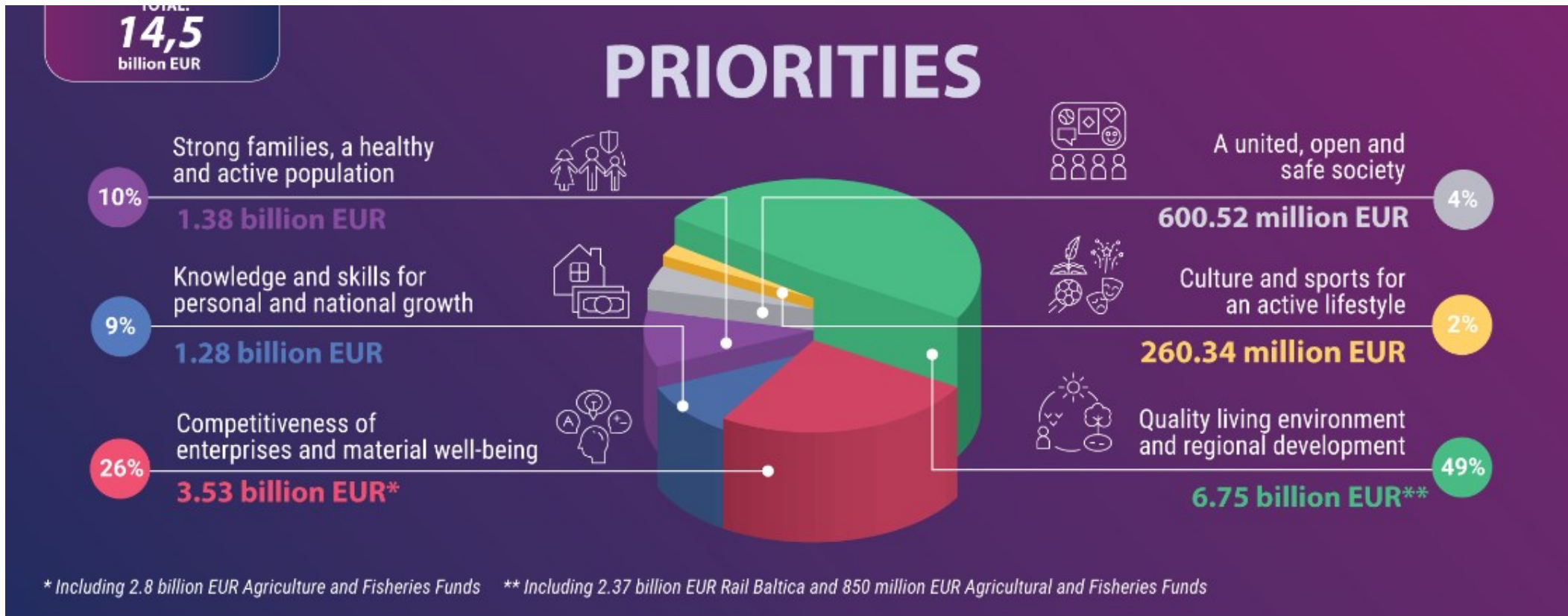
STRATEGIC OBJECTIVES

Equal Opportunity

Productivity and Income

Social Trust

Regional Development



The place of the Green Deal in the National Development Plan of Latvia

Priority 4: Quality Living Environment and Regional Development

GOAL

- *Low-carbon, resource-efficient, and climate-sustainable development*
- *Scientific research-based preservation of biodiversity balances ecological, economic and social interests.*
- *The policy is in place for sustainable management of the environment, natural resources, and energy.*

Direction: Nature and the environment - the Green Deal

Direction: Technological environment and services

Direction: Housing

Direction: Balanced regional development

Latvia integrates all UN Sustainable Development Goals (“UN SDG”) into the national planning system

☐ Latvia’s Climate policy

- 2030 – Latvia is committed to reducing greenhouse gas (GHG) emissions (covered by the non-ETS sector) by 6% compared to 2005.
- Compared to 1990, its total GHG emissions reduction target (without LULUCF*) is -65% by 2030
- 2050 – Latvia is fully committed to reaching 2050 climate neutrality.

*LULUCF Land use and forestry regulation

Documents for climate policy

- ☐ The strategy of Latvia for the Achievement of Climate Neutrality by 2050
- ☐ National Energy and Climate Plan for 2021-2030
- ☐ Latvia’s National Plan for Adaptation to Climate Change until 2030

Sources: Sustainability Bond Framework, November, 2021
https://ec.europa.eu/clima/sites/lts/lts_lv_en.pdf
https://ec.europa.eu/clima/sites/lts/lts_lv_en.pdf
https://energy.ec.europa.eu/documents_en

The strategy of Latvia for the Achievement of Climate Neutrality by 2050

Targets of the climate policy

	Base year 1990 ⁹	Projection for 2020 ¹⁰	Objectives		
			2030	2040	2050
GHG emissions (without the LULUCF ¹¹ sector)	26 299 kt CO ₂ eq.	-55 %	-65 % (in comparison with 1990)	-85 % (in comparison with 1990)	Climate neutrality (non-reducible GHG emissions are compensated by removals in the LULUCF sector)
CO ₂ removals and GHG emissions in the LULUCF sector	-9828 kt CO ₂ eq. (removals)	2094 kt CO ₂ eq. (emissions)	≤1047 kt CO ₂ eq. (emissions)	Net-zero emissions (removals of the sector compensated emissions of the sector)	
Transition towards climate neutrality (total GHG emissions, including the LULUCF sector)	16 471 kt CO ₂ eq.	-16 %	-38 %* (in comparison with 1990)	-76%* (in comparison with 1990)	

* the objective is deemed fulfilled if the deviation is ±5 %

Activities

- Production, distribution, and use of zero-emission energy (wind power, solar energy, heat pumps etc.)
- Energy and resource efficiency project
- “Green” innovation
- Development of renewable energy communities
- Production, infrastructure, and promotion of the use of climate-friendly transport energy (electricity, modern biofuel, synthetic fuel, hydrogen)
- Digitalization, automatization, and optimization
- Promotion of the use of micro-mobility, public transport services, park & ride and multi-modal carriages
- Development of environmentally friendly agriculture and the promotion of the good agricultural practice
- Afforestation of unmanaged agricultural land and increase of forest stand productivity
- Waste reduction and recycling

National Energy and Climate Plan 2021-2030

Key targets of the NECP

Policy outcome in each dimension of the Plan	Actual value	Target value	
	2019	2020	2030
1.1. GHG emission reduction target (% compared to 1990)	-57	-	-65
1.1.1. Non-ETS activities (% compared to 2005)	6.8	17	-6
1.1.2. LULUCF ¹² accounting categories (million t)	-	0	-3.1
1.1.3. Transport energy life-cycle GHG emission intensity reduction (%)	1.8	6	≥6
1.2. Share of energy produced from RES in gross final energy consumption (%)	39	40	50
1.3. Share of energy produced from RES in gross final energy consumption in transport (%)	4.9	10	7 ¹³
1.4. Share of energy produced from RES in heating and cooling (%)	57.8	-	57.6
1.4. Share of advanced biofuels & biogas in gross final energy consumption in transport (%)	0	-	3.5
2.1. Mandatory national target – cumulated final energy savings (Mtoe)	0.47 (2018)	0.85	1.76

National Energy and Climate Plan 2021-2030

The following tactical-level activities have been defined as priorities in order to achieve the strategic targets of the NECP:

1. Improving the energy efficiency of buildings, including the construction of sustainable housing
2. Improving energy efficiency aggregated levels and promoting the use of renewable energy sources (RES) in both the district heating and the individual cooling sectors
3. Promoting the use of negative emission technologies in electricity generation
4. Promoting the economically plausible decentralized generation and end-consumption of RES based energy
5. Promoting the use of alternative fuels and RES technologies in the transportation sector
6. Enhancing energy security, reducing the dependency on third-country fossil energy imports, full integration of with EU energy markets, and modernization of energy transmission infrastructure
7. Improving the efficiency of waste and wastewater management, while sequentially reducing GHG emissions
8. Promoting an efficient use of available resources and reduction of GHG emissions in the agricultural sector
9. Promoting a sustainable utilization of available resources, while reducing GHG emissions in the forestry and land utilization sectors;
10. Promoting the reduction in the usage of fluorinated greenhouse gases;
11. 'Greening' of the tax system and improvements in the friendliness to energy efficiency and RES technologies
12. Enhancing relevant information availability, sustainability data transparency, and raising public awareness of climate-related matters

Latvia's National Plan for Adaptation to Climate Change until 2030

The five strategic goals to address climate change risks are as follows:

- Human life, health, and well-being are protected from the adverse effects of climate change
- The economy is capable to adapt to the adverse effects of climate change and is able to use the opportunities offered by climate change
- Infrastructure and construction are climate-resilient and planned according to potential climate risks
- Latvia's nature, cultural and historical values have been preserved and the negative impact of climate change has been minimized
- Providing information based on scientific reasoning, to facilitate the integration of climate change adaptation aspects into sectoral policies and spatial development planning

- Biodiversity and ecosystem services
- Forestry and agriculture
- Tourism and landscape planning
- Health and welfare
- Building and infrastructure planning
- Civil protection and emergency planning

❑ Green Public Procurement

- Every year EU member states spend ~19 % of total GDP for public procurement purposes (20% is the benchmark in Latvia).
- The integration of environmental considerations within the technical specifications and tender evaluation criteria for procurement also became a priority task for Latvia.

❑ The Green Bonds

- Latvenergo AS will invest EUR 200 million in sustainable energy projects



Ministry of Climate and Energy in Latvia



Photo: Saeima Press Service

On Thursday, December 1, 2022 the Parliament of the Republic of Latvia (Saeima) supported the draft legislation in the final reading to create a **Ministry of Climate and Energy in Latvia**

- ❑ 52 deputies supported the creation of a new ministry, while 45 were against it.

"Budget greening"



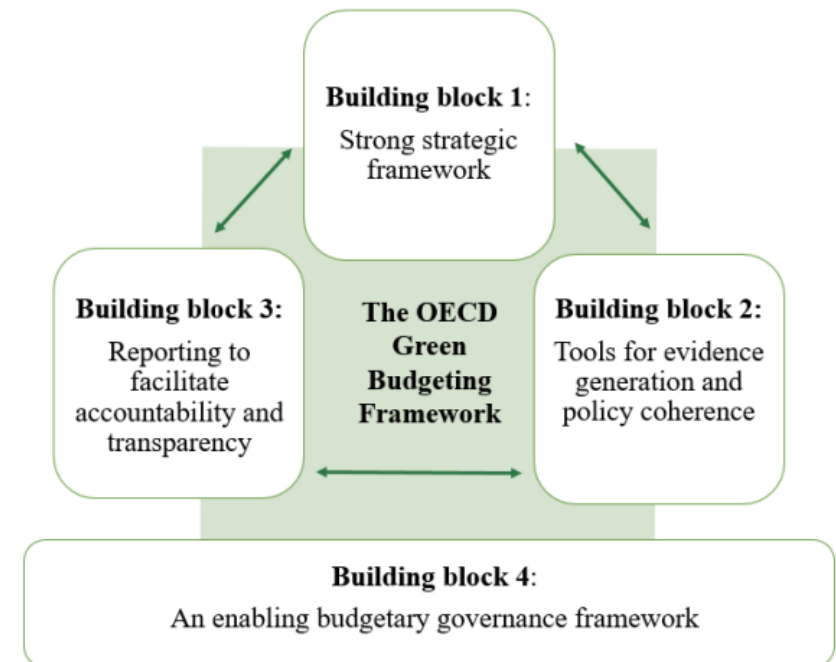
Fiscal instruments are evaluated and divided into the following large groups :

- Green measures
- Brown measures
- Neutral

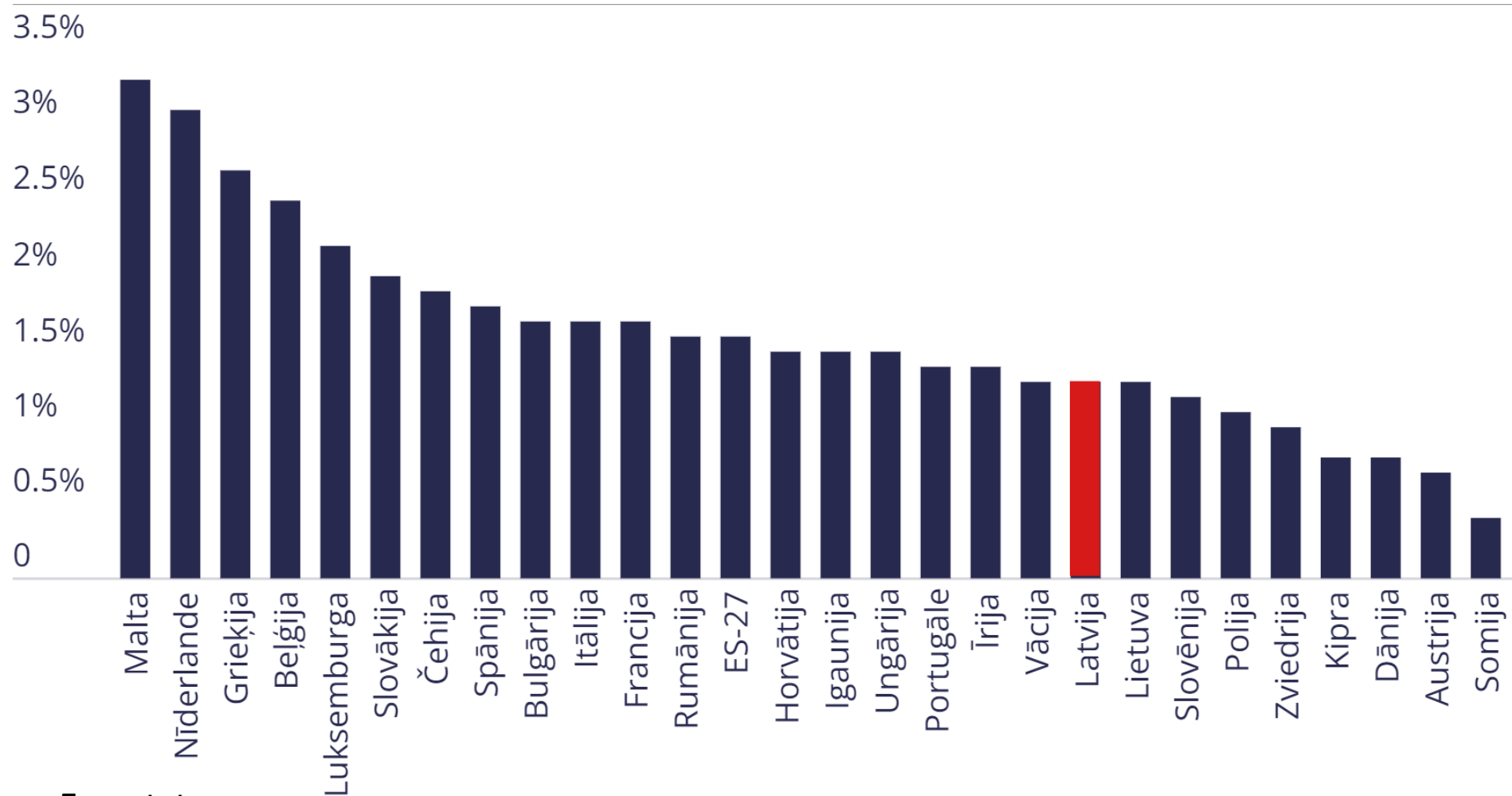
Green budgeting means using the tools of budgetary policy-making to help achieve environmental and climate goals.

OECD Green Budgeting Framework

Green budgeting by four key building blocks

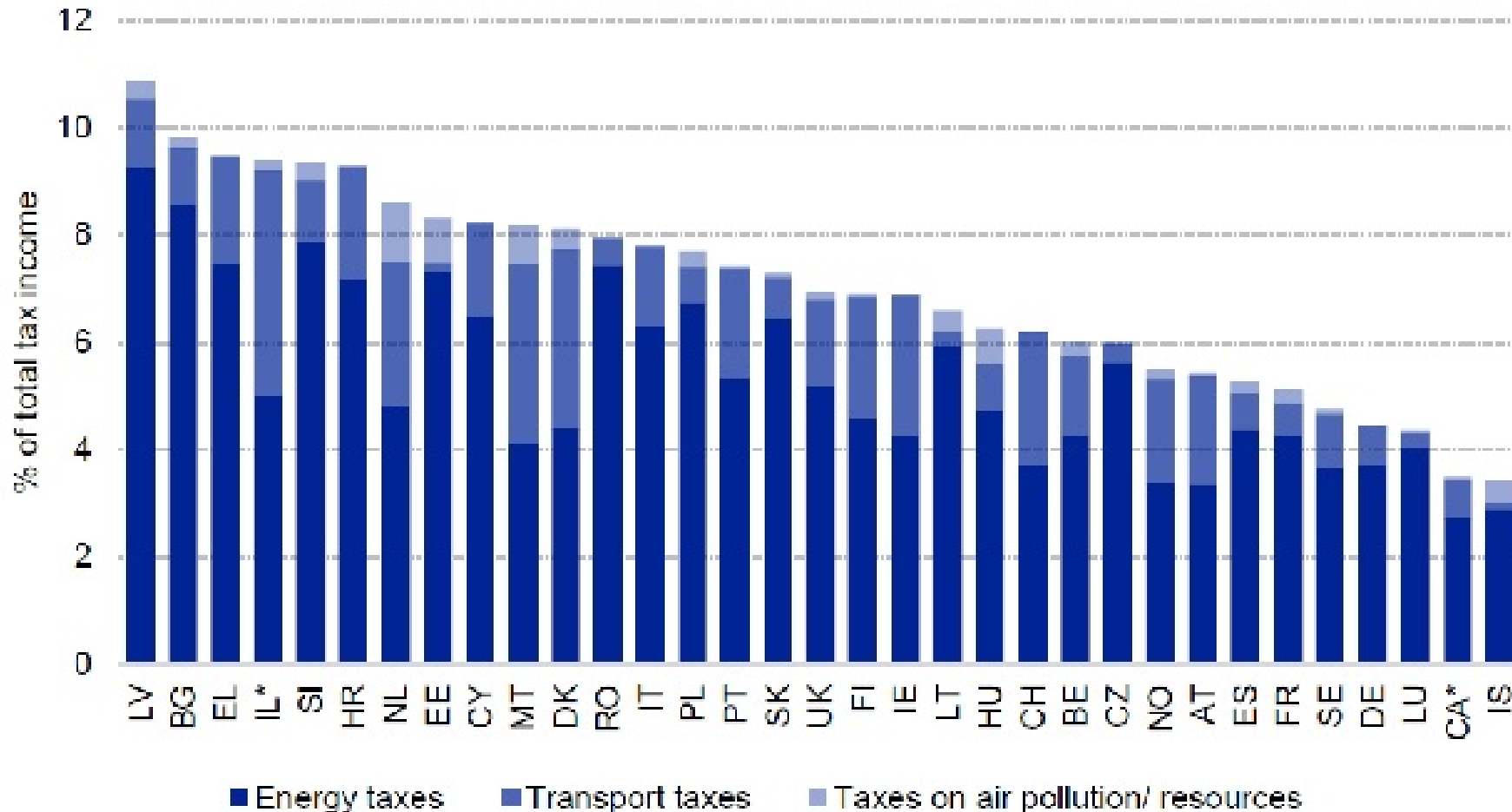


Environmental protection expenditure as a share of total budget expenditure (%)



Source: Eurostat

Environmental tax revenue as a share of total tax revenue (2018 data)



Of the 14 taxes in Latvia, three have a direct reference to environmental or climate aspects:

1. Natural resources tax
2. Vehicle operation tax
3. Excise tax

According to the 2021 performance data, the budget revenue in the corresponding taxes was 1.2 billion euros. So about 12% of all taxes (or 4% of GDP) are “green”.

Green Deal and Business

❑ Purpose: to record the businessmen's vision of the policy directions of the green course

❑ A total of 62 respondents

❑ Companies of all sizes, sectors and regions of Latvia

➤ **Micro 39%**

➤ **Small 29%**

➤ **Medium 19%**

➤ **Large 13%**

Source: Jānis Lielpēteris | LCCI* board member

Survey: *The green course for today's eyes: an entrepreneur in search of a compass.*

University of Latvia seminar: "Economic impact modeling and analysis of climate goals" (December 10, 2021)

*Latvian Chambers of Commerce and Industry (LCCI)

QUESTIONS	YES (%)	NO (%)	Other (%)
Q1. Do you know what the EU Green Deal is? <i>52% Approximately, however, there are many unclear questions</i>	43	5	-
Q2. Have you evaluated the impact on your company's work will the implementation of green course policy initiatives leave? <i>39% We have evaluated, but the impact of the green rate policy cannot yet be accurately assessed</i>	24	34	3
Q3. Has your company paid more attention to the implementation of sustainability activities in the company's operational processes in recent years?	65	27	8
Q4. Do you think it would be useful to create a single point of contact to coordinate the green policy implementation in the country?	64	23	13
Q5. How do you assess your company's growth opportunities by implementing the green course and other sustainability policy initiatives? <i>*Green course initiatives will help develop the company</i> <i>**Green course initiatives pose risks to company growth</i>	39*	43**	18
Q6. How do you assess the availability of finance for the implementation of the green transformation? <i>* Funding is available</i> <i>** Access to financing is difficult</i> <i>*** So far it has not been relevant</i>	23*	32** 26***	19



Thank you for your attention!

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