



# Assessment for Latvia

Status: Draft Plan

Date of plan: 26.05.2021



## Overall Plan Rating

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

## Performance of TJTP by principle



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



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



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



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



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



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



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



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



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



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

## Breakdown by indicator

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### Principle 1

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



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

- ✓ Greenhouse gas emissions reduction is part of the project selection criteria or specific project/programme results indicators

Comments: 1. The TJTP indicates a commitment to at least a 65% reduction in GHG emissions at national level, excluding LULUCF sector. When including LULUCF sector, the plan indicates 38% reduction in GHG emissions.

2. The TJTP indicates that the selected projects will focus on remediation methods with higher GHG emission reductions.

"Recultivation of degraded peat bogs, including in historical peat extraction sites, focusing primarily on afforestation, as well as re-profiling activities (blueberry and cranberry cultivation). This includes priority remediation measures to reduce GHG emissions and return areas to the economy (including, where possible, job creation) by selecting appropriate remediation options (focusing on remediation methods with higher GHG emission reductions)."



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

Comments: The plan is about cessation of the use of energetic peat for energy production. It will be done by imposing Environmental (Pollution) tax on fuel peat as well as developing "greener" industrial zones by producing or using renewable energy. The plan will offer investments in companies for equipping more energy efficient manufacturing devices. The plan indicates opportunities to increase the use of electric vehicles in municipalities.



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

Comments: No specific targets, but projects are proposed. Investments envisage improvement of energy efficiency, promotion and implementation of renewable energy technologies, incl. modernization of the technological process, improvement of existing products or services or creation of new products or services.



### Principle 2

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



A complete phase-out of coal is planned or implied in the territory by 2030

Comments: Phase out the extraction and use of peat for energy production by 2030.



No phase-out of fossil gas is planned or implied

Comments: N/A

The plan does not focus on fossil gas at all.



Not enough information available or fossil fuel subsidies not discussed





### Principle 3

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



Promotes economic diversification, and explicitly recognises (e.g. in the assessment of the transition challenges) that all sectors of the economy must become sustainable









Comments: References are made to the National Energy and Climate Plan explaining that all sectors have a defined GHG emissions reduction percentage by 2050.

-  Fails to recognise the importance of SMEs or start-ups and foresees little to no support for them. Focuses on attracting big new industries to directly replace declining fossil fuel industries  
  
Comments: The plan does not indicate attraction of big new industries to directly replace declining fossil fuel (in this case - fuel peat) industries. The plan does not say anything about SMEs or start-ups, but it recognises the importance of "green" industrial zones and product diversification.
-  Indicates a link to and a need for consistency with the NECP's objectives. Provides a clear prioritisation of funding and investment needs into different sectors, labour market adjustments and for relevant reskilling and upskilling in line with - or going further than - the most up to date NECP for sustainable economic diversification and to create decent, sustainable and resilient jobs  
  
Comments: Indicates a link to and a need for consistency with the NECP's objectives and provides a clear explanation why certain sectors in TJTP are chosen.



## Principle 4


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

-  Justifies why certain regions should receive support with reference to the underlying economic and employment impacts of the transition, and justifies the choice objective criteria or comparative data
-  Prioritises employment support and job search assistance for workers directly losing their jobs as a result of the transition AND other worker groups, including those who may be indirectly affected
-  Identifies the existing and future skills, training and education gaps for all workers and sectors, including future generations, at regional level on the basis of objective and quality skills forecasts or clearly sets out a process to identify them  
  
Comments: Excluding future generations.
-  Foresees only insignificant or non-specific actions and investments to address these gaps and ensure sufficient and decent, sustainable and resilient jobs, or focuses only on reskilling workers directly affected by the transition
-  Does not consider the quality of new jobs or include measures to address the issue  
  
Comments: Not mentioned. The plan offers development of upskilling, reskilling programs for the transition to climate neutrality in areas particularly affected and offers new "green" jobs in industrial zones.
-  Recognises some inequalities and identifies some measures to address those arising from the transition, such as a minimum income support, energy poverty reduction or early pensions. But the TJTP does not consider existing inequalities or address all inequalities identified with planned measures  
  
Comments: Does not really consider social protection and inclusion measures, even if inequalities are recognised, excluding when choosing an national upskilling program where a small scholarship is being provided.
-  Does not consider the impact of the transition on quality of life or makes only passive mention to some issues, such as air quality improvements
-  fails to recognise the importance of supporting gender equality in the just transition plan



## Principle 5

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

-  Does not include activities which would negatively impact environmental and biodiversity indicators relating to:
  - Biodiversity
  - Air pollution
  - Accessible greenspace (land take)
  - Water quality

AND neither does it include significantly harmful activities as defined by the EU Taxonomy or which would lead to unsustainable use of natural resources or which would lead to ecosystem harm



Not enough information, but no explicit exclusion of fossil fuel investments

Comments: Investments in such companies could be indirect by improving and developing industrial zones where only energy efficiency is in focus. There is no criteria yet for what kind of companies are eligible to have a place in such zones. The plan also indicates that entrepreneurs who use peat in heat production plants will potentially be able to switch to energy efficient technologies, but the plan does not say what kind of technologies are acceptable. Therefore, fuel peat in combustion plants may be replaced by biomass, waste or other materials - we will not know until the specific criteria for projects will be developed.



Identifies actions or possible activities to improve some biodiversity and environmental indicators. These activities and actions cover at least one of the following categories:

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

Comments: Biodiversity and a bit of accessible greenspace - recultivation of degraded peat bogs, including in historical peat extraction sites, focusing primarily on afforestation, as well as re-profiling activities (blueberry and cranberry cultivation). The only project selection criteria so far is focus on reclamation methods with higher GHG emission reductions, not taking into account impacts on biodiversity or water pollution.



Foresees no new investment in waste incineration or landfill capacity

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

Comments: The plan does not mention anything about circular economy or waste. The plan has a section on industrial zones (somewhat it looks like industrial symbiosis), however the explanation is based on energy efficiency, common infrastructure, increase in productivity and products quality, digitalization but not circularity.



## Principle 6

The TJTP should respect the polluter pays principle.



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

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

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



## Principle 7

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



Relies on EU funds only to deliver the just transition (although not limited to the Just Transition Fund and the Pillar III of the Just Transition Mechanism)

AND/OR there is no clear targeting of funds for the most appropriate activities or to address funding gaps



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

Comments: The plan indicates "The amount of attracted private non-financial investment is also expected to increase" as well as "It is planned to attract private investment", but no specific indicators given. See page 48 on potential points of interest on Pillar II and III.



## Principle 8

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

- A coordination body is established but membership of the coordination body requirements and composition may be unclear.

AND / OR

Details on procedures are vague without transparency on timing and schedules for such meetings, or on how, when or where information on process and relevant documents will be published in an accessible place. Alternatively the majority of information must be directly requested from the institution responsible rather than openly available.

- Clearly and comprehensively identifies stakeholders to be involved in the process, consistent with the groups identified in Article 3 of the European Code of Conduct on Partnership and a clear and justified description of their roles and status in the process

Comments: See page 49.

- Limited detail on how stakeholder views and consultation inputs were integrated into the final plan, or how they will be (beyond a commitment to a consultation, for example). Detail on stakeholder engagement plans for the preparation, implementation, monitoring and evaluation of the TJTP is also limited.

Comments: There may be or will be such a document explaining stakeholder views and consultation inputs, however it is not publicly available (or could not be found).

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

AND/OR

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

AND/OR

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

AND/OR

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

- Tripartite social dialogue is part of the planning process. At least some labour unions and social partners have been engaged in social dialogue during the development of the TJTP. Social dialogue is conducted to address the impacts of the transition on sectors which are phasing out and transforming, but not necessarily for emerging sectors.

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## ● Principle 9

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

- Identifies NUTS 3 regions which will require targeted action and prioritises measures for the specific NUTS 3 regions concerned

- Does not mention or take into account the need to engage and inform the local community about the TJTPs

Comments: Does not mention anything about local communities around areas related to restoration activities of peat bogs. However, the plan is about all regions of Latvia and there was a public consultation open in December 2020.

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## ● Principle 10

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

- The indicators and/or data included in the TJTP are high quality, focused at the regional level and are appropriate to the goals of the fund to address the socioeconomic challenges arising from the transition to climate neutrality, but do not cover all aspects of the just transition, focusing for example on the energy transition only

Comments: The plan addresses socioeconomic challenges, however it is not clear whether upskilling efforts will be enough to reorganize the labor market.



The TJTP foresees a revision process by the Member State but the process is vague, for example it does not include a date, or an evaluation of implementation so far

Comments: The plan does not foresee a revision process, however once a year an evaluation and progress report is planned to be published. Probably these reports will not be publicly available.

## Comments

Specific criteria for supported projects will be developed later on (after its approval). The criteria will be crucial to assess plan's implications.

<http://tap.mk.gov.lv/lv/mk/tap/?pid=40503179>

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

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