

**Latvian National Report**

**“Rio + 10”**

**to the World Summit on Sustainable  
Development in Johannesburg**

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Riga, 2002



- Latvian state established** on 18th November 1918; independence was restored after occupation by the USSR (1940-1941, 1945-1991) and Germany (1941-1945) in 1991.
- Political system** Democratic, parliamentary republic – legislative government which is elected for 4 years and consists of 100 sitting members.
- Territory** 64 589 km<sup>2</sup> of which 62 046 km<sup>2</sup> is land, 2543 km<sup>2</sup> internal waters; Latvia is divided into 4 regions; Vidzeme, Latgale, Kurzeme and Zemgale.
- Geographical location, borders** Latvia is situated in north-eastern Europe on the east coast of the Baltic Sea, with a coastline of 494 km; the total border length is 1,862 km. Latvia has borders with Estonia, Russia, Belorussia and Lithuania.
- Capital city** Riga.
- Head of state** A president is elected for a 4 year term. Since 8th July 1999, V.Viķe-Freiberga has been president.
- Currency** 1 lat = 100 centimes = 1,69 EUR.
- Population** 2, 346, 000.
- Population density** 37 people per km<sup>2</sup>; 70,8% live in urban areas, 29,2% in rural areas.
- Nacionalities** Primary nationality – Latvians 57.6%, other nationalities- Russians, Belorussians, Ukrainians, Poles, and others.
- Religions** Lutheranism, Orthodox, Catholicism.
- Language** The Latvian language belongs to the Indo-European family of languages' Baltic group. It developed from the languages of the ancient Baltic tribes – Latgalian, Zemgalian, Selian and Kurzemian, and has been strongly influenced by the Livian language, which belongs to the Baltic Finnish language group.
- Economy** Increase in Gross Domestic Product (GDP) – 7.7% in 2001. Inflation – 3.2% in 2001

# History

- 2000 years BC First baltic tribes settle in the territory of Latvia
- 11th –12th C. German traders, missionaries and crusaders arrive, city of Riga is founded, subjugation of Baltic tribes, the founding of Livonia.
- 15th C Livonian war, Latvia comes under Polish – Lithuanian rule, Duchies of Kurzeme and Pardaugava are established.
- 16th C Polish-Swedish war: Vidzeme and Riga come under Swedish rule.
- 17th C Great Northern war: Vidzeme, Riga, later also Latgale and the Duchy of Kurzeme come under Russian rule.
- 1918 Latvia declares its independence.
- 1940 Latvia is occupied by USSR military forces.
- 1941-1945 Latvia is occupied by fascist Germany, USSR military forces return, Soviet state system established.
- 1990 Latvian SSR Supreme Council (SC) signs a Declaration of Independence.
- 1991 The Republic of Latvia's SC proclaims Latvia's renewal of independence de facto
- 1995 Association Agreement signed with the EU, negotiations commence regarding EU and NATO membership.

# Natural Resources

Forests – cover 45% of the state's territory, timber product reserves increase per year - 16,5 mill. m<sup>3</sup>

Swamps – cover 4.9% of the state's territory, peatbogs form 0.4% of the state's territory

Water resources – there are more than 12,400 rivers and 2,256 lakes in the state, which together with water reservoirs cover 3.7% of the territory:

largest lake – Lake Lubāns, 80,7 km<sup>2</sup>

deepest lake– Lake Dridzis, 65,1 m

longest river in Latvia– Gauja, 452 km

largest river – Daugava, total length of 1005 km: 352 km in Latvia

Biological diversity:

18 047 wild animals, including 507 vertebrate species

5396 plant species

4000 species of fungi

63 fish species registered in Latvia's waters, 34 of which are important to industry

8.7% of Latvia's territory has been classified as specially protected areas.

# SUMMARY

This report describes the situation in the economic, social and environmental spheres, analyses instruments for the implementation of sustainable development, the role of various target groups for the development of society, and a selection of Latvia's most important intermediary sectors. The achievements of major branches of the economy and the environmental sector have been recognised, and problems have been identified and actions included in branch and sectoral development objectives. Special attention has been paid to the integration of environmental policy into sectoral development policy. The purpose of this report is to present information on Latvia's achievements since the restoration of independence to those interested in the sustainable development process after the Rio Conference on Environment and Development, using the best qualitative and quantitative information currently available.

When evaluating this report, the reader should take note that after the restoration of independence de jure in 1991, Latvia had to create its own national political and economic foundations. Therefore, the report authors consider that a major achievement in the economic sphere, alongside those of stable macro-economic indicators, the investments of branches or sub-sectors in the development of GDP, etc., has been the elaboration of legislation and policy documents that have been drafted in observance of environmental protection requirements, which is a significant step in the direction of sustainable development. Also, problem areas identified in various sectors of the economy have served to set new development objectives.

Also in the environmental protection sphere, the major achievement has been the elaboration of environmental protection legislation, including legislation on taxation and the system of institutions. The improvement of environmentally related infrastructure by securing investments, the reduction of environmental pollution and the preservation of biological diversity are the areas in which the best results have been achieved over the last ten years. In order to characterise how Latvia fits into the global environmental protection system, the report describes which international conventions Latvia has ratified and progress with implementing the requirements of these conventions. However, the comparatively high environmental standards achievements are not only related to the effects of successful environmental policy implementation, but also due to a downturn in manufacturing and production and a decrease in the number of inhabitants. As in the economic sphere, the important issues for the future of environmental protection have been reflected in the proposed objectives.

The radical economic and political changes that have occurred over the last ten years have also significantly affected the social sphere. The national birth rate has decreased and the number of inhabitants has decreased and therefore also the density of inhabitants has decreased, which has had a direct effect on the anthropogenic load on the environment. At the same time, this period has seen a gradual change from the centralised administration, planning and authoritarian decision-making of the Soviet system towards the creation of an independent, democratic state and the development of a civil society. Many significant changes have occurred in state administration and public society over these years, which have facilitated closer co-operation ties between the state administration, various target groups in society and inhabitants. At the same time, the development of solutions has led to the realisation of further problems to be resolved.

The data, information and situation indicators compiled for this report, as well as the report itself, is intended to be used as resources for the continuation of the sustainable development process, for example to elaborate the "Strategy for Sustainable Development in Latvia" and a register of sustainable development indicators.

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# ABBREVIATIONS

UN	United Nations Organisation
EU	European Union
EU ISPA	EU <i>Instrument for Structural Policies for pre-Accession</i>
EU Phare	EU <i>(Poland and Hungary: Assistance for Restructuring the Economic)</i> – an economic assistance programme for Central and Eastern European countries from 1996
EU SAPARD	EU <i>Special Assistance Programme for Agricultural and Rural Development</i>
EUR	Euro
HACCP	Hazard Analysis for Critical Control Points
HELCOM	<i>Helsinki Commission Baltic Marine Environment Protection Commission</i>
HES	Hydro electric power station
GDP	gross domestic product
ICLEI	International Council for Local Environmental Initiations
ILO	International Labour Organization
ISO	International Standards Organization
LEF	Latvian Employers Federation
LAJCC	Latvian Agricultural Joint Consultative Council
CM	Cabinet of Ministers
NETCO	Nordic Environment Technology Corporation
NTCC	National Tripartite Co-operation Council
NGO	Non-governmental Organisations
CIS	Commonwealth of Independent States
OECD	Organisation for Economic Co-operation and Development
ODP t	ozone depletion potential in metric tonnes
SDOL	Substances depleting the ozone layer
USSR	Union of Soviet Socialist Republics
WHO	World Health Organization
PJ	Petajoule (10 <sup>15</sup> joules)
GHG	greenhouse gases
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
MEPRD	Ministry of Environmental Protection and Regional Development
MoA	Ministry of Agriculture

# 1. INTRODUCTION

The Republic of Latvia was established in 1918 as a parliamentary democracy and remained a sovereign state and member of the League of Nations until 1940. During the Second World War, Latvia was occupied by the USSR and forcefully annexed, and remained a part of the USSR until 1990. On 4th May 1990, the Latvian Soviet Socialist Republic's Supreme Council approved a declaration stating its intention to renew independence de facto, and re-independence was formally declared by the Latvian parliament on 21st August 1990. Soon thereafter Latvia was recognised by the international community, was accepted as a member of the United Nations and Organisation for Security and Co-operation in Europe, and later also as a member of the European Council and other organisations.

After regaining independence, Latvia had to resolve problems associated with stabilising the independent state, the promotion of democracy and the transition to a market economy, while at the same time ensuring the creation of national state political and economic systems.

This period of Latvia's development coincides with the time, when at the 1992 UN world state leader conference "Environment and Development" in Rio De Janeiro, the need for sustainable development was politically recognised. Sustainable development must ensure three interlinking dimensions - environmental, economic and social - intergration and harmonic development. While laying the foundations for a new nation, Latvia could benefit from the current global processes and unique opportunity to develop its national economy taking into account the principles of sustainable development.

The political, legal and institutional system in Latvia has been developed in accordance with international practices. The Latvian economy's sectoral development programmes and strategies have been elaborated taking into account the conclusions of the 1992 UN conference and integrating environmental requirements. An important milestone in Latvia's targetted involvement in the sustainable development process was the year 1995, when the "Nation Environmental Protection Policy Plan for Latvia" was accepted, and the parliament ratified the "Convention on Biological Diversity" and the UN "General Convention on Climate Change", and the agreement was concluded for the formation of an association between the European Community and its member states and the Republic of Latvia. With the conclusion of the Association Agreement, Latvia actively commenced the approximation of its legislation with EU directives, thus strengthening legal environmental requirements. Together with other Baltic Sea countries, in 1996 Latvia became actively involved in the development of the "Baltic Agenda 21 Action Programme".

Since the middle of the 1990s, various Latvian economic indicators have improved, including GDP per inhabitant. The value added to GDP by major branches of the economy is nearing proportions characteristic of developed countries. Development in the social sector is characterised by a gradual increase in the standard of living. Workforce salaries and old age pensions are increasing at national level. A number of significant strategic documents have been elaborated taking into account sustainable development principles, including the "Poverty Reduction Strategy" and "Social Health Strategy", which was based on the WHO European regional strategy "Health for all in the 21st Century". Another important aspect is the development of the non-governmental organisation sector, which is proof of society's desire to participate in the national development process.

In the period since reindpendence, Latvia has elaborated a modern, effective environmental policy and has established an appropriate institutional system for its implementation. In the field of nature protection, the "National Programme on Biological Diversity" has been



elaborated, which includes guidelines for the maintenance of biological diversity and the sustainable management of natural resources in the country as a whole, as well as in individual branches of the economy. In the field of climate change mitigation, a “Climate Change Mitigation Policy Plan” has been elaborated, and a conceptual plan has been elaborated for the implementation of projects foreseen by the UN General Convention on Climate Change Kyoto Protocol. In the field of water resources, investment programmes have been elaborated and are currently being successfully implemented, resulting in significant improvements in wastewater treatment. Since 1991, the amount of wastewater treated in proportion to the amount generated has almost doubled, which verifies the effectiveness of Latvia’s environmental protection policy and bears testimony to the introduction of environmental friendly technologies and the rational use of water resources.

Work has commenced on the elaboration of a number of long-term national programmes to determine the development and sustainability of specific sectors of the economy. “Latvia’s Long-term Economic Strategy” and the “National Development Plan”, which identify economic development priorities, have already been elaborated. The principles for national sustainable development are currently being elaborated and the coordinating body, the Sustainable Development Council, has been established. Among other things, this body is responsible for the coordination of Latvia’s participation in the UN and EU sustainable development process, and the implementation of the national sustainable development strategy.

Latvia’s national report “Rio + 10” for the UN Environment and Development Conference in Johannesberg presents an overview of Latvia’s development in the context of sustainable development in the time period since the 1992 Rio de Janeiro conference, describes the situation in the major sectors of the economy, in the social and environmental sectors, and indicates what are Latvia’s sustainable development strategic goals, instruments for implementation and major target groups.

## 2. ECONOMIC SECTOR

### 2.1. INDUSTRY

The abstraction and production industry is one of the main sub-sectors of the economy and its development has a vital role in assisting Latvia to achieve sustainable economic growth. Since 1990, the proportional value added to GDP by industry has decreased from 34.5% to 14.5% in 2000. The size of the industrial workforce has also decreased from 26.5% to 16.2%. This decrease is linked to the collapse of the USSR and the 1998 Russian economic and financial crisis, as the major export market for Latvian industrial products has traditionally been Russia and the CIS. Currently, the dominant Latvian industries are food production (makes up 25% of the value of all industrial production), timber processing (20% of all industrial production) and light manufacturing. Advanced technological products make up less than 6% of Latvia's export. The majority of industrial companies are concentrated in Riga, Riga District and other cities. Industry is developing poorly in other regions of Latvia.

Since 1998, industrial development has mainly been associated with the expansion of markets in the EU, as well as in Lithuania and Estonia. Industrial production in 2000 was 5.7% higher than in the previous year, and this is attributable to development throughout the sector. In 2001, the food industry is once again growing.

#### POLICY DOCUMENTS

- Latvia's Long-term Economic Strategy, 2001
- Latvia's Industrial Development Principles, 2001
- National Concept on Innovation, 2001
- Concept for Electronic Commerce, 2001

#### **Integration of environmental policy**

Since industrial activity involves the procurement of raw materials and the production of goods in appropriate industrial facilities, no single strategic document has yet been produced outlining environmental policy objectives principles and instruments for implementation. The majority of current strategic documents analyse economic aspects of industry in relation to overall national development. In order to regulate industrial activities that impact on the environment, a system of normative acts has been developed. The principles for observing and attaining environmental protection policy objectives are described in the laws "On environmental protection", "On environmental impact assessment", "On national resource tax", "On pollution" and the subordinate Cabinet of Minister (CM) regulations, and define the integrated environmental permitting system for industrial enterprises.

#### **Objectives**

- ▶ To ensure industrial reindustrialisation (upgrading of technological equipment) and Environmentally friendly development.
- ▶ To establish effective and competitive industrial structures.
- ▶ To increase the proportion of advanced technology industries.
- ▶ To introduce structural policies to promote innovations.
- ▶ To develop an effective national support system for the restructuring of industry, and the implementation of international standards and cleaner technologies, that would facilitate growth of export.
- ▶ To stimulate industrial development in less developed regions of Latvia to decrease significant regional disproportionalities.

- To ensure that industrial development activities occur in accordance with environmental protection requirements – decrease of industrial pollution, use of best available technologies, and implementation of environmental management systems.

## 2.2. ENERGY

Local (wood, peat, hydro-power, wind power) and imported (petroleum products, natural gas, coal) resources are used for the production of energy. In 2000, Latvia's total energy consumption amounted to 159 PJ (petajoules), of which roughly 70% was produced from imported fuels (Fig 2). Over recent years, the use of the environmentally friendlier fossil fuel – natural gas – has increased, and in 2000 made up 30% of Latvia's primary energy resource balance (Fig 1). Wood is the most commonly used local fuel and makes up ~ 22% of the total energy resource balance. Depending on the hydrological conditions (rainfall per year), Latvia's power stations currently produce 60-90% of electrical energy requirements, and the remainder is imported. Latvia's electrical energy production capacity is made up of ~ 3/4 hydro-electricity stations, and ~1/4 thermo-electric stations with a co-generation cycle. The proportion of electrical energy produced using co-generation, total generated + imported (nett) electrical energy is ~ 22%. Heating supply is provided by centralised (~ 65%), as well as local and individual heating supply systems. Over the last ten years, the use of natural gas and wood has increased significantly for central heating. The major energy source for local and individual heating supply is wood (logs, wood chips). Co-generation accounts for ~ 38% of all the heat energy produced by centralised heating systems.

Since 1994, there has been a decrease in energy capacity – energy consumption per GDP unit – index in Latvia (Fig.3). This decrease is mainly due to a decrease in fuel consumption and therefore largely related to heat energy saving activities, but to a smaller extent to energy savings in technological production processes.

In 2000, 1.7% of the workforce were employed in the energy sector and the value added by the sector was 3.9%. The energy sector is one of the few sectors that has shown an increase in the workforce of more than 1/3 since 1990.

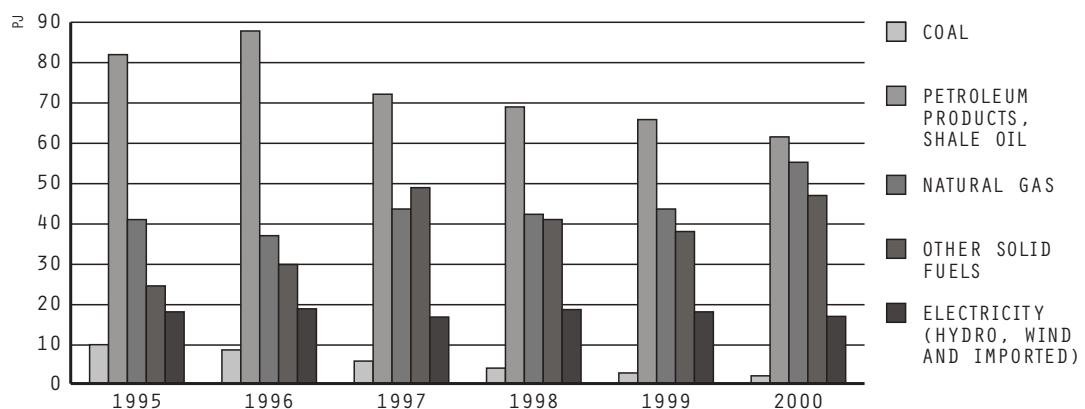


Figure 1. Consumption of primary energy resources [4]

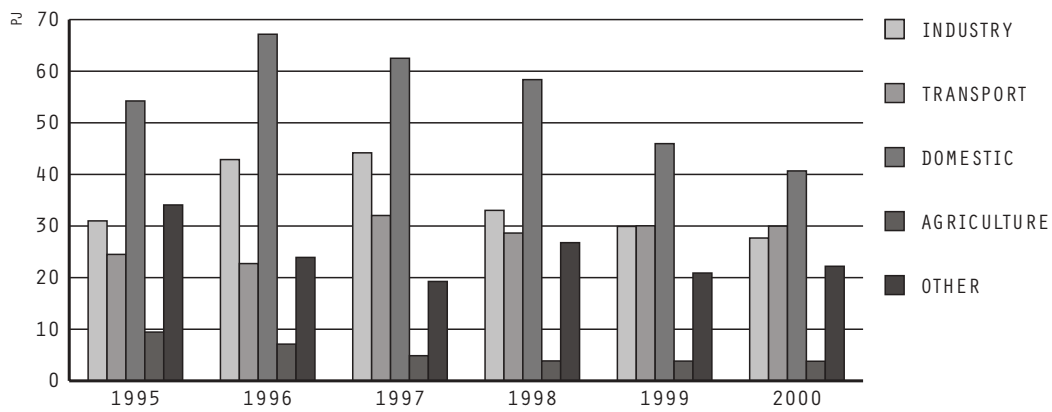


Figure 2. Annual energy consumption by sector [4]

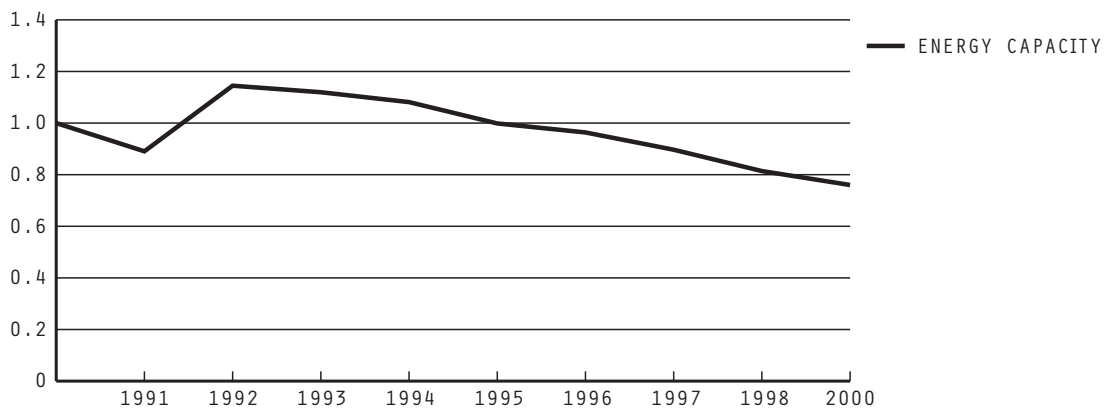


Figure 3. Energy capacity index [4]

#### POLICY DOCUMENTS

- Latvia's National Energy Programme 1997-2002, 1997
- Government Energy Policy, 1999
- National Energy Efficiency Strategy, 2000
- Bio-fuel Production and Use in Latvia, 2000
- Government Policy and Action Plan for the Energy Sector, 2001
- Concept for the Liberalisation of the Natural Gas Market in Latvia, 2001
- Use of Wood in the Latvian Energy Sector (EBRD, 1995)
- Fuel and Energy Structural Policy (EU *Phare* programme, 1999),
- Programme for the Use of Renewable Resources (ES *Phare* programme, 2000)

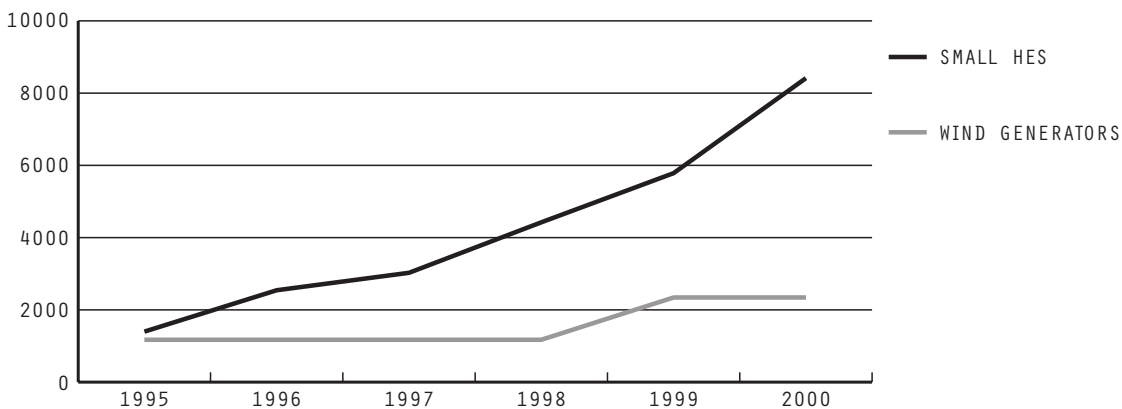


Figure 4. Mazo hidroelektrostaciju un vēja elektrostaciju jauda Latvijā, kW [4]

### **Integration of environmental policy**

Significant sustainable development principles have been included in this sub-sector's policies. The principles of "best available technologies", "best solutions" are broadly enshrined. Government policy states that priority projects will be those that include co-generation cycles and where fuel efficiency is not lower than 85% – therefore giving large support for the introduction of modern technologies. The best available technologies are needed for new burners and should be gradually implemented for existing large-scale incineration facilities (> 50 MW) in accordance with the law "On pollution". The principle of maintaining a balance between the environment and economy enshrined in the law "On Energy" requires that energy efficiency shall be improved by introducing new equipment, while at the same time ensuring that quality and safety requirements are considered. The norms set out in the law "On Energy" require that pollution should be minimised at the source of production. The objectives of the state's Fuel and Energy Structural Policy is to ensure that fuel is effectively used to produce energy at the lowest possible cost, to reduce the environmental impact of the use of fuel, to increase the safety of fuel supply, and to introduce the fuel substitution principle where possible. The sector policy also foresees the use of economic measures to improve the quality of the environment. The "Energy Efficiency Fund" has been established in accordance with the law "On Energy". The law of "Natural Resource Tax" has enshrined the "polluter pays" principle, and has made allowance for tax relief to companies that undertake activities to improve the environment.

### **Objectives**

- ▶ To increase energy efficiencies in energy production and energy consumption systems.
- ▶ To increase the amount of energy produced using co-generation.
- ▶ To increase the amount of renewable energy resources used up to ~ 6% of total electrical energy demand.
- ▶ To use local fuels – to develop effective heat sources to supply the heating energy demand, to increase the utilisation of timber production wastes and wood chips.

## **2.3. AGRICULTURE**

Agricultural land makes up 38.5% of the country's territory. From 1993 till 2000 the proportion of GDP generated by agriculture has decreased from 10.3% to 2.5%, and the proportion of the workforce employed in agriculture has decreased from 18% to 13,3%. In 2000, the food industry comprised ~ 27% of all industrial production in Latvia. The export agricultural products, including food products made up 5.4% of Latvia's total exports in 2000. However imports of the same products made up 11.8% of Latvia's total imports.

Over recent years, soil degradation has been increasing, due to gradual acidification and the decrease of organic matter and other factors. Agro-chemical studies show that up to 40% of agricultural land in Latvia has increased soil acidity, of which 25% are acidic soils (pH<5.6). Such soils are not able to take up all the available nutrients provided in organic and mineral fertilisers, thus also increasing the potential for plants to take up hazardous radio-active materials and heavy metals, which reduces their quality and therefore ability to compete on the market. Inadequate organic content (<2%) has been observed in 46% of mineral soils. This has been brought about by monocultural planting and insufficient use of organic fertiliser (which decreased by 73% from 1990 till 1997). The risk of soil degradation is also increased by the growing proportion of agricultural land not being utilised.

The gradual increase in non-agricultural activities has led to hitherto non-traditional activities becoming more important as a source of rural income.

Organic farming is increasing in Latvia. In 2001, 219 farms were growing organic products.

These organic farms constitute 0.2% of all farms and make up 0.57% of agricultural land. There is a slow but steady increase in the number of agricultural enterprises producing specialised goods.

#### **P O L I C Y   D O C U M E N T S**

- Concept for the Use of Agricultural Subsidies and Programme Justification 1998 – 2002,1997
- Agricultural Long-term Investment Crediting Programme, 2001
- Concept on Rural Development and the Resolution of Rural Problems, 2001
- State Agricultural Subsidy Programme for 2002
- Agricultural Development Programme for 2002
- “EU SAPARD: Pre-accession measures for the development of agriculture and rural regions 2000.-2006.”

#### **Integration of environmental policy**

Environmental policy objectives have been integrated into a number of sectoral development documents – “Concept on the Use of Agricultural Subsidies and Programme Justification 1998 - 2002”, “EU SAPARD: Pre-accession measures for the development of agriculture and rural regions 2000 - 2006”, and others. Significant attention is being given to ensuring the quality of goods and services and the reduction of environmental pollution at the source, by the implementation of ISO and HACCP systems in agricultural product processing plants. Procedures for the minimisation and control of pollution from statutory sources (farms, processing plants), as well as from fertilisers, are defined in the law “On pollution” and subordinate normative acts. In 1999, MEPRD and MoA jointly developed and approved the “Code of Good Agricultural Practices”. Specific requirements from the national environmental programme and strategy have been incorporated into sectoral programmes. For example, the activities specified in the “National Programme on Biological Diversity” have been given significant attention in the “EU SAPARD: Pre-accession measures for the development of agriculture and rural regions 2000 - 2006” document. In response to activities defined for implementation in the agricultural sector in the “Strategy for Management of Municipal waste for Latvia 1998 - 2010” and the “Strategy for Management of Hazardous Waste for Latvia, 1999 - 2004”, a concept document has been prepared for the collection, recycling and disposal of animal-related wastes. The “Concept for the Use of Agricultural Subsidies and Programme Justification 1998 - 2002” makes recommendations that will facilitate implementation of the national “Climate Change Mitigation Policy Plan”. Territories highly sensitive to agricultural pollution (especially nitrate) have been defined in Latvia and an inter-organisational committee has been established to elaborate management plans and environmental monitoring plans and to monitor their implementation. It is planned that agricultural education programmes with an environmental component be developed. A system has been established for the further education of people working in the agricultural sector and for offering consultations to farmers and rural entrepreneurs.

#### **Objectives**

- ▶ To modernise rural and farm technologies and to improve specialisation.
- ▶ To develop horizontal co-operation links between the producers of traditional and non-traditional agricultural products.
- ▶ To further develop non-traditional and organic farming activities.
- ▶ To popularise and implement better agricultural practice principles.
- ▶ To develop the provision of non-agricultural services by farmers by access to further education, investment resources and market surveys.

- ▶ To introduce integrated agricultural systems for more effective production and use of natural resources.
- ▶ To utilise agricultural land not in use (especially lower quality land) for growing renewable energy products.
- ▶ To facilitate the development of new and effective types of work and to modernise production and storage facilities in agricultural goods processing plants.

## 2.4. FORESTRY

2.8 mill. ha or 45% of the territory of Latvia is covered by forest, and the trend is for increase. Latvia's forests contain 546 mill. m<sup>3</sup> of forest resources. The dominant forest-forming tree species are pine, fir, birch, aspen, black elder, white elder, ash, oak, and others. Latvia's forests have a high ecological and economic value. Ecological value is characterised by the type of forest and species diversity, and economic value by the potential uses of forest resources, mainly timber, but also animals, berries, mushrooms, etc. Of largest economic value are timber resources, the realisation of which has increased over the last 10 years from 4 mill. m<sup>3</sup> to 11 mill. m<sup>3</sup> per year. 50% of forests are owned by the state and 43% are privately owned. Even though the amount of forest being cut down has significantly increased, the total volume being cut does not exceed 80% of the annual regrowth potential of 16.5 mill. m<sup>3</sup> (Fig. 5). The large increase in the realisation of forestry resources has been due to private forests becoming commercially available, as well as market demand. In monetary terms, timber and timber products account for more than 40% of Latvia's exports. Experts assess that the forestry sector contributes 14-16% to GDP.

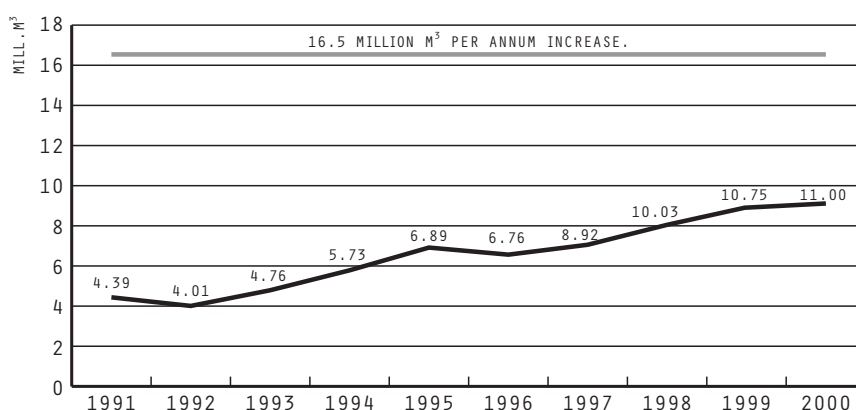


Figure 5. Development of abstraction of timber resources [3]

### POLICY DOCUMENTS - Latvia's Forest Policy (principles and objectives), 1998

#### Integration of environmental policy

Sustainable development principles are integrated into the policy and legislation associated with Latvian forestry. The main objective of Latvia's forestry policy is to ensure the sustainability of the forestry sector, preserving the ecological value of forests and fostering an environment friendly economic development. This ensures that forestry activities maintain a balance between environmental and economic values. The law "On forestry" (2000) and CM Regulations "On renewal of forests" (2001) emphasise resource conservation, the delivery of qualitative products and services and the precautionary principle. As the Forestry Consultative

Council is involved in the preparation of normative acts and this involves participation by various stakeholders, the principle of process transparency is observed. Observance of the “best available technologies” and ”best solutions” principles facilitate healthy competition. The principle of “substitution” is also integrated into Latvia’s forestry policy, whereby forestry activities should seek to imitate natural processes to approximate the ecosystem to its natural structure and preserving biological diversity. The law “On forestry” also foresees the establishment of a Forestry Development Fund for the financing of forestry support and development programmes, scientific studies, and educational programmes for forest owners. The law “On forestry”, the law “On hunting” (1995, with amendments in 1997 and 2000) and CM Regulations “On hunting” (1995) define actions for the implementation of the “National Programme on Biological Diversity”. In order to preserve and improve the biological diversity of forests, a methodology has been elaborated for defining natural forest biotopes and micro-reserve areas. Issues dealing with environmental education are to be incorporated into the “National Forest Programme”. The law “On protected belts” and other specialised laws specify restrictions on the use of forests and forestry protection activities that must be adhered to in water body protection zones and specially protected nature territories.

In order to ensure the conservation of biological diversity and the protection of the environment and nature, forestry activities are not undertaken in 11% of forest areas, clear-cutting is forbidden in 13% of forest growth, and 17% of forests are included under various categories of protected territories.

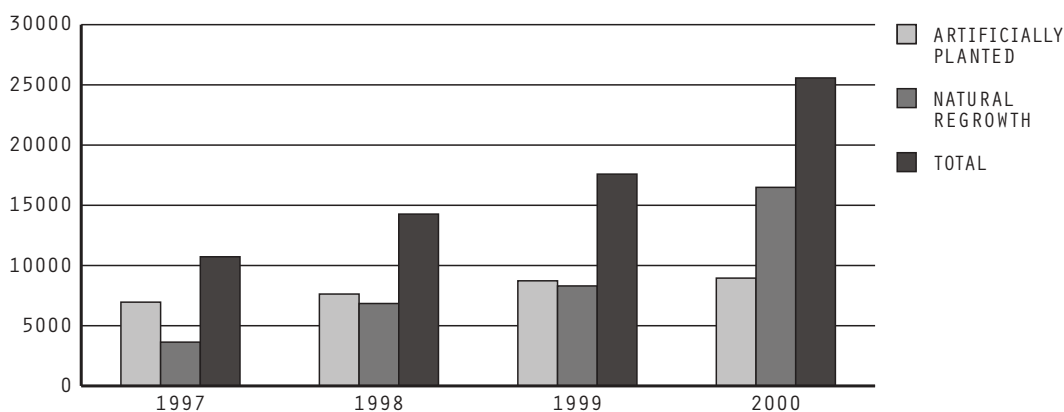


Figure 6. Renewal of forests, ha [3]

## Objectives

- To use an integrated approach to ensure sustainable forestry development, linking the potential uses of forest values to the requirements of other sectors. Maximum utilisation of forest productivity:

  - to renew felled areas, to maintain forests, to construct and maintain forest roads and tracks and to prevent unlawfull tree cutting in accordance with the law;
  - to ensure that value is added to the end use of felled timber, to facilitate the beneficial use of shrubs, sawmill scrap and felling offcuts.
- To raise awareness on the use of non-timber resources, by associating them with the production of goods, as well as using forests as a recreation resource:

  - formation of forest clusters thus associating forestry with other sectors;
  - elaboration of a national forestry programme;
  - certification of forestry enterprises;
  - up-grading the law “On hunting” in accordance with EU requirements.



## 2.5. FISHERY

The fishery sector is closely associated with the rational and sustainable use of live natural resources and the preservation of biological diversity in Latvia's economic zone and territorial waters and inland waterways.

1.2% of Latvia's workforce are employed in the fishery sector. This sector is especially important to the enterprises and inhabitants of the towns and villages along the Baltic Sea and Gulf of Riga coast (Table 1).

	1995	1996	1997	1998	1999	2000
<b>Proportion of GDP, %</b>	2,3	3,4	3,12	2,48	1,75	1,7
<b>Export, mill. Ls</b>	56,9	71,8	51,8	33,1	28,9	30,7
<b>Import, mill. Ls</b>	9,2	14,7	21,9	16,0	11,8	12,9
<b>Balance</b>	+47,7	+57,1	+29,9	+17,1	+17,1	+17,8

Table 1. Indicators of fishery development [2]

**Fishing:** Activities are mainly based on the fish resources in the Baltic Sea and Gulf of Riga. Of the 63 fish species recorded in Latvian waters, 34 are of economic value. The most economically important are sprats, small herrings, cod and salmon, and the annual catch is 72-80 thou. t or almost 99% of the total annual fish catch from the waters under Latvian jurisdiction. In recent years, the annual catch has stabilised. At the same time, Latvia's fishing quota in the Baltic Sea has decreased, especially for cod and small herrings, which has been due to a decrease in total numbers of these species. Latvia's catch from the Atlantic Ocean accounts for roughly 40% of the Latvia's total fishing catch.

**Fish processing** is an industry where local fish resources are processed. Latvia exports more than 90% of the processed and canned fish it produces.

**Aquaculture:** There are 7 fish farms in Latvia, where fingerlings are grown for release into natural water bodies in order to partially compensate for losses caused by hydro-electric stations, intensive fishing and other economic activities. In accordance with the state fish stock renewal programme, these fish farms release valuable species to Latvia's inland water bodies (salmon, salmon trout, pike perch, lamprey, wimbass) thus forming a stable inland water fish resource base, which also creates the basis for the development of new economic activities such as fishing tourism.

The main fish species farmed are carp, tench, crucian carp and trout. In recent years, farmers have also shown an interest in the potential of crayfish farming as a future form of economic activity.

### P O L I C Y   D O C U M E N T S

- National Fisheries Development Programme 1995 – 2010 sub-programmes:
  - Fish Processing Industry Development Programme, 2001 – 2006
  - Fishing Fleet Development Programme, 2001 – 2003
  - National Fish Resources Restocking Programme, 2000 – 2010

### Integration of environmental policy

Latvian environmental policy objectives have been integrated into the law “On fishery”, the “Fish Processing Industry Development Programme”, “Fishing fleet development programme” and the “National Fish Resources Restocking Programme”. The principle of openness and transparency is ensured by the involvement of the Fishery Consultative Council and Angling Consultative Council, which also allows state, NGO’s and social organisations to participate in the development of fishery policy and resolution of issues important to the sector. Requirements of the “National Programme on Biological Diversity” have also been integrated into fishery policy, mainly into the law “On fishery” and legislative acts that regulate fishing in territorial waters, economic zones and inland waters, and renewal of fish resources. The law “On pollution” and subordinated acts define requirements for surface water quality, as well as for the issuing of integrated environmental permits to fish processing enterprises.

In order to maintain fish resource stocks in the anthropogenically changed environment, every year 9 million salmon, salmon trout, pike perch, wimbass, bream, and other fish species fingerlings and 38 million salmon trout, lamprey, pike and other fish species larvae should be released into Latvia’s waters. It is planned that these figures will be achieved by 2005. In 2000, 14,7 million fish species fingerlings and larvae were released, which is 45% more than in 1991 (Fig. 7). This is a significant decrease compared to 1995-98, however over recent years, the quantity of released fingerlings which have a higher survival rate than larvae.

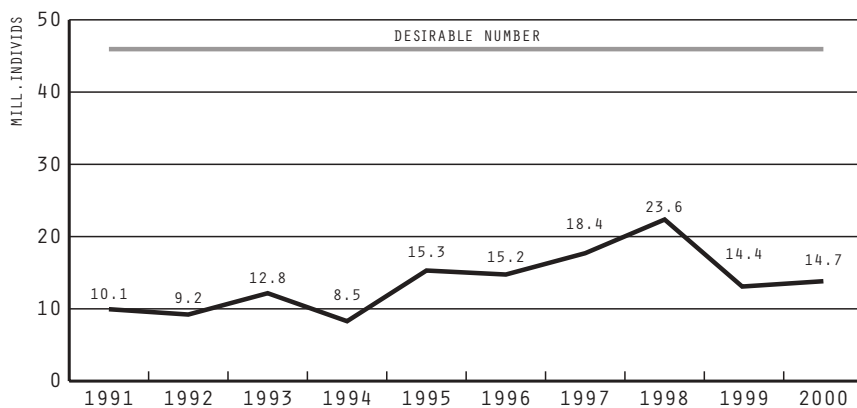


Figure 7. Number of fish fingerlings and larvae released [3]

### Objectives

- ▶ To balance the capacity of fishing and fish processing enterprises with the amount of available fish resource stocks and market demand.
- ▶ To implement sectoral structural changes that will improve the competitiveness of fishery enterprises.
- ▶ To renew and modernise the Latvian fishing fleet.
- ▶ To develop economic activities in aquaculture.
- ▶ To develop the educational and scientific potential of fishery by facilitating co-operation between educational and research institutions and fishery enterprises, thus increasing the professional expertise of those working in the industry.
- ▶ To elaborate and implement river basin management plans and programmes that will lead to improvements in water quality and positively impact on fishery resource development.

## 2.6. TRANSPORT

Latvia's geographic location and ice-free ports provides it with ample opportunity to develop domestic and international transport routes for goods and passengers, by offering qualitative and competitive transport services, and by being an important link in the development of trade between east and west. Transport is one of the most significant and dynamic sectors of the national economy. In 2000, transport and communications made up 16.2% of GDP and employed 8.2% of the nation's total workforce.

Approximately 75% of rail freight services, 90% of port freight, and 60% of road freight to and from ports are goods in transit. Both Europe's no. I (Via Baltica) and no. II (Via Hanseatica) transport corridor path through Latvia. The sea ports of Ventspils, Riga and Liepaja are connected into the I, II and IX European transport corridors.

The total length of **roads** is 69.7 thou. km, and road density is 1,08 km/km<sup>2</sup>, which is considered adequate for the needs of inhabitants and businesses.

The largest volumes of freight are transported along the east-west **railway** corridor, while the largest number of passenger movements occur in the areas served by electric trains. The total length of major rail lines at the end of 2000 was 2412.9 km, of which 257.9 km were electrified. Approximately 55% of all freight and 5% of all passengers in Latvia are transported by rail (Fig. 8).

Well developed transport infrastructure connects Latvia's **sea ports** to many regions of Russia and other CIS countries, thus forming one of the shortest and economically attractive transit corridors between markets in the east and west. Latvia's ports move more than 50 mill. t of freight per year.

The number of passengers being transported by **aircrafts** is increasing. In 2001, 622.6 thou. passengers were transported to or from Riga by aircrafts, which is 8.4% more than in 2000.

Even though Latvia's transport infrastructure is optimally located, in many locations its low quality affects the quality and competitiveness of the transport service provided.

### P O L I C Y   D O C U M E N T S

- National Programme for Transport Development 1996-2010, 1995
- National Programme on Road Traffic Safety 2000-2006, 2000
- Concept on the Establishment of a Unified Transport Route Agency, 2001
- Latvia's Railway Restructuring Programme , 2001
- National Programme on Velo Transport Development , 1999

### **Integration of environmental policy**

The principles, long-term objectives and implementation instruments of Latvia's environmental protection policy are integrated into transport sector policy. Essentially, they are reflected in the "National Programme for Transport Development 1996-2010" sub-programme "Development of environmentally-friendly transport systems". This sub-programme emphasises the need to integrate transport sector development with territorial planning activities. However, at the same time, there is a lack of financing to preserve biological diversity close to transport infrastructure that was constructed in Soviet times. Existing stretches of road have been repaired and improved in observance of environmental protection requirements, but no new roads, railway lines, etc., have been constructed since

1990. With the amount of financing currently available, the amount of investments that can be undertaken to safeguard wildlife is small. The “National Programme for Transport Development ” foresees the use of environmental principles, such as pollution prevention at the source, and openness and transparency, in developing transport policy. The “Railway Environmental Protection Policy Plan” has already been elaborated and work on a related action plan is currently underway.

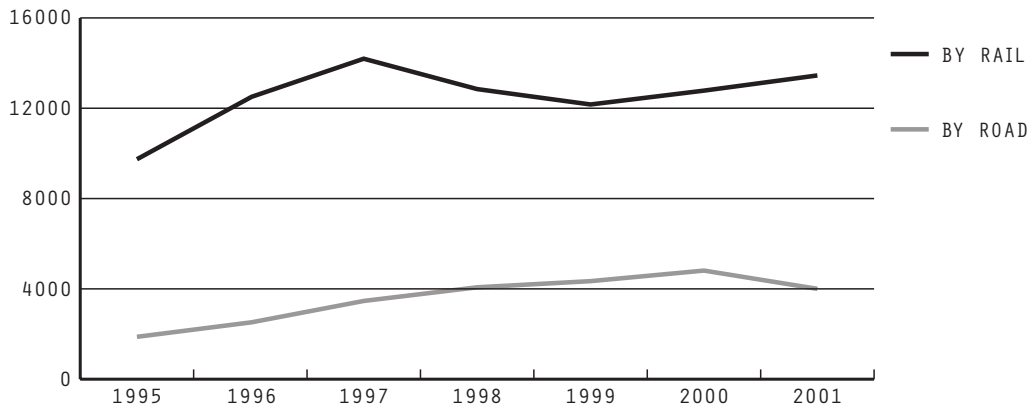


Figure 8. Movement of freight, million t km [2]

Year	Cars	Trucks	Buses	Motorcycles
1995	331,84	68,67	16,47	15,79
1996	379,90	72,91	17,28	18,44
1997	431,82	76,77	18,56	19,27
1998	482,67	84,94	11,51	19,41
1999	525,57	90,22	11,56	20,06
2000	556,77	97,08	11,50	20,73
2001	586,21	99,71	11,29	21,37

Table 2. Use of road transport, thou. vehicles [4]

## Objectives

- ▶ To establish a unified passenger transport system to ensure qualitative and accessible public transport services for inhabitants.
- ▶ To establish passenger and freight transport systems in Latvia that are integral parts of Baltic and Scandinavian transport networks.
- ▶ To implement the regional road reorganisation programme to decrease differences between various regions of Latvia.
- ▶ To develop and implement an effective subsidy mechanism to ensure the development of rail passenger transport.
- ▶ To develop Latvia’s small sea ports, including the renewal of existing infrastructure and the development of infrastructure for yachts.
- ▶ To implement environmentally-friendly transport systems:
  - to popularise economic and environmentally-friendly modes of transport and create pre-conditions for their implementation,
  - to improve the quality of motor vehicle technical inspection control,
  - to define recommended routes for the transport of hazardous wastes,
  - to develop velo transport.

## 2.7. TOURISM

Since 1991, the Latvian tourism sector is constantly improving and gradually becoming a part of the European and global tourism systems. Tourism in Latvia is being developed in accordance with the Action Plan (Agenda 21) accepted by the EU, World Tourism Organisation, World Travel and Tourism Council and Hague Tourism Declaration at the 1992 UN Environment and Development Conference, in accordance with Baltic Sea region guidelines and recommendation for tourism and national policy planning documents and normative acts.

The export of tourism services from EU countries makes up on average 5% of their GDP, which is also the proportion of the workforce directly employed in the tourism sector. In Latvia in 2000, these figures were respectively 1.8% and 0.34%. Recently there has been an increase in the number of foreign nationals visiting Latvia. In 2001 2 million people visited Latvia, which is the largest number over the last eight years. Despite this, Latvia's tourism trade balance is still negative. In 2001, total expenditure by foreign tourists in Latvia was 70.8 mill. LVL, but total expenditure by Latvian tourists outside of Latvia was 137 mill. LVL. Also, the average number of days spent in Latvia by foreign nationals is lower than by Latvians spent outside of Latvia, respectively 1.8 and 2.8 days.

Development of the Latvian tourism sector was positively influenced by joining the European "Blue Flag" movement in 1997. The Blue Flag is an eco-certificate that certifies that the beach or yacht marina displaying the flag consistently achieves high environmental standards. In 2002, Blue Flag certificates have been granted to Majori, Bulduri, Ventspils and Liepaja beaches, as well as Ventspils yacht marina.

### POLICY DOCUMENTS

- Latvian Tourism Development Concept
- National Tourism Development Programme for Latvia, year 2001 – 2010, 2001
- Ecotourism Development Strategy, 2001
- Rural Tourism Development Target Programme, 2000

### Integration of environmental policy

The introduction of "green certificates" is mentioned as one of the most significant pre-conditions for tourism development in the "National Tourism Development Programme for Latvia, year 2001 – 2010". Criteria are currently being elaborated for the granting of this certificate and the environmental achievements of tourism enterprises are being recorded. In order to ensure the rational and sustainable use of nature resources, a study called "The environmental impact assessment of tourism in relation to the environmental capacity" was ordered by the state (undertaken by SIA "Estonian, Latvian & Lithuanian Environment" in 2001) to study the impact of various types of tourism on the environment, to determine indicators for the assessment of the load tourism places on the environment, and recommendations were developed for actions that would simultaneously facilitate the development of qualitative tourism products and services in Latvia and ensure the preservation of nature.

### Objectives

- ▶ To develop tourism resources, infrastructure, products and services, including a common tourism information system.
- ▶ To open tourism information bureaus in the major tourism markets.
- ▶ To introduce a quality management system into the tourism sector.
- ▶ To develop sustainable rural tourism, eco-tourism, holiday and health tourism, velotourism and yachting tourism opportunities.

## 2.8. EDUCATION

Since 1991 great changes have taken place in the education system overall. The organisation of education and the education system structure have changed. Many new documents have been elaborated, which according to the level and type of education, state the main educational aims and tasks, compulsory educational content, criteria and procedure for evaluating educational achievements. Education institutions have gained greater autonomy, which at times hinders the implementation of new ideas simultaneously in all education institutions.

In accordance with the Baltic Sea Region state education ministers' year 2000 agreement, the *Baltic 21* programme was supplemented with the eighth sector education. The objective was to raise the level of education in society and increase knowledge about sustainable development. Based on the political document – the Hague Declaration, an action programme was elaborated, called Baltic 21E, which states the main objective of sustainable educational development and objectives for comprehensive education, higher education and adult education. The document is translated in Latvian and will be distributed to Latvia's comprehensive schools, institutions for higher education and institutions.

**Comprehensive education:** In 2002 there are 1,066 comprehensive schools of varying type and 126 professional education institutions, where in total 399,600 students study. Since the early 1990s many schools in Latvia have participated in international environmental education projects – “Baltic Sea Project”, “Air Pollution Europe”, “Nature Watch” and others. Continuing the integration of environmental education, schools have included these in their education programmes. Students elaborate environmental projects, participate in “working bees” and campaigns. For seven years now, environmental project olympics have been organised, where students from all over Latvia participate. An environmental education co-ordinator network has been developed, which co-ordinates the implementation of environmental education and sustainable development of education in schools.

**Adult education:** In 2002 there are 367 institutions dealing with adult education and offering 5,101 programmes, where 204,856 persons are enrolled. Latvia's Adult Education Association offers a wide range of adult education. Also, almost 200 non-governmental organisations in Latvia are active in the environmental education sector. There are 26 regional adult education centres in Latvia. Environmental education organisations have created successful mutual co-operation, and also work with municipalities, enterprises, schools, museums, libraries, tourist organisations, higher education establishments, distance learning centres, and other organisations. The most common methods used in educating adults in environmental education are lectures, seminars, independent work, projects and multi-media training. For example, courses on themes devoted to the environment and sustainable development, such as “Agenda 21”, “Environmental Communication” and “Environmental Impact Assessment”. Problems that can be highlighted are the lack of easily perceived information, the lack of motivation and the lack of educational opportunities for middle-age and older people.

**Higher education:** In 2002 there are 36 higher education institutions and colleges where 110,500 students study. 40% of higher education institutions in Latvia have elaborated sustainable development plans or policies, and 30% have environmental education plans or policies. All bachelor degree study programmes in higher education institutions offer courses on environmental and sustainable development themes. 31% of higher education institution offer these thematic courses to all students, 36% to some students, but 50% offer sustainable development studies in integrated courses. Approximately 40% of higher education institutions offer further education on environmental and development themes to middle and higher level decision makers and teachers. In the period from 1995 –2000 approximately 55%

of higher education institutions had elaborated sustainable development collaboration projects with local municipalities and 36% with industrial enterprises.

#### **P O L I C Y   D O C U M E N T S**

- Environmental Education Conception for General Schools, 1995
- Environmental Education Guidelines for Basic Education, 1996
- Latvia's Adult Education Conception, 1998
- National standard of basic education, 2000
- National standard of general secondary education, 2000
- National Environmental Communication and Education Strategy, 2001
- Social Health Strategy, 2001
- Subject Standards for basic education

#### **Integration of environmental policy**

In 1994 the “Environmental Education Conception for General Schools” was elaborated, which defined environmental education objectives, content, types environmental education, expertises and responsibility, using Agenda 21. In accordance with the concept, the “Environmental Education Guidelines for Basic Education” were elaborated, which foresaw environmental education being integrated into all subjects. With financial support from various organisations, learning/teaching aids were developed to help teachers disseminate environmental education in schools. Many learning/teaching aids are provided to schools free of charge, and in parallel to this, courses are organised for teachers on how to use these resources. Since 2001 the “Regional Environmental Centre” is implementing the project “Schools for sustainable development in the Baltic States”, with a long-term objective to promote sustainable development in Latvia, integrating education for sustainable development into school education programmes and extracurricular activities.

#### **Objectives**

- ▶ To ensure educators receive training on how to integrate sustainable development issues into other subjects.
- ▶ To ensure the accessibility of environmental protection and sustainable educational development to all.
- ▶ To ensure social equality in accessibility to education.
- ▶ To ensure flexible opportunities in acquiring life-long education.

## 3. SOCIAL SECTOR

### 3.1. INHABITANTS

The total number of inhabitants in Latvia is 2.346 million. A smaller total number of inhabitants is found in only 10 other European countries. On the other hand, Latvia's area is larger than that of 18 other European countries and therefore the population density is less than the average for Europe. Also, in the 10 year period since the last census count, the population density in Latvia has decreased from 41 to 37 people per km<sup>2</sup>.

The decrease in population (on average 1% per year) has occurred due to emigration and the mortality rate exceeding the birth rate. The greatest changes have occurred to the birth rate. The total birth rate has decreased from 2,035 in 1990 to 1,237 in 2000. At the close of the 20th century, the birth rate in Latvia ensured a generation renewal rate of only 60% (Fig. 9). To a great extent, the low birth rate can be attributed to radical social, political and economic changes, which on the whole decreased inhabitants' standard of living. Parents' insecurity regarding their ability to ensure a suitable level of upbringing and education for their children is one of the reasons birth rate indicators are so low.

Starting in 1991, one-time payments and regular child endowment payments were introduced in Latvia. However, the increase in the payment amount has been less than the cost of living increases. Currently, the total endowment payments do not reach the level recommended by the European Council member states – 1.5 % of GDP.

As in other Eastern European countries, the effect of the decrease in the birth rate on the population dynamics in Latvia is especially significant in relation to the high mortality rate. Even though in the last 10 years the infant mortality rate has gradually decreased, the number is still regarded as high. Infant mortality in Latvia in 2001 was 11 deaths per 1,000 live infants. This attests to the inadequate social environment and state of health of adults. The average life span in Latvia is amongst the lowest in Europe, and for males it is 11 years less than for females.

Society appears to be rapidly ageing as a result of the unfavourable demographic process. The number of pension-aged inhabitants (those 65 years old and more) in the last 10 years has increased from 11.8% in 1989 to 14.9% at the beginning of 2000. It is expected that in the next 10 years this number will increase to more than 16-17 %.

When making significant political decisions, it is important to develop measures that will lead to a renewal of the population, in order to decrease the load on the social security system.

#### P O L I C Y   D O C U M E N T S

- Action Programme to Improve the Demographic Situation, 1998
- Strategy on “State assistance to families with children”, 2000
- Concept on “State family policy”, 2002 (in preparation)

#### Objectives

- ▶ To facilitate an increase in the birth rate to the level required for generation renewal by developing and furthering family policy in the state.
- ▶ To facilitate a healthy life-style amongst inhabitants, gradually increasing the lifetime of both sexes.



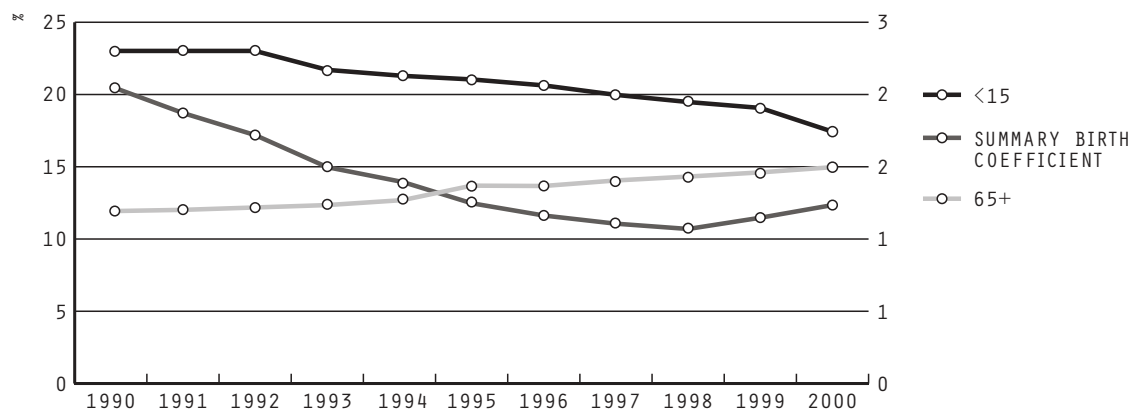


Figure 9. Variations in inhabitant birth and age statistics [8]

### 3.2. EMPLOYMENT

As a result of changes in the economy and migration in the period from 1991 to 2000, the size of the workforce has decreased by 370,000. From 1994 on, the size of the workforce has stabilised and has not changed significantly. This is linked to economic stabilisation during this period. In 2000, the employment level was 48.5% (the proportion of total inhabitants, which are employed). The number of females in the workforce is lower than the average. Over recent years, fluctuations have been insignificant, and in 2000 it was 43.5%. At present, economic and social conditions ensure favourable opportunities for males to find employment.

The majority of the workforce are employees: in 1996, employees made up 84.8% of the workforce, in 2000 – 85.3%. The proportion of the workforce who are employers and self-employed is comparatively small. In 2001 it consisted of 10% of the workforce, which means there is the potential for self-employment development.

The change from a planned economy to a market economy significantly changed the distribution of labour in sectors of the economy. This process is continuing in Latvia, and in the period from 1996- 2001, the number of people employed in agriculture and manufacturing significantly decreased (by 19%), but the number increased in service and construction sectors (by 8%) (Fig.10). It is envisaged that the agricultural sector will decrease in the future and that this will require workforce restructuring.

The number of people seeking employment and the proportion of economically active inhabitants fell sharply in the period from 1996 to 1998 by 56,100 and 4.5 percentage points. In the following years, a small increase was noted. In 2000, the total number of people seeking employment was 165,100, but the proportion 14.6%. The greater proportion of those seeking employment in Latvia is amongst males – 15.6%. In 2000, the number of females seeking employment was 13.5% (Fig. 11). It is worth noting that a positive tendency is the decrease in the proportion of youth seeking employment.

The ability to gain employment is not evenly distributed throughout Latvia. In eastern Latvia the employment level is low, but registered unemployment is higher than the average for the state.

In order to improve the employment situation, various measures are being undertaken by the government, which are co-ordinated with the annual National Employment Plan. The main emphasis is given to active measures for the promotion of employment, encouraging

unemployed persons' initiative to change their status in the workforce. Important improvements must be carried out in the future, so that the state's employment policy is implemented flexibly and effectively, adapting to both the current workforce situation, but also to planned developments for the situation and the structure of the workforce throughout the state.

**P O L I C Y   D O C U M E N T S**  
 – Concept “ On the Promotion of Employment”, 1999  
 – “National Employment Plan”, (elaborated each year)

**Objectives**

- ▶ To improve the employment market situation throughout Latvia, including securing international investments, and facilitating entrepreneurial activity and manufacturing.
- ▶ To ensure equal opportunity for males and females and raise the quality of the workforce.
- ▶ To facilitate youth employment, to decrease the period of unemployment, to develop special employment programmes for unemployed inhabitants nearing retirement age and their integration into the work force.
- ▶ To improve the quality of services offered to those seeking employment and those unemployed.

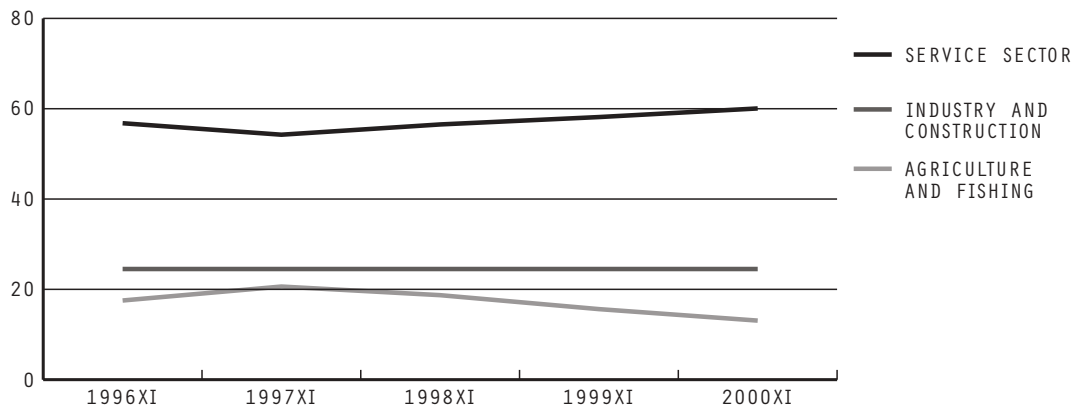


Figure 10. Proportion of workforce by employment sector [9]

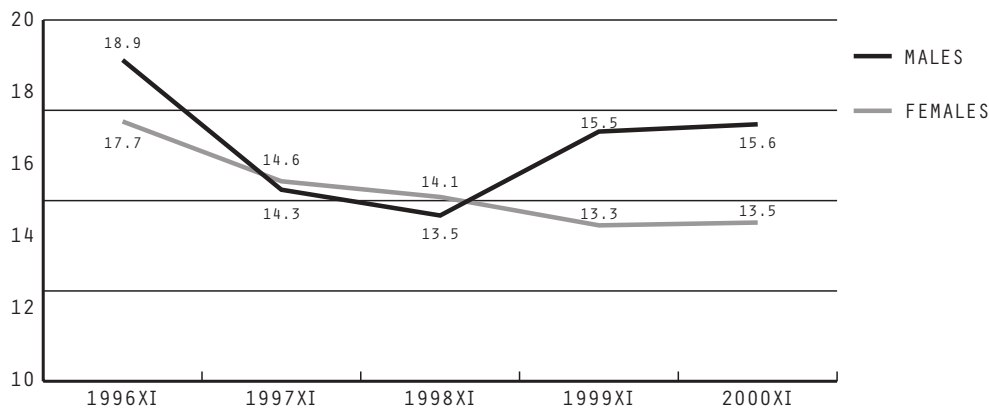


Figure 11. Proportion of inhabitants of working age actively seeking work, % [9]

### 3.3. DECREASING POVERTY & SOCIAL SECURITY

On average, in the last 5 years, the income of Latvia's inhabitants has increased. However, the increase has not been uniform and there have been regional differences (town-countryside, Rīga-the provinces), and the inequality in income distribution has increased.

The influence of various objective and subjective factors has created a class of people who are not able to ensure a basic standard of living for themselves, and because of limited resources they are denied access to important life spheres, and are thereby not able to participate in society at an acceptable level.

To characterise Latvia's standard of living various indicators are used:

- CM defined minimum cost of living index whereby a person may be defined as "poor" and become eligible for social security assistance, if their income is lower than this minimum. In 2000, approximately 20% of inhabitants were existing below this level;
- guaranteed minimal income level. In 2000, 11% of inhabitants had an income below this level.

In 2000, the government approved "Basic Principles for the Reduction of Poverty". In the future, the government needs to concentrate on measures that will decrease the causes of poverty, with emphases on employment opportunities and skills required to work in developing sectors of the economy, as well as on the furthering of social security measures aimed at the most needy.

In 1996, the Latvian government commenced a comprehensive programme of social welfare reform that included establishing a compulsory social insurance system, which is now essentially completed, and increasing the effectivity of the social welfare assistance system.

Social security includes support measures for housing, education, health care and social assistance needs. Especially important is social assistance granted by municipalities, as they are able to react quickly to the acute needs of inhabitants.

The law "On Social Assistance" defines the types of support that may be received from municipalities. Municipalities often grant support to cover the costs of food, medical care, child rearing and education. Since sometimes specifically targeted municipal assistance does not reach the most needy, it is proposed that all existing assistance should be replaced by one mechanism – a guaranteed minimum income.

#### P O L I C Y   D O C U M E N T S

- "Basic Principles for the Reduction of Poverty", 2000
- "On Ensuring Minimum Income Level for the Poor inhabitants", 2000
- Concept on the Sources of Health Care Financing, in preparation

#### **Objectives**

- ▶ To further develop the social security system.
- ▶ to decrease the social effects of poverty.

### 3.4. HEALTH & HEALTH CARE

In Latvia, as in other European countries, the main cause of death (56%) is from blood circulatory disorders. In 2000, there were 752.8 deaths per 100,000 inhabitants. The second highest cause of death is from cancer – 237.4 deaths per 100,000 inhabitants. Death as a result of external factors (accidents, poisoning, injuries, deliberate self-inflictions, drowning, murders, etc.) is the third highest cause of death, 17.6% of males and 5.8% of females. Nearly a quarter of cases of death by unnatural causes are amongst those inhabitants of working age.

Since independence, patient payments have been introduced and the cost of medications and medical treatment has increased thus making access to health care services problematic for the poorer inhabitants. The increase in everyday stress levels, brought about by the struggle to survive, has resulted in a greater use of psycho-active substances, depression, anti-social behaviour and crime. The increase in the use of unsafe foodstuffs and unhealthy life-styles has increased the scope of health problems and the incidence of suicide.

Research findings conclude that there is a high incidence of death and illness in Latvia from blood circulatory disorders, cancers and other chronic illnesses. 51.3% of males and 18.2% of females are regular smokers, on average only 25% of adults regularly (daily) eat fresh fruit and vegetables, fat consumption is high, and 2/3 of Latvia's inhabitants do not partake of enough physical activity. One of the major causes of premature death and a high rate of death in males is still the very high use of alcohol.

In recent years there has been a significant increase in the variety of narcotic drugs available and the use of them. Since 1998, the number of heroin users has increased. The problem has been highlighted by the fact that 81.1% of first-time registered patients are less than 24 years old, and the number of child and adolescent drug-addicts is increasing. Intravenous drug use facilitates the increase in Hepatitis C and HIV/AIDS cases.

The relationship between the low standard of living of many inhabitants and problematic access to health care characterises the spread of socially dangerous diseases. In Latvia since 1990, the number of illnesses and deaths resulting from tuberculosis have increased.

Latvia has the highest level of diphtheria illnesses in Europe. The seriousness of the situation is shown by the number of illnesses per 100,000 inhabitants, which in 1998 was 2.7 cases, but in 2000 was 10.9 cases. Despite the fact that a diphtheria epidemic was proclaimed in 1995 in Latvia and a wide-spread advertising campaign against diphtheria was undertaken and inhabitants were vaccinated for free, only 54.3% of adults have vaccinated against diphtheria.

Health care reform began in Latvia in 1993. In 1994, the first state programmes were developed and endorsed for the prevention of heart and circulatory diseases, sugar diabetes, tuberculosis, rehabilitation medicine, psychiatry, emergency medicine, infectious diseases, the prevention of the spreading of HIV/AIDS and in oncology. However, the introduction of comprehensive programmes is hindered by insufficient financing allocations.

The state health care system is financed from the state's base budget, municipal budgets and the state's special budget. Expenditures from the state base budget are planned in accordance with the number of inhabitants and their age for each specific territory. The state is making significant investments to ensure health care, but still these only partly cover inhabitants' needs for medical assistance.

In 2001, the government accepted the "Public Health Strategy, 2001", which is essentially based on the WHO European regional strategy "Health for all in the 21st Century".

### Objectives

- ▶ To improve the health of Latvia's inhabitants in general and to guarantee state health care for socially unprotected inhabitants.
- ▶ To create a fair and qualitative health care system, accessible to all inhabitants.
- ▶ To increase the level of information, motivation and participation in health maintenance of Latvia's inhabitants.

## 3.5. HOUSING

From 1990 till 2000, significant changes occurred in the housing sector concerning ownership and housing quality. In order to eliminate the nationalisation and unjustified dispossession of Latvian citizens' property during the totalitarian regime, the denationalisation of dwelling houses and their return to their rightful owners was begun at the end of 1991, in accordance with the laws "On denationalisation of housing ownership in Latvia" and "On the restitution of housing ownership to legal owners", with the result that in 2001, 10,287 dwelling houses had been returned to their rightful owners, that is 78,000 apartments with a total area of 3,624 m<sup>2</sup> (Fig. 12).

The transition process from public to private property ownership in Latvia was complicated, as in 1990 a law was passed "On Land Reform in Rural Districts in" and in 1991 the law "On land reform in towns in Latvia's", but the privatisation of multi-apartment dwellings was begun in 1995, when the land under multi-apartment dwellings built during the Soviet era, had been returned to previous owners. Currently 63% of apartments able to be privatised in the state have been privatised, 77% of which are in Rīga. As a result of privatisation, ownership structure has radically changed. In 1990, 69.1% of the total housing stock belonged to the state and municipalities and 30.9% was privately owned, but in 2000, private ownership was 76% and the public sector owned only 24%. It is envisaged that at the conclusion of the privatisation process, 80% of all Latvia's housing stock will be privately owned and 20% will be managed by municipalities as rental or social welfare housing.

93.7% of the apartments in Latvia's housing stock are connected to centralised water supply. Most of the apartments in Latvia's towns are also connected to sewerage (92.7%), electricity (100%), telephone (59.8%), central heating (83.7%), bath (shower) (83.3%), hot water (77.3%) and gas (85.4%) services. The modernisation of utilities is continuing.

The provision of adequate qualitative and quantitative housing to inhabitants is currently still not satisfactory. Much still needs to be done regarding the proper establishment of finance instruments in housing and associated areas. Regardless of the positive signs in the increase in inhabitants' income in recent years, purchasing a dwelling is not possible for the majority of Latvia's inhabitants without taking a loan or receiving some other assistance. One notable positive fact is that in 2000 Latvia's banks began to offer long-term loans and interest rates have been reduced to 10-14%.

Latvia is involved in the activities of the UN Human Settlement Centre. In June 1996, Latvia participated for the first time in the UN Conference on Human Settlements in Istanbul - The Heads of State or Government Conference Habitat II concerning the growth of cities and

towns, prospects for the future and the guarantee of housing stock for people. Latvia was also among those countries that accepted the drafted documents – “Habitat Agenda” and “Istanbul Declaration” at the conclusion of the conference.

One of the priorities stated in Latvia’s National Report at the UN World Conference on Human Settlements, Habitat II, 1996, the “National Action Plan”, was the humanisation of city and town environments. One of the proposed actions mentioned for implementation was the better structuring of a legal basis, for the development of a successful housing market. For the implementation of the “National Action Plan”, in 1996 the CM accepted “Concept on Latvia’s Housing Policy” as the basis for further actions concerning housing matters, also defined housing policy principles, and in 1997 accepted the “Elaboration of Mortgage system concept for Housing Construction, Reconstruction and Renovation”.

**P O L I C Y   D O C U M E N T S**

- Concept on Latvia’s Housing Policy, 1996
- The Elaboration of Mortgage system Concept for Housing Construction, Reconstruction and Renovation, 1997
- Concept for the Continued Development of Legislative Acts and Institutional Structures Related to Housing and Rental Accommodation, 2001

**Objectives**

- ▶ To improve the development of the housing sector institutional system, separating the elaboration of policies and strategies from their implementation, by creating a Housing Agency.
- ▶ After finishing privatisation and denationalisation process more attention dedicate to the management of dwelling houses and community property.
- ▶ During the closing stages of the privatisation and denationalisation process, to devote greater attention to issues regarding the joint ownership and management of apartments and apartment houses.
- ▶ To improve the social security system so as to ensure lower class inhabitants with housing.
- ▶ To improve the mortgage system to allow middle class inhabitants better access to the housing market.

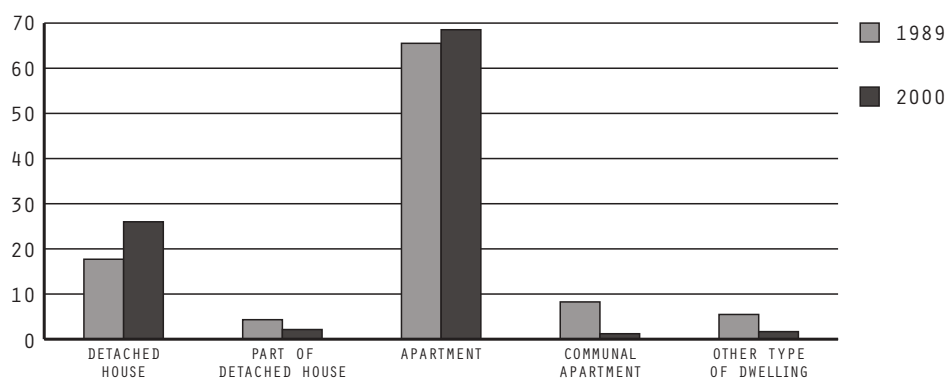


Figure 12. Thousand inhabitants per type of housing. [5]

## 4. ENVIRONMENTAL SECTOR

### 4.1. NATURAL ENVIRONMENT AND BIOLOGICAL DIVERSITY

The effect of humans on biological diversity in the Soviet period must be valued from alternate aspects. Intensive industrial and agricultural production, urbanization – especially in the Riga agglomeration, the construction of large HES, the establishment and operation of Soviet military bases, the introduction of foreign species, etc., had a negative impact on biological diversity. However, the poor use of the entire territory of Latvia positively impacted the preservation of biological diversity and ensured that Latvia is now among Europe's richest nations with respect to biological diversity. Currently there are 18 047 species of wildlife animals (including 507 vertebrate species), 5396 plant and approximately 4000 fungi species registered in Latvia. Of these, 3.3% are considered rare or endangered. The wildlife populations in Latvia form a significant proportion of many of Europe's and even the world's endangered species total populations, thereby intensifying Latvia's responsibility to maintain and preserve these species. Latvia is also rich in forest biotopes, which cover 45% of the country's territory. Wetland ecosystems, which have been destroyed in most of Europe make up 10% of Latvia's territory.

When Latvia regained its independence, this caused not only political, economic and social psychologic changes, but also changes to the anthropogenic load on ecosystems. For example, the biological diversity of Latvia's forests has been threatened since the start of the 1990s by the significant increase in the harvesting of forest resources. Illegal hunting and fishing has negatively impacted many terrestrial and aquatic animal populations. The development of HESes on small rivers introduces problems for fish migration. Contrarily, a decrease in agricultural activities has led to a decrease in the use of fertilisers and pesticides, which has had a positive effect on biological diversity. However, a decrease in agricultural activities is a threat to those species and biotopes, whose existence is directly dependent on traditional agricultural activities such as livestock grazing and hay cutting.

In order to ensure the implementation of the Convention on Biological Diversity in Latvia, the "National Programme on Biological Diversity" was elaborated and currently an action plan is being elaborated and the required financial requirements and their sources are being evaluated. The "National Programme on Biological Diversity" contains guidelines for the sustainable management of biological diversity resources in the country as a whole, as well as for separate sectors of the economy that use or impact upon nature resources.

In order to ensure the preservation of Latvia's biological diversity, the necessary legislative basis has been elaborated, and institutions are being strengthening to undertake the required tasks. The establishment of specially protected nature territories is one instrument used to preserve biological diversity. A nature protection plan is elaborated to protect the needs of each territory. However, in the future, greater attention is to be placed on the interest of land owners to undertake nature protection activities and preserve biological diversity. One of the most important instruments for conserving biological diversity are specially protected nature territories (Fig 3).

Category	No.	Area, ha	% of Latvia's territory
Biosphere reserves	1	474 447	7,0
National parks	3	161 025	2,5
Nature reserves	4	24 525	0,4
Restricted nature areas	211	170 455	2,6
Nature parks	22	84 620	1,3
Protected landscape territories	6	132 053	2,0
<b>Total w/o biosphere reserve</b>		<b>572 678</b>	<b>8,8</b>
with biosphere reserve		1 047 125	15,8

Table 3. Specially protected nature territories in Latvia [3]

The implementation of the biodiversity strategy comes up again with many problems simultaneously – the selfish desire of some private land owners to carelessly exploit their land and its resources; difficulty in securing financing for the resolution of nature protection issues; the spread of poverty, etc. However activities planned and already realised by the state in the areas of law and enforcement, research, raising of social awareness, and the development of economic instruments shows convincingly their will to conserve biological diversity.

#### P O L I C Y   D O C U M E N T S

- National Environmental Protection Policy Plan for Latvia, 1995
- National Programme on Biological Diversity, 2000

#### Objectives

- ▶ To conserve and restore ecosystems and their natural structural diversity.
- ▶ To conserve and enhance the diversity of local wildlife species.
- ▶ To conserve the genetic diversity of wildlife, cultured and domesticated species.
- ▶ To facilitate the conservation of traditional landscapes.
- ▶ To ensure the balanced and sustainable use of living nature resources.

## 4.2. CLIMATE CHANGE

The “UN Framework Convention on Climate Change” Kyoto Protocol’s objective is to reduce the amount greenhouse gases (GHG) discharged to the atmosphere between 2008-2012 by 8% as compared to 1990. In 1999, Latvia had reduced its GHG emissions by 65% as compared to 1990 (Fig. 13). This significant reduction in GHG emissions is mainly related to economic restructuring and the reduction in manufacturing. The forests and agricultural lands of Latvia, where carbon dioxide is fixed by plants during photosynthesis, absorb roughly 60% of Latvia’s anthropogenically emitted carbon dioxide.



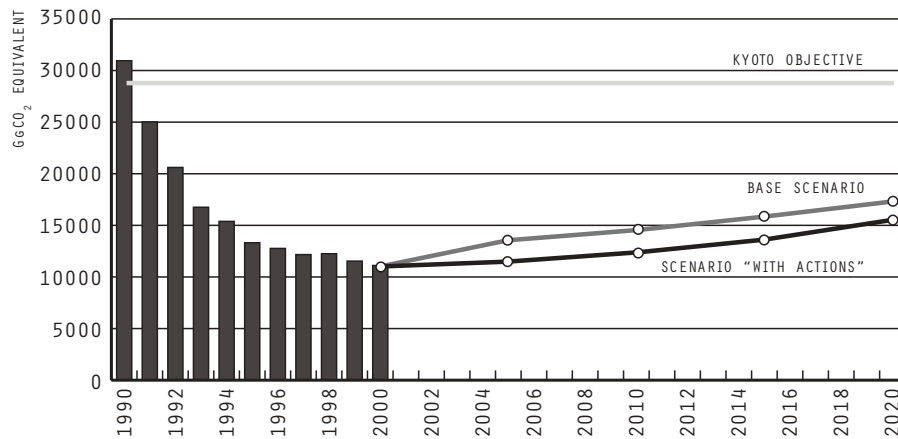


Figure 13. Total greenhouse gas emissions expressed as CO<sub>2</sub> units, and prognoses for 2000 - 2020, [4]

In 1997-98, Latvia elaborated its first climate change mitigation policy plan, which incorporated the Kyoto Protocol objectives and requirements. Latvia regularly reports to the Kyoto Convention secretariat on anthropogenic GHG emissions and their connections, and prepares a national report every three years. Since the prognoses of the “Third National Report to the UN Framework Convention on Climate Change” predict that Latvia will be able to fulfill its obligations under the Kyoto Protocol and maintain its estimated rate of economic development, this year a concept has been elaborated for the implementation of joint co-operation projects, where Latvia could participate in the flexible GHG reduction mechanisms both as a recipient partner or as an investing partner.

Until now, during the pilot phase of joint co-operation projects with Sweden, Germany and the Netherlands, 27 projects have been implemented with a total planned emission reduction of 370 thou. t CO<sub>2</sub> equiv. With the support of the World Bank’s Carbon Fund, a joint co-operation project is being implemented to utilise the bio-gas produced at the Liepaja solid waste landfill.

However, similar to other CEE countries, Latvia energy resources are not used effectively and the emissions resulting from power generation per inhabitant are higher than for most OECD countries (Fig. 14).

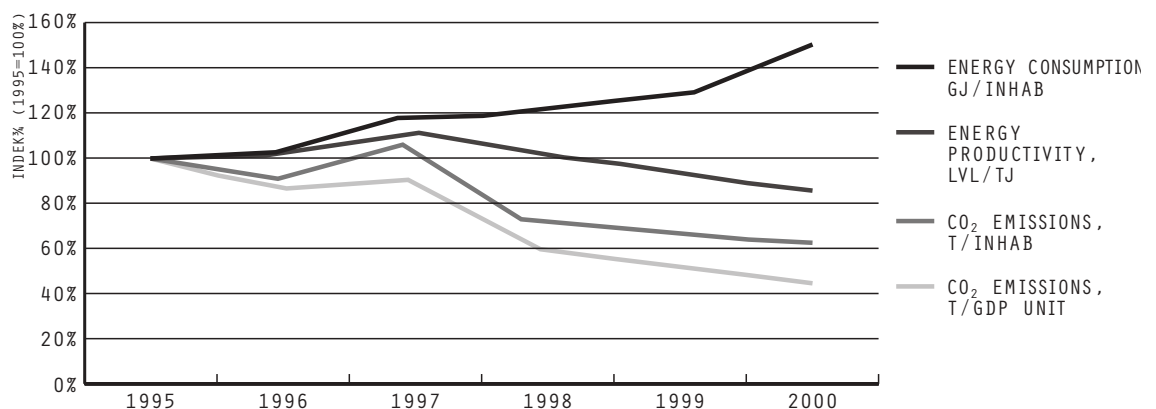


Figure 14. Climate change indicators [4]

## POLICY DOCUMENTS

- “Climate Change Mitigation Policy Plan”, 1998
- Concept for the implementation of joint co-operation projects foreseen by the UN General Convention on Climate Change Kyoto Protocol (2002 – 2012), 2002

### Objectives

Energy generation:

- ▶ To increase the proportion of renewable energy resources (wood, small HES, wind energy, bio-diesel fuel) compared to the total energy resource balance.
- ▶ To increase efficiency in the energy production and management sector.
- ▶ To increase energy efficiency in Latvia’s industrial enterprises.
- ▶ To insulate buildings.
- ▶ To establish an environmentally-friendly transport system.

Industrial processes:

- ▶ To introduce environmental management systems and best available technologies.

Land utilisation and forestry:

- ▶ To plant forest in land unsuitable or not used for agriculture.
- ▶ To increase forest productivity.

Waste management:

- ▶ To facilitate the abstraction of bio-gas and its use for electrical energy production.

## 4.3. PROTECTION OF STRATOSPHERIC OZONE

The use of substances depleting ozone layer (SDOL) in Latvia rapidly decreased after 1995. In 2000, they were mainly only used for freezer units, as solvents and in the production of chemicals and pharmaceuticals (Fig. 15). Latvia has not only ratified the Vienna Convention “For Protection of the Ozone Layer” and signed the Montreal Protocol, but has also agreed to the 1990 London and 1992 Copenhagen amendments to the Montreal Protocol, and has voted to agree to the 1997 Montreal amendments.

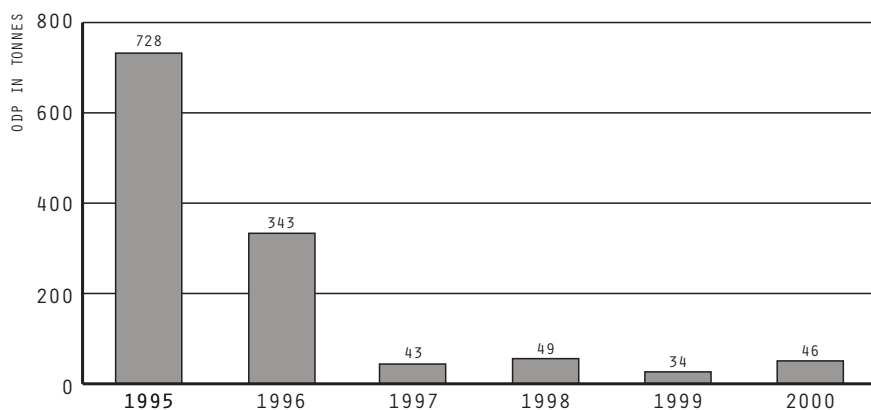


Figure 15. Use of ozone depleting substances [6]

SDOL listed in the Vienna Convention “For Protection of the Ozone Layer” and Montreal Protocol “On Substance depleting Ozone Layer” annex A and B and annex C groups II and

III they have been completely removed from circulation. To a large extent, this was possible due to the World Environment Fund and UN Environment Programme technical assistance financing for the elaboration of national programmes and implementation of projects for the removal from circulation of SDOL in the freezer industry, and aerosol and foam manufacturing industry. These projects, which cost approximately 1 mill. LVL, significantly sped up the removal of SDOL from circulation in the mentioned industries.

**P O L I C Y   D O C U M E N T S**

– State Programme “Removal of Substances Depleting Ozone Layer from Circulation”, 1995

**Objectives**

- ▶ To totally cease using SDOL in the economy.
- ▶ To remove from circulation by 1st January 2005 substances listed in Annex E of the Montreal Protocol and by 1st January 2030 substances listed in Annex C group I.

**4.4. TRANS-BOUNDARY AIR POLLUTION**

Since 1990, a stable trend of decreasing sulfur dioxide and ammonia emissions has been observed. Up till 1995, a rapid decrease in nitrous oxide emissions was observed, but emissions have stabilised since then (Fig. 16).

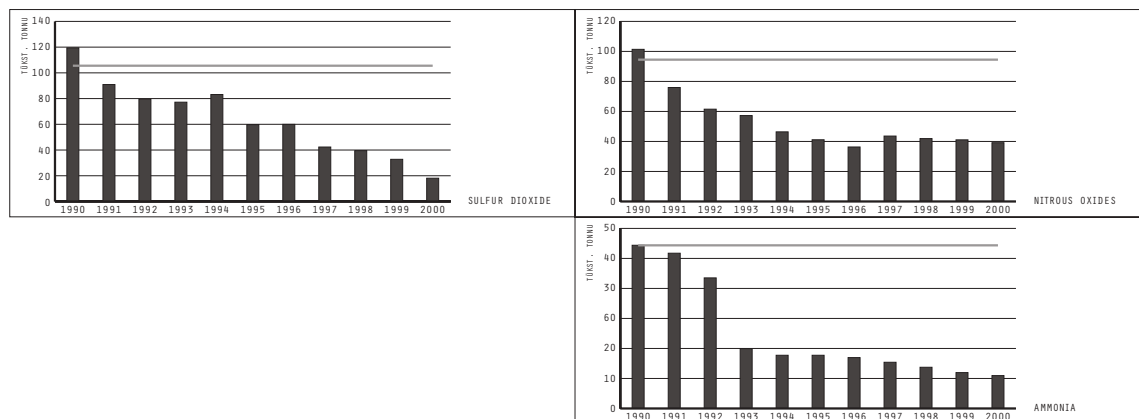


Figure 16. Sulfur dioxide, nitrous oxides, and ammonia emissions compared to requirements of Geneva Convention Gothenburg Protocol (in thou. tonnes) /3/

To decrease air pollution and consequently trans-boundary air pollution originating from Latvia in accordance with EU requirements, stricter requirements than specified in the Geneva Convention “On long-range transboundary Air Pollution” have been implemented in several sectors. These requirements for limiting emissions have been applied to activities related to facilities that use organic solvents, and to volatile organic compound emissions from petrol stations and mobile cisterns. Since the larger proportion of energy generation activities occur in small burners (boiler houses), which emit significant amounts of sulfur dioxide, carbonic oxides and solid particulates, stricter emission requirements have been set for burner units with a nominal inlet heat capacity less than 50 MW.

## Objectives

- ▶ In accordance with the Geneva Convention Protocol “On the Long-range Financing of a Co-operative Programme for the Monitoring and Evaluation of Long-range Air Pollution in Europe”, by 2010 the following maximum emission limits should not be exceeded:
  - sulfur dioxide: 107 kt/year,
  - nitrous oxides: 84 kt/ year,
  - ammonia: 44 kt/ year,
  - volatile organic compounds, excluding methane: 136 kt/year.

## 4.5. WATER RESOURCE MANAGEMENT

Latvia’s water resources not only ensure the country’s needs, they also significantly exceed consumption requirements. Basically all Latvian cities (except Riga), towns and rural areas, utilise ground water abstracted from boreholes, dug wells or springs. Apart from iron concentration, the quality of water abstracted from these sources meets EU standards. However, old water distribution networks influence the microbiological and chemical quality of water. Since the start of the 1990s, water consumption has decreased (Fig. 17) as a result of decreasing industrial production, as well as the introduction of metering, which has led to leakage detection and reduction.

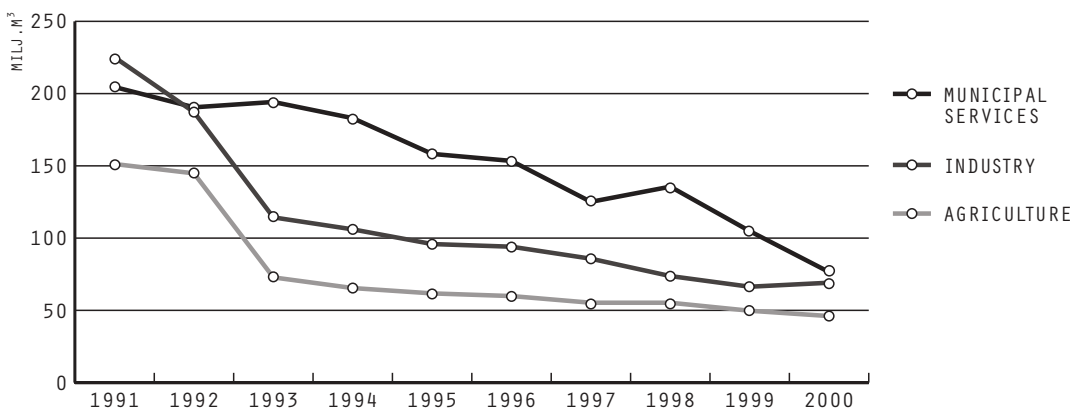


Figure 17. Water consumption by economic sector [3]

The quality of surface water is affected by trans-boundary water pollution (of the 34,7 km<sup>3</sup> water discharged by Latvia’s rivers per annum, 56% originates in neighbouring countries - Lithuania, Bjeloruss and Russia) and discharged wastewaters.

Since 1991, the amount of wastewater treated in proportion to the amount of wastewater generated has almost doubled (Fig. 19). However, the total amount of wastewater generated in 2000 was two times less than in 1991 (Fig. 19). Between 1991 and 1995, this was related to decreases in industrial and agricultural production, but decrease since 1995 have been due to the effectiveness of implementing Latvia’s environmental protection policies, such as the introduction of environmentally-friendly technologies and rationalisation of water use. The state’s Public Investment Programme has invested 116 mill. LVL between 1995 and 2001 on improvements to water and wastewater management.

A decrease in the pollution load on water bodies has impacted on the quality of inland waters – currently 2/3 of Latvia’s small rivers are evaluated as slightly polluted.

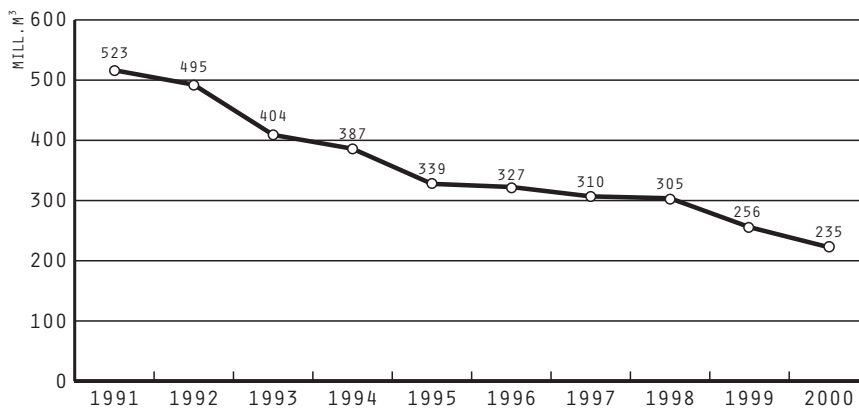


Figure 18. Total volume of wastewater in Latvia in mill. m<sup>3</sup> [3]

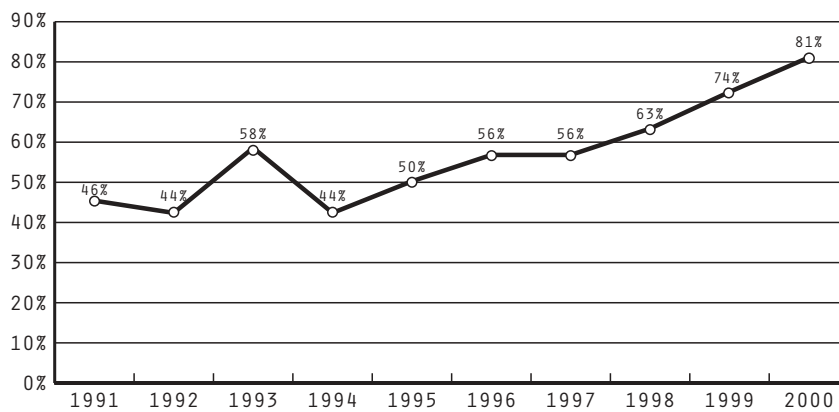


Figure 19. Proportion of wastewater treated to required compared to total amount of wastewater treated [3]

#### POLICY DOCUMENTS

- "National Environmental Protection Policy Plan for Latvia", 1995
- National Programme of Water Supply and Wastewater Treatment in Small and Medium Sized Towns of Latvia, 1997
- Strategy for Groundwater Resources, 1998

#### Objectives

- ▶ To elaborate and approve an economic analysis of river catchment basin areas by December 2004.
- ▶ To cease emissions and leakages of highly dangerous substances to water bodies by December 2020.
- ▶ To elaborate a monitoring programme for evaluating the condition of surface and underground waters by 2005.
- ▶ To elaborate and approve river basin area management plans and action programmes by December 2009.

## 4.6. WASTE MANAGEMENT

### 4.6.1. MANAGEMENT OF MUNICIPAL WASTE

The major problems associated with solid waste management are the large number of dumps and their impact on the environment. The illegal dumping of wastes at inappropriate locations leads to the pollution of surface and ground waters and soils, and landscape degradation. 252 dump sites are currently operational in Latvia and 251 have been closed. From 1998 to 2000, 55 landfill sites, or a total of 67,8 ha have been recultivated. Solid waste disposal services are available to 80% of urban inhabitants but only 20% of rural area inhabitants. Solid waste collection and disposal services are operated by municipal service enterprises, 95% of which are municipal owned enterprises. Approximately 600-700 thousand tonnes of waste are generated in Latvia each year, of which 30% are generated by industries and institutions. However, only 50-60% of solid waste is collected.

From 1995 till 2001, 5,7 mill. LVL has been invested in solid waste management projects through the Public Investment Programme. Seven large regionally-based solid waste management system development projects, covering 77% of Latvia's inhabitants, are in various stages of implementation (Fig 20.).



20. Figure 20. Status of domestic waste management regions (SAA) [7]

#### POLICY DOCUMENTS

- National Environmental Protection Policy Plan for Latvia, 1995
- Municipal Solid Waste Management strategy, 1998.-2010., 1998.

#### Objectives

- By 2009, to establish 10-12 solid waste management systems complete with storage/disposal sites that satisfy all environmental protection requirements, and to close all landfills that don't satisfy all environmental protection requirements.
- By 2012, to minimise the environmental impacts of solid waste landfills by recultivating all current landfill sites.

#### 4.6.2. MANAGEMENT OF HAZARDOUS WASTE

The major problem with the management of hazardous wastes in Latvia is the lack of appropriate infrastructure – special hazardous waste storage sites and incineration units. Currently, a major proportion of hazardous wastes are stored on site by the businesses where they were generated, which don't always ensure adequate storage conditions, and sometimes hazardous wastes find their way to domestic waste landfills and other inappropriate locations.

Based on the initiative of state institutions, sites have been established for the temporary storage of hazardous wastes in Dobele district – Gardene and Rezekne district – Knava, where approximately 2000 t of waste agricultural chemicals are currently being stored. Several companies have established successful businesses for the collection of hazardous wastes (lead batteries, mineral oils, light globes containing mercury) and their utilisation or transport to other countries for recycling. In 2000, there were 40 companies registered as hazardous waste recycling operators. Of the wastes, they receive, 3% is incinerated while 69% is physically or chemically recycled.

##### P O L I C Y   D O C U M E N T S

- National Environmental Protection Policy Plan for Latvia, 1995
- The Strategy for Management of Hazardous Wastes, 1999.-2004., 1998

#### Objectives

By 2005 to establish:

- a hazardous waste incineration facility, where collected pesticides may be destroyed;
- a hazardous waste permanent disposal site for inert hazardous wastes;
- a network of hazardous waste collection stations and a system of the management of infectious medical wastes.

## 5. INTERMEDIARY SECTORS

### 5.1. CULTURAL ENVIRONMENT

The cultural environment is composed of cultural heritage and social cultural activities. The development of Latvia's cultural environment has been strongly influenced by the national mentality and the nation's dynamic history. Cultural heritage includes cultural historical sites, such as castle mounds, castle ruins, the historical centres of towns and cities, 19th century timber architecture, art nouveau architecture in the capital city, the baronial manor houses, churches from many confessions, and parks, as well as the sites of historical events and the work of important historical persons.

In 2002, Latvia's protected cultural monument list included 8428 sites, of which 2495 are archaeological, 3364 architectural, 44 territorial or urban structures, 2414 artistic and 111 historical monuments. An especially sensitive cultural heritage site, which in many senses is similar to a nature reserve, is the specially protected cultural historical territory, the "Livian Coast", which is located along the shore of the Baltic Sea.

Over the last ten years, there has been a significant shift in the ownership of heritage monuments. At the start of the 1990s, the state or municipalities owned 85% of all heritage monuments and 15% were privately owned. By the end of the 1990s, the proportions were roughly reversed. It should also be noted that the many private owners do not have adequate financial resources to management these sites in an appropriate manner.

The cultural environment facilitates the ethnic, social and regional integration process in Latvia, as the presence and awareness of the diverse characteristics of ancient cultures has a similar effect to modern day multiculturalism. In this era of globalisation, Latvia's society has a strong desire to strengthen its cultural identity, thereby enriching the world's cultural heritage and its diversity.

In 1997, the historical centre of Riga was included in the UNESCO World Heritage List. The "European Cultural Heritage Festival" is currently being organised there. There has been an increase in the activities of NGOs, especially with respect to the preservation of the historical centres of towns and cities. A number of documents have been elaborated, of which the following should be mentioned: the "Mezotne - Rundale Resolution" (1997), the "Pedvale Resolution" (1999), the "Riga hart on authenticity and the restoration of historical sites in the context of cultural heritage"(2000), the "Preservation and Development of Riga's Historical Centre VISION 2020".

Problems are caused by the urban-rural divide, the low capacity of local administrations, low social participation, and inadequate openness and transparency in decision-making, which leads to inappropriate or illegal changes to territorial planning. Campaigns by NGOs to decrease the threats posed to the cultural environment are seen as a positive trend for the development of a civil society.

#### P O L I C Y   D O C U M E N T S

- Foundations of Latvia's State Cultural Policy, 1996
- National Programme "Culture 2000 - 2010", 2001



### **Objectives**

- ▶ To facilitate the integration of Latvia's cultural environment into that of the Baltic Sea region.
- ▶ To facilitate the preservation and restoration of cultural heritage.
- ▶ To continue research efforts on cultural heritage.
- ▶ To reinvest income from tourism in the development of the cultural environment.

## **5.2. CHANGING CONSUMPTION TRENDS**

With the development of the economy and the increase in inhabitants' income, over recent years, consumer consumption has increased by 5% per year. The major consumer priorities are food, other domestic and housing expenses. The rapid increase in the number of cars and domestic electrical appliances is also indicative of increased consumer spending. Over the last four years, credit systems have developed which have also facilitated increased consumer spending.

Despite this rapid increase in the consumption of goods, there has been a decrease in the consumption of resources, such as water and energy, over recent years. This decrease has been due to decreases in manufacturing and production activities, and increases in prices for these services, which has resulted in the more rational use of these resources. There has also been a shift in the resources used for energy generation – the use of mazuts (crude fuel oil) has decreased and the use of gas has increased. The proportion of renewable energy resources used has also increased. Another shift has been in the composition of domestic waste – the proportion of organic matter, paper and plastic has increased, while that of glass and metal has decreased. The quantity of material used for packaging is also rapidly increasing – the Latvian Packaging Institute estimates an average increase of 5% per year over the coming years.

Legislation relating to the protection of consumer rights has been elaborated. In 1999, the law "On the Protection of Consumer Rights" was adopted, as well as a number of CM regulations and other normative acts that regulate the advertising industry. A Consumer Rights Protection Centre has been established and 10 consumer rights protection clubs are currently operating throughout Latvia.

A variety of product labels/codes have been introduced for consumer benefits in Latvia, which simultaneously assist with environmental protection efforts:

- chemical product labels;
- EU energy efficiency labels;
- food product labels;
- Latvian ecological products – organic food certificates;
- high quality Latvian products – labels for food products that contain no less than 75% Latvian grown raw materials and which meet the set of quality requirements.

### **P O L I C Y   D O C U M E N T S**

– National Environmental Protection Policy Plan for Latvia, 1995

### **Objectives**

- ▶ To move towards more resource efficient production that takes into account the full life-cycle of the product, and shifts in consumption trends towards products that are more environmentally friendly and have a lower impact on the environment.
- ▶ To include indirect costs into the costs of production.

### 5.3. PRESERVATION OF RENEWABLE ENERGY RESOURCES AND BIOLOGICAL DIVERSITY

In accordance with the Action Plan for the 21st Century (Agenda 21) accepted by the 1992 UN Environment and Development Conference and the principles of sustainable development, national governments are obliged to facilitate the increased use of renewable energy resources and gradually decrease the use of fossil fuels. One of the most significant forms of renewable energy is hydro-electrical energy.

In order to facilitate the generation of electricity from renewable resources, norms for the purchasing of surplus electricity generated by small HES, wind generators and co-generation facilities by the state at double the standard tariff were drafted into the law "On Energy", adopted in 1995. This scheme was established in order to ensure energy that producers, especially small HES owners, would be able to recoup their construction costs, because small-scale HES are generally of small capacity and have low profitability. This financial support or subsidy scheme facilitated increased construction of small HESes in the late 1990s. In 2001 there were already 95 small HES in Latvia and many more were in the design stage. The electrical power generated by small HES makes up less than 1% of total electricity consumption in Latvia.

On the one hand, this support mechanism has facilitated a small increase in the generation of electric power and the development of local businesses. However, on the other hand, this support mechanism for HES has also resulted in a decreased amenity of natural resources, which has a negative effect on biological diversity. A number of designs for proposed new HES pose a threat to river ecosystems. Taking into account the geographical relief and the flow rate of rivers, a number of potential small HES would form barriers across the entire width of rivers, which would decrease dissolved oxygen content and hinder fish migration. The existing regulations were inadequate to resolve the potential conflict between economic and environmental protection interests.

This situation also meant that Latvia was in danger of not honouring its obligations under international agreements (Bern Convention and Helcom Recommendations). For example, the proposed HES at Staicele on the Salaca River, was the subject of considerable public debate, as it would form a barrier to salmon spawning sites and thus affect the salmon population of the Baltic Sea.

Due to the development of these negative trends, in the middle of 2001 a number of organisations initiated a wide-spread campaign against small HES and the application of the double-tariff. A survey of rivers was undertaken and recommendations were drafted for amendments to legislation. At the end of 2001, a list was compiled of those Latvia's rivers on which the construction of small HES should not be allowed in order to maintain biological diversity. At the start of 2002, CM Regulations forbidding the construction on 220 Latvian rivers, came into force. Also in 2001, obligatory requirements were defined to ensure the protection of fish resources that must be observed before any new HES commences operation.

#### P O L I C Y   D O C U M E N T S

- National Environmental Protection Policy Plan for Latvia, 1995
- National Programme on Biological Diversity, 2000
- Latvia's National Energy Programme 1997 - 2002, 1997
- Government Energy Policy, 1999
- National Energy Efficiency Strategy, 2000

## **Objectives**

- ▶ To balance economic interests with environment protection requirements.
- ▶ To facilitate the generation of electrical energy from renewable resources.

## **5.4. LOCAL “AGENDA 21”**

The foundation for the successful implementation of sustainable development needs to be assured by the level of government closest to the inhabitants, .i.e. local municipalities. The local Agenda 21 development process has commenced in only a small number of Latvia’s municipalities, in 20 out of 576, which are mainly cities, including the capital, Riga.

The environmental protection requirements in the law “On Territorial Planning” and the voluntary and obligatory co-operation between municipalities in accordance with the administrative territorial reform process significantly influence local Agenda 21 activities in all regions of Latvia.

As elsewhere in Eastern Europe, the local Agenda 21 process in Latvia has started later than in Western Europe. Since 1995, the number of projects associated with the local Agenda 21 process have increased, mainly due to international bi-lateral co-operation programmes and financing, and also due to the increasing experience and capacity of Latvian municipalities. Activities that in principle support the local Agenda 21 philosophy, such as the elaboration of environmental policies and action programmes at the municipal level, the implementation of infrastructure projects to improve the management of the energy, water or solid waste sector, are also important. Even though municipalities have not been very active, those that have become involved in local Agenda 21 processes, have improved their environmental and economic situation, compared to other municipalities.

Municipalities are successfully implementing various co-operation projects sponsored by international organisations. Co-operation with ICLEI, the Baltic Local Agenda 21 forum and the Union of Baltic Cities on the elaboration of sustainable development strategies for the cities of the Baltic Sea region is progressing well.

Experience gained from sustainable development pilot projects, in Riga, Jurmala, by the 8 municipalities in the Bartava region, allows an evaluation to be made of the local Agenda 21 process and shows that Latvian municipalities have practically acquired the major skills needed for sustainable development planning:

- the first sustainable development concepts and strategies at the municipality level have been developed;
- methods have been developed and tested for public involvement, the recommendation of activities, etc.;
- methods for the preparation of sustainable development indicators have been developed and applied;
- municipality level sustainable development strategic plans and action plans have been elaborated;
- the first models for sustainable development action programmes covering the various levels of local government have been developed and tested.

Local Agenda 21 action programmes are being developed not only in municipalities, but also in schools, which also acts as an important catalyst for local Agenda 21 development. However, it will take a much longer time to begin full implementation of local Agenda 21, as significant changes are required in the everyday management of municipality activities and the

organisation of Agenda 21 activities, the identification and involvement of major target groups, and the securing of financing.

### **Objectives**

- ▶ To integrate sustainable development principles into all major national policy documents related to municipalities.
- ▶ To ensure that local and regional municipalities confirm their commitment to commence local Agenda 21 development processes.
- ▶ To involve the general public in consultations regarding the evaluation of environmental protection and socio-economic development problems and options.
- ▶ To involve specialists who are qualified and internationally experienced in the work of municipalities, NGOs and educational institutions.
- ▶ To support the development of a local Agenda 21 network in the Baltic Sea region to facilitate the exchange of information and experiences.

# 6. SUSTAINABLE DEVELOPMENT STRATEGY IMPLEMENTATION INSTRUMENTS

## 6.1. ECONOMIC INSTRUMENTS

One economic instrument used to decrease pollution and encourage more rational use of natural resources that is broadly used internationally is environmental taxation. The Latvian “natural resources tax” is such an environmental tax, which is based on the fundamental environmental protection principle of “polluter pays”. The application of the natural resource tax is regulated by the law “On Natural Resource Tax” passed in 1991 and last amended in 1995. The aims of the law are to decrease the irrational use of natural resources, to minimise pollution of the environment, to decrease the production and realisation of environmentally polluting products, to facilitate the introduction of new and appropriate technologies that will reduce pollution, to support the implementation of sustainable development principles in the economy, and to establish a base for the financing of environmental protection measures.

The following activities are liable for natural resource taxation:

- the abstraction and use of natural resources;
- pollution of air, use and pollution of water, disposal of solid wastes at a landfill or other facility;
- the import and realisation of materials and goods harmful to the environment, including the import and realisation of packaging materials;
- import of radio-active materials.

Income from the tax is divided between the national and municipality special budgets in set proportions. Every year, 2.0 to 2.5 mill. LVL is transferred to municipality environmental protection special budgets, and 7.5 to 8.5 mill. LVL is transferred to the state budget.

All income derived from the natural resource tax may only be used for financing activities, measures and projects that are directly associated with environmental protection, such as sanation of environmental problems, polluted site recultivation, utilisation and recycling of wastes, disposal (incineration) of hazardous wastes, the temporary or final storage of radio-active wastes, research into natural resources, renewal of natural resources.

One mechanism used to facilitate the reduction and minimisation of pollution is rebates on the natural resource tax for environmentally-friendly investments, or for utilisation or recycling of environmentally harmful products or wastes:

- natural resource tax rebates may be granted to payers of the tax that finance projects aimed to reduce environmental pollution or the use of natural resources;
- natural resource tax rebates may be granted to businesses that voluntarily introduce packaging recycling programmes;
- partial rebates on the natural resource tax may be granted for the recycling and utilisation of environmentally harmful products and their residues.

Natural resource tax rebates granted to businesses for their investments in environmental protection facilitate improvements to environmental infrastructure, attracts additional investments, and ultimately creates a basis for business development and the creation of new jobs.

Natural resource tax rebates granted to businesses that voluntarily introduce packaging recycling programmes facilitates the sorting of wastes for reprocessing. Since 1999, when this

norm was introduced, rebates have been granted to two enterprises that have implemented recycling programmes, and to 12 enterprises that have joined the Latvian “Green Point” system, which is a member of the European “Green Point” organisation. Latvia’s largest food producers are among these enterprises. The economic stimulus made available was instrumental in the introduction of voluntary used packaging recycling programmes.

Partial rebates on the natural resource tax granted as subsidies to enterprises that recycle environmentally harmful products and their residues, has facilitated the collection of recycled raw materials and their reuse. This is a positive indicator for Latvia, as seven years ago such recycling and reuse was non-existent. New jobs have also been created and the amount of waste ending up in landfills has decreased. Since 1998, when offers were first invited to receive subsidies for the recycling of environmentally harmful products, an average of 1.5 to 2.0 mill. LVL per year has been granted to various recycling enterprises.

The fact that producers are paying more attention to observing environmental protection requirements is testimony to the effectiveness of the natural resource tax law. Many enterprises are aware that it is cheaper to observe these requirements and introduce appropriate technologies than it is to remediate the effects of pollution and to pay a larger sum in natural resource tax, and at the same time ensure a better environment for people to live in.

In addition to the natural resource tax, the following economic instruments are in use or proposed for use:

- subsidies from the state budget, Latvian Environmental Protection Fund, or various foreign donors (EU Phare, Baltic Sea Cross-border Co-operation Programmes, EU ISPA);
- loans from the Latvian Environmental Investment Fund;
- state guaranteed loans. The state only guarantees loans for projects that help resolve a nationally identified environmental problem, if it is confident that the relevant municipality is capable of implementing the project;
- compensation for losses caused to the environment;
- state support for implementation of environmental policy.

The excise tax on petroleum products, fuel and motor vehicles is also viewed as an economic instrument for environmental protection. Even though not all income from this tax is directed towards environmental protection, differentiated tax levels for fuel facilitates increased use of more qualitative and environmentally-friendly fuels. Overall, the “polluter pays” principle is being more broadly implemented in all sectors of the economy.

## 6.2. PLANNING

Planning is one of the most influential instruments when striving towards sustainable development, as it allows the integration and spatial representation of differing public objectives – economic, social and cultural development with environmental protection, and also facilitates public participation in the territorial development decision-making process.

After the restoration of independence, it was necessary to cardinaly change the planning system. The centralised planning system that dominated during the Soviet period had to be substituted by an open and transparent approach to development planning required by a democratic society.

In this time, important programmes and legislation were elaborated that gradually altered the attitude towards development planning. A good pre-condition set down in the 1992 Rio

Conference documents for the practical observance of the principle of sustainability was the establishment of the Ministry of Environmental Protection and Regional Development in 1993.

Already starting in the early 1990s, a number of important documents were elaborated: "Regulations for Territorial Planning" (1994, with amendments in 1998 and 2000); "Latvia's Regional Development Concept" (1996); law "On Territorial Development Planning" (1998); "National Environmental Protection Policy Plan for Latvia" (1995). The idea of sustainability unites all these documents and they outline a path and tasks that would allow the practical implementation of this idea.

The status of territorial development planning was further strengthened as an important instrument for implementing local government policies in the law "On municipalities" (1994). Since 1996, the state has financially supported development planning at the municipality level.

Territorial development planning in Latvia is constantly improving, logically moving forward from the previous system, and is being harmonised with UN, European Council and EU viewpoints and the initiatives of the Baltic Sea region countries. Familiarisation with the development planning experiences and practices of other democratic countries and participation in international projects has assisted developments in Latvia. For example, the report "Visions and Strategies Around the Baltic Sea 2010" (VASAB 2010) prepared in 1994, offered new views on development potential under the new democratic circumstances. In 1996, the Meeting of Government Ministers of Baltic Sea Region Nations in Stockholm voted for close co-operation between VASAB 2010 and Agenda 21 for the Baltic Sea Region.

Based on gained experiences and taking into account the necessity to ensure the beneficial future development of the nation and its society, two new laws were elaborated – the law "On Regional Development" (2002) and the law "On Territorial Planning" (2002).

Development planning in Latvia occurs at four levels.

1. At the national level.
2. At the regional level. Five planning regions have been established by mutual agreement between the administrative districts and the large cities.
3. At the district level, development planning is undertaken by the district administration.
4. At the local level, planning is undertaken by the municipalities – parishes, shires and towns/cities that involve their local inhabitants in planning decision-making processes.

Since 1996, the state has granted targeted subsidies for the support of development planning in municipalities. By 2000, total subsidies granted amounted to 3.4 mill. LVL.

In addition to the development programmes and territorial plans required by law, some territories have received additional international assistance for the elaboration of specially targeted development plans. Some examples are the "Integrated Coastal Zone Management Plan for Latvia's Baltic Sea Coast" and the "Integrated Development Plan for Lubana Lake and Environs". The plans for sustainable development produced as a part of the Agenda 21 movement by some municipalities are of similar status.

A significant problem is the varying quality of planning documents. This is due to the lack of planning experience for market economy situations as currently most planners are still those who were educated in the "old" system, and the lack of theoretical and methodological materials suited for Latvian conditions.

As more opportunities arose to participate in NGO initiatives and international projects, the diversity of plans increased to the extent that in some instances, the same territory has had

several plans developed that bear little or no relation to each other. Sometimes, the municipal administration doesn't even know about all these plans.

In order to improve planning as an instrument for sustainable development, the methodology for development planning needs to be improved in order to substitute the estimating approach with the strategic approach. The principle of uninterrupted or constant planning needs to be introduced, and staffing needs to be ensured so that municipalities are able to operatively amend their plans or add new sections. A scientific analysis of planning documents also needs to be undertaken and a summary made of planning experiences that can be disseminated to planners and the public. Special attention should be given to the popularisation of examples of good practices.

### 6.3. SCIENCE

Sustainable development is not possible without the progress resulting from scientific and technological achievements and their everyday applications. One of the aims of sustainable development and scientific and technological achievements is the resolution of social problems while preserving natural resources. Economic globalisation and the rapid development of information technology has cardinaly altered the research environment, and new tendencies, which will be important in the future, have already been outlined.

A nation's intellectual potential provides a significant input for guaranteeing its sustainable development and security. Over the last five years, government subsidies to science have decreased from 1% of GDP to 0.17%. There is increased emigration of young specialists to EU countries and the USA.

Investments in research and technology development is a form of investment that ensures social development and the maximum effectiveness of investments. Sustainable development in Latvia will not be possible without substantial increases in investments in fundamental and applied research, which will also assist in development of the national and its society, will facilitate the resolution of social issues and ensure environmental protection. The development of scientific and technological capacity is viewed as one of the most important factors to assist national development.

The responsibility of researchers should not end with their scientific and technological developments. For the sake of sustainable development, they should also be involved in the formulating of policy and the decision-making process.

The most important objectives are the application of scientific and technological achievements for ensuring sustainable development, the improvement of the quality and content of education so that the gained knowledge and skills will assist in the development of scientific and technological advancements and facilitate the development of the information society. Indicators should also be developed for informing society about the progress of sustainable development, based on an evaluation of a person's needs, an analysis of environmental protection measures, and evaluations of the use of natural resources and the state of ecosystems.



## 6.4. FREEDOM OF INFORMATION

Free access to understandable and usable information is one of the fundamental pre-conditions for the development of a liberal and democratic society, as well as for the elaboration and implementation of successful sustainable development policies.

In April 2002, the Latvian parliament adopted the law “On the 25.06.1998 Aarhus Convention on Public Participation in Environmental Decision-making and access to Justice in Environmental Matters”.

The Aarhus Convention defines the relationships between society and government administration with respect to environmental issues, special access to information, society’s participation in the decision-making process, and the right to bring environment issues before a court of law.

Over the last few years, there has been considerable activity in drafting legislation related to the area of information, to ensure access to information, to significantly broaden the rights of inhabitants to receive information, and to emphasise the responsibility of the state and municipalities with respect to the provision of information. In 1998, a section on human rights was added to the Latvian Constitution, which included the right to freedom of speech, the right to receive and pass on information, etc. A common procedure for the receipt of information has been defined in the law “On Access to Information”. Amendments adopted to the law “On Environmental Protection” in 2000 also covered the issue of access to environmental information, including the active dissemination of information via a public data base, the establishment and maintenance of information registers and internet home-page, making public the information contained in state of the environment reports, the environmental policy plan and programmes, informing society of their rights and opportunities to receive information and participate in the decision-making process, etc.

With the development of information technology and electronic means of information transfer, an ever increasing amount of information is being sent or exchanged electronically. The home-pages, data bases and information registers of various institutions are being upgraded to make information available “on-line”, which makes retrieval of information significantly easier for some parts of society. Many institutions, including municipalities, are establishing information centres and offering additional services, such as access to internet and various data bases. The annual state of the environment report includes information and indicators on developments and trends across and between a range of sectors.

Social organisations have a significant role in the dissemination, clarification and actualisation of information. The NGO Centre is active in ensuring the flow of information between the state, municipalities, businesses and social organisations.

Even though Latvia’s legislation grants inhabitants reasonably broad rights to access information, there are still a number of significant problems:

- most members of society don’t know what rights and opportunities they have to access information;
- information has to be searched for in a number of institutions;
- there is an inadequate “horizontal” exchange of information, dialogue and co-ordination between state administration institutions;
- state policy is inadequate to allow the establishment of broad-based information centres or “one-stop information agencies” that could ensure fast and effective access to information.

In order to improve free access to information, it is necessary to develop an information dissemination network, and to present an overview of what information is available from state institutions, municipalities, NGOs, educational institutions, etc. The “horizontal” circulation

of information between state institutions and municipalities also needs to be improved. NGOs should be more effectively used to disseminate and clarify information and some tasks should be fully delegated to them.

## 6.5. SOCIAL PARTICIPATION IN DECISION MAKING

CM Regulations “On Cabinet of Ministers Order of Procedures” foresees consultations with social organisations when elaborating legislation and policy documents. The rights of society to participate in the elaboration process of documents relating to the environment are defined in the law “On Environmental Protection”. Territorial development planning, environmental impact assessment procedures, construction project hearings, pollution minimisation and control activities all foresee specific procedures and forms for public participation. In 2002, Latvia ratified the Aarhus Convention.

A large number of state institutions have established consultative and expert councils, with representation from social organisations, including professional associations. Consultative councils have also been established in financing institutions, thus facilitating transparency in the finance granting procedure. However, often the influence of these consultative councils and social partners is limited and their decisions are only of a recommendatory nature.

As information technology opportunities develops, an ever growing number of legal document drafts are made public via government institution home pages, which increases the opportunities to read and comment them. Gradually, the delegation of state functions is also increasing. Social organisations are becoming more active in the elaboration of legislative acts and their implementation.

However, it is still difficult for society to influence decision-making, as there is a lack of institutional mechanisms. Moreover, the larger part of society don't believe that they are able to influence policy development, and they lack specific knowledge, skills and experience. Their participation is often expressed in short campaigns, often a spontaneous reaction to a specific event or decision to protect their interests.

Most significant problems:

- the democratic decision-making procedures are relatively new and therefore neither society nor the decision-makers have adequate knowledge, skills or experience to actively participate;
- inadequate support/interest shown by state/municipal institutions, which is due to a lack of resources, and a desire not to make decisions public because they have not always been made with the best interests of the public in mind;
- the qualitative realisation of public participation requires significant financial, time and human resources;
- the low standard of living of many inhabitants means that participation in the development of national policy is not a high priority to them.

In order to effectively realise the rights of society to participate as foreseen in legislative acts, it is necessary to establish consultative institutions – consultative and public councils, ensuring that they contain wide representation from society and target groups, and that they have the power of public review, including evaluation of complaints about governmental institutions.

In order to facilitate the development of rural areas and larger regions, the formation of co-operative organisations, which would unite parish and town municipal administrations, rural support institutions, social organisations and business structures, needs to be supported.

## 7. DEVELOPMENT AND ROLE OF MAJOR TARGET GROUPS

### 7.1. NGOs

Data from the Enterprise Register states that by 2002 there were 6,000 social or non-governmental organisations (NGO) registered in Latvia, and from these approximately 500 are involved in the environmental protection sector. About half of the NGOs state that one of their areas of activity is social assistance. But according to NGO Centre evaluations, only 20-25% of all registered NGOs in Latvia really achieve something.

NGOs function at a local as well as a national level. Many NGOs are also involved in international NGO collaboration networks. The NGO sphere of activities is varied – targeted work in the elaboration of laws, lobbying decision making in Parliament, the CM and municipalities, supporting individual interest groups in society. NGOs and interest groups sometimes use pickets, campaigns and demonstrations as effective tools.

Since 1992, due to changes in the normative acts, NGOs have substantially increased their practical opportunities to participate. More and more often now, state institutions are of the opinion that NGOs are partners in achieving environmental protection, social and education objectives.

NGOs have shown their effectiveness by drawing society's attention to problems and motivating them to take action, as well as realistically influencing decisions. Collaboration has been strengthened and delegation of functions is developing in areas such as environmental protection and social assistance.

There are currently not enough finance resources available in Latvia to support NGO activities. Therefore, the more stable organisations are those who are part of an international network and receive finances from foreign funds.

Overall, there is a lack of effective co-ordination of activities among various NGO sectors, which hinders NGO participation in sustainable processes and in resolving inter-sectoral problems.

#### **Objectives**

- ▶ To develop collaboration and co-ordination between various NGO sectors by creating an NGO Co-ordination Council, in order to express unified NGO opinions on sustainable development priorities.
- ▶ To continue the delegation of functions in those sectors, where NGOs have already shown their effectiveness in resolving problems, and to recognise NGOs as significant partners in the sustainable development process.
- ▶ To involve NGOs in discussions regarding state development priorities and the elaboration and implementation of sustainable development strategies.

### 7.2. EMPLOYEES AND TRADE UNIONS

Employees have the right to freely unite and join trade unions, and realise the defence of their interests. Trade unions unite employees in both the state and private sectors with the aim to

improve work and social conditions. The number of trade unions rapidly fell at the beginning of the 1990s, but stabilised in 1994, and currently trade union members make up approximately 20% of the entire workforce. By size, the largest trade union organisations are in the social sector – education, health care and railway services, but also in the private sector, employees are more actively joining trade unions.

Sectoral and professional trade unions have united to form the “Latvian Free Trade Union Confederation”, which in 2000 had 26 national level unions as members. Collaboration with international and Baltic Sea region trade union organisations is developing. Trade unions also collaborate with other types of organisations including NGOs. A “National Tripartite Co-operation Council” has been established, which ensures state, trade union and employer collaboration at a national level.

Latvia has ratified the International Labour Organisation Convention, ILO standards have been accepted and are being introduced. The most important national normative acts are the law “On Labour”, the laws “On Work Safety”, “On State Labour Inspectorate” and “On Collective Labour Agreements”, which basically regulate employment rights issues and defines the rights of workers in united trade unions and the right to create other alliances to defend their interests.

Initially, employees focused their attention on issues of employment and the social protection of employees. The quality of the work environment, environmental protection measures and the introduction of quality systems in enterprises was not included on trade unions’ list of priorities. However, now that the labour market has stabilised and the influence of trade unions has increased, employees and trade unions have started to show a greater interest in work safety, and social protection issues, which are directly or indirectly related to environmental protection measures. More frequently, workers are now motivated to defend their rights and trade unions are seen as their ally.

### **Objectives**

- ▶ To improve the work environment in accordance with work safety and environmental protection requirements.
- ▶ To balance production effectiveness with social guarantees.

## **7.3. EMPLOYERS**

Employers in Latvia are represented by the Latvian Employers’ Federation (LEF). The LEF was founded in 1993 to represent employers and strengthen the role of businessmen and employers in all employment spheres – the elaboration of work laws, work safety, professional education and social security.

Latvia is partner to various conventions and has elaborated legislation, which states the role of employers in policy making. Since 1992, Latvia is bound by the convention “On the freedom of associations and protection of rights by forming organisations”, which means that all employers have the right of choice to found organisations without gaining prior permission, as well as the right to join such organisations. In 1999 the law “On Employers and their Associations”, which defines the legal status of employer organisations, as well as their rights and responsibilities with respect to trade unions, state and municipal institutions. In 1994, Parliament ratified the ILO Convention No. 144 “On tripartite consultations”, and in 1998 signed the National Tripartite Co-operation Council (NTCC) regulations, which states that the main mission of the NTCC is to ensure and promote the co-operation of government,

employer and employee organisations at a national level, with the aim to ensure the resolution of socio-economic development problems in a concordant manner and in the interests of state and all society, elaborating and implementing strategies, programmes and normative acts regarding social and economic issues. The NTCC is comprised of an equal number of representatives put forward by each of the stakeholder parties (government, employers and trade unions).

One of Latvia's main achievements in the promotion of social dialogue has been the creation of the NTCC and its subordinate councils, which deals with issues related to work matters, professional education and employment, social security and health care. The LEF representatives are active in the NTCC and its subordinate councils, which allows employers' opinions to be co-ordinated with those of employees (trade union) and the state before important legislation is passed.

#### Objectives

- ▶ To balance the effectiveness of business with employment issues, taking into account society's interests.
- ▶ To implement ISO quality standards and environmental management systems.
- ▶ To elaborate environmental protection programmes for enterprises, and plan the introduction of best available technologies.
- ▶ To develop a positive attitude between employers, and facilitate the observance of environmental protection quality requirements.

## 7.4. LOCAL MUNICIPALITIES

The first actions by Latvia's local municipalities were undertaken only 4-5 years after the Rio conference, as municipalities were waiting for state decisions regarding the beginning of the sustainable development process in Latvia. The objectives set by Agenda 21 were not implemented according the planned timeline, which on one hand foresaw that the state would assist in the development of sustainable development initiatives at a local level, but on the other hand, encouraged local municipalities to begin consultations regarding sustainable development issues.

In the mid 1990s, many municipalities became involved in the Local Agenda 21 process, mainly manifested as the preparation of environmental action plans and programmes. The cities of Riga, Venstpils, Jūrmala and Jelgava have developed such plans, as well as some rural municipalities and some regional governments.

The sustainable development processes at a local level is significantly influenced by territorial development planning - municipalities elaborate of territorial development plans and involve society. Long-term planning became a foundation for the realisation of sustainable principles. However, there are many municipalities who have not yet begun to elaborate their territorial planning, which is seen as a threat to sustainable development and the sustainable use of natural resources.

An important co-ordination function has been carried out by the Latvian Municipality Association, which represents and defends municipality interests in the elaboration of legislative acts and policy documents.

Some municipalities, whilst elaborating their own sustainable development indicators or using indicators elaborated by EU institutions, have begun to recognise the progress towards

sustainability being made in their own municipality. An important role is that of co-operation with international organisations. Frequently, the results of sustainable development initiatives begun by local governments have been continued by NGOs or schools.

Problems experienced by municipalities in actively working with sustainable development concepts.

- lack of local capacity and resources, municipality responsibilities that do not correspond with municipality income and are not in line with local priorities to ensure inhabitants' essential needs.

Still, there are many positive aspects, which ensure the irreversibility of the process:

- sufficiently developed support mechanisms to ensure municipality interests are supported in the decision making processes at a national level;
- the growth of municipality capacities and the development of mutual municipality partnerships, as well as the development of partnerships with various target groups.

### **Objectives**

- ▶ Within their limits of responsibility and capacity, municipalities to ensure territorial development and the elaboration of planning
- ▶ To ensure social and health care for society, as well as their economic, educational and cultural needs.

## **7.5. AGRICULTURAL EMPLOYMENT**

One third of Latvia's inhabitants live in rural areas, and nearly one sixth of Latvia's inhabitants are employed in agriculture. Professional agricultural associations and social organisations, which unite those employed in agriculture, actively participate in the elaboration of agricultural policy documents. There are a number of consultative councils in the Ministry of Agriculture, which have representation from agriculture NGOs.

There are approximately 50 active state level and 40 regional level agriculturalist (farmers, growers) and agricultural product social organisations and associations. The Latvian Agriculturalist Organisation Co-operation Council (LAOCC), which has been operating since 2000, unites 35 independent agriculturalist organisations, ensuring representation of nearly all branches of agriculture. The objective of the LAOCC is to ensure openness and transparency in resolving important sectoral problems. The LAOCC has consultative status and its main task is to ensure the exchange of information between agriculturalist organisations, producers of agricultural products and processing enterprises, the Ministry of Agriculture, other state institutions, NGOs and foreign partners. The LAOCC participates in the drafting of Ministry of Agriculture normative acts and the evaluation of legislative acts elaborated by other ministries, as well as in the decision making process for the allocation of financial support or the principles and schemes for the division of agricultural subsidies.

The Latvian Organic Farming Organisation Association is also involved in working with the LAOCC, and unites practising organic farmers, as well as popularises sustainable and environmentally friendly agricultural events and sustainable rural development policies.

The Agricultural Subsidy Concept states that agricultural policy must be long-term and stable. Since 2001, agricultural subsidy policy has foreseen that organic farmers and food producers will also be subsidised.

In collaboration with the Environmental Protection Club, a biological agricultural produce market, “Green Market”, was organised in 2001, where practicing organic and biodynamic farmers could sell and popularise their produce.

Still, there are problems related to organic farming, as legislation related to organic farming has not been set in place, and an industry for the processing of organic farm products has not been developed. The state, whilst supporting the processing industry and large rural farms, does not pay enough attention to the interests of small-scale agriculturalists.

### **Objectives**

- ▶ To elaborate agricultural strategic plans for the sustainable development of agriculture, and involving those working in the sector in the elaboration process. In the formulating of branch policy and priorities, to ensure that the interests of small-scale farmers are also be represented.
- ▶ To create economic instruments, such as subsidy systems, to stimulate environmentally friendly farming and the use of organic farming methods.

## **7.6. YOUTH**

Youth, in the context of sustainable development, is that group of society, which develops into socially active citizens and by their participation in the decision making process at any level, ensure that these principles will be taken forward into the future. The greatest problem in the elaboration of youth policy is the poor co-operation with public child and youth organisations.

Three kinds of youth organisations started to appear in society in the early years of reindpendence:

- representative branches in Latvia from international organisations (such as Young Farmers Club, Young Christians Association, Latvian Youth Red Cross);
- organisations that had been active during the “First Latvian Republic”, which renewed their work (for example Latvian Mazpulki (“Youngster Group”), Latvian Scout and Guide Central Organisation);
- professional expert organisations concerned with some specific area of work, whose targeted audience is youth, or those who work with youth (for example Childrens Environment School, Youth Against Aids).

The Latvian Youth Council, which was founded in 1992, currently unites 29 public child and youth organisations.

The work in the community sector is mainly based on the development of socially active member of society using the “peer to peer” method and the “learn by doing” principle by using interactive methods, discussions and debates. Financing for this work is attracted from international aid programmes and local enterprises.

### **Objectives**

- ▶ To pass the law “Work and Youth”, anticipating the creation of a Co-ordination Council, whose members would be representatives from state and public organisations.
- ▶ To recognise the importance of the work of public organisations, and to achieve the objective that the state and municipalities support events and activities, which are within the area of activities of public organisations.

## 8. CONCLUSION

Evaluating Latvia's progress in the 10 years since the 1992 Rio Conference, overall it can be concluded that Latvia has created the pre-conditions necessary for the implementation of sustainable development, by preparing the necessary legislation and programme documentation, by establishing institutional systems and fulfilling the requirements of international treaties, and by the readiness of a variety of target groups in society to participate in the resolution of important development issues.

Environmental protection can be viewed as one of the cornerstones that will ensure sustainable development in Latvia. To a large extent, this is due to the relatively large proportion of Latvia's natural environment that has been minimally influenced. Also, the restructuring of manufacturing and production, has resulted in a significant decrease of industries with high energy consumption and raw material usage, and thereby decreased the anthropogenic load on the environment. Therefore, with respect to environmental sustainability, Latvia is starting from a different position as compared to the majority of developed Western nations. The next challenge for Latvia will be to rapidly develop its economy, while at the same time preserving its natural heritage and maintaining the regenerative capacity of natural ecosystems, and striving for greater social equality and trying to avoid passing on a higher level of risk to future generations. To achieve sustainable development in Latvia will require that new, qualitative standards of social behaviour and values be attained, based on fundamental principles such as equality – equality of opportunity between inhabitants and inhabitant groups, and between the various territories and regions of Latvia with respect to development opportunities.

During the preparation of the „Rio+10” report, the following major strategic goals were elaborated for Latvia to realise on its path to sustainable development:

- ▶ the development of a considerate society, where democracy, equality, honesty and culture are highly valued and developed, where social apathy is decreased and developments that increases the gap between the richest and poorest inhabitants are disallowed;
- ▶ to facilitate shifts in social values, attitudes and behaviour, and to ensure increased public participation as Latvia moves towards a sustainable society, in political decision-making, in achieving sustainable development objectives and in the realisation of required tasks at all levels;
- ▶ the development of a stable economy that is able to meet the needs of society, while at the same time ensuring that the rate of economic development would be greater than the environmental pollution and resource consumption rate;
- ▶ the development of market economy mechanisms and practical applications that support the achievement of sustainable development objectives;
- ▶ ensuring the continued development of the human environment, at the same time respecting and forming harmonious relations with the natural environment and mutually enhancing the value of both;
- ▶ the integration of environmental issues and environmental policy measures into the policies of all other sectors of the economy, ensuring adequate measures for the preservation of biological diversity and the security of ecosystems;
- ▶ ensuring a safe and healthy environment for the current and future generations, maximally decreasing those processes that degrade and pollute the environment and disallowing development that is harmful to human health and/or decreases the quality of human life, while at the same time improving the quality of the environment in those territories that have been substantially degraded in previous times;
- ▶ the development of a responsible attitude towards natural resources in Latvia's society, the continued increase in the effective use of natural resources using methods such as highly



- productive technologies, recycling, alternative technologies, substitution of resources (where possible without degrading environmental quality), the effective use of land resources both in rural and urban areas;
- ▶ Latvia to gradually shift its status from being a recipient of international aid, to being able to ensure all its own needs itself, and if necessary to be able to grant assistance to other countries.

These strategic objectives are derived from the global sustainable development policy principles defined in the 1992 Rio de Janeiro Declaration, and are based on Latvia's social and economic development experiences and current situation, Latvia's specific natural environment and Latvia's geopolitical position in the world.

The preparation of this report and sectoral analysis undertaken has shown the major development tasks required to achieve the above-mentioned strategic objectives:

In the **sphere of economics**, the objectives are to create an effective and competitive structure for the industrial sector; to ensure optimal energy supply, to increase the achievable energy efficiency of both energy producers and consumers and to increase the use of renewable resources; to establish an integrated agricultural system to ensure efficient production and use of resources, and to continue to develop non-traditional and organic agricultural sectors; to maximise the utilisation of forest productivity and to ensure the renewal of forest resources; to balance the capacity of fishing and fish processing enterprises with the amount of available fish resource stocks and market demand; to utilise the potential of all forms of transport, while at the same time decreasing the negative environmental impacts on the environment; to create a positive tourism image for Latvia, to develop ecotourism opportunities in coastal zones and specially protected nature territories.

In the **social sphere**, the objectives are to achieve a change in priorities in the division of the national budget; and to improve the labour market throughout Latvia by facilitating business development, including non-traditional forms of business which are characteristic to a specific region or settlement; to ensure all inhabitants with appropriate qualitative dwellings as a major pre-condition for the maintenance of human health and active work; to ensure the availability of education and to improve its quality and content.

In the **environmental sphere**, the objectives are to continue realising the "polluter pays" principle, to introduce environmental management systems and best available technologies, to ensure the conservation of biological diversity and traditional landscapes; to integrate water resource protection measures into all social development processes by elaborating complex river basin management plans and ensuring qualitative drinking water production and wastewater treatment; to create municipal waste and hazardous waste management systems in accordance with environmental protection requirements, and to recultivate existing landfill sites.

Another very important task is to create a monitoring system, which would be able to evaluate Latvia's progress in the attainment of defined sustainable development objectives and the completion of related tasks, to identify development problems and be able to react quickly and effectively to make amendments to sectoral policy.

# ANNEX: RATIFIED INTERNATIONAL CONVENTIONS AND PROTOCOLS REGARDING ENVIRONMENTAL PROTECTION

<b>International conventions, protocols</b>	<b>Year of ratification</b>	<b>Programmes, legislation</b>
<b>General legislation</b>		
Aarhus Convention "Public Participation in Environmental Decision-making and Access to Justice in Environmental Matters"	2002	law "On environmental Protection", 1991 National Environmental Protection Policy Plan for Latvia, 1995
Espoo Convention "On Environmental Impact Assessment in the Transboundary Context"	1998	law "On Environmental Impact Assessment", 1998
<b>Nature environment and biological diversity</b>		
Helsinki Convention "On the Protection of the Marine Environment of the Baltic Sea Area"	1994	law "On s protected Nature Territories", 1993
Rio de Janiero Convention "On Biological Diversity"	1995	law "On Protected Belts",1997 law "On the Conservation of Species and Biotopes", 2000
Ramsar Convention "On Wetlands of International Importance waterfowl Habitats"	1995	law "On Forestry", 2000 law "On Fishery", 1995
Bern Convention "On Conservation of European Wildlife and Natural Habitats"	1996	National Programme on Biological Diversity, 2000
Washington Convention "On International Trade with Endangered Species of Wildlife and Natural Habitats"	1996	"Fishery Development State Programme", 1995.-2010.
Gdansk Convention "On Fishery and the Preservation of Living Resources in the Baltic Sea and on its Coast"	1996	
Bonn Convention "On the Conservation of Migratory Species of Wilde Animals"	1999	
<b>Atmosphere protection and climate change</b>		
UN Framework Convention on Climate Change	1995	"Climate Change Mitigation Policy Plan", 1998
Kyoto Protocol	1998	
<b>Decrease of stratospheric ozoneconcentrations</b>		
Vienna Convention "On Protection of the Ozone Layer"	1995	regulations "On Protection of the Ozone Layer", 1997

Montreal Protocol "On Substances Depleting the Ozone Layer"	1995	
<b>Trans-boundary air pollution</b>		
Geneva Convention "On Long-distance Trans-range Air Pollution"	1994	regulations "On Air Quality", 1999
EMEP Protocol "On Long- term Financing of the Co-operative Programme for Monitoring and Evaluation of the Long-range Transmission of Air Pollutants in Europe"	1997	
Gothenberg Protocol "On Abate, Eutrophication, and the Ground-level ozone " *	1999	
<b>Water resource management</b>		
Helsinki Convention "On the Protection and Use of Transboundary watercourses and International Lakes"	1996	Strategy for Groundwater resources 1997 National Programme of Water Supply and Wastewater Treatment in Small and Medium Sized Towns of Latvia, 1997 law "On Water Management", in preparation
<b>Waste management</b>		
Basel Convention "On the Control of Transport of Hazardous Waste Across Borders and Final Processing"	1992	Strategy for Management of Municipal Wastes, 1998 - 2010, 1998 Strategy for Management of Hazardous Wastes, 1999.-2004., 1998 law "On waste management", 2000 law "On Packaging", 2001

\* Note: Protocol has been signed, but not yet ratified

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