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Sustainable national policy planning with conflicting goals

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Abstract

According to the Latvian policy planning documents, the main macro indicators for monitoring progress of national development are: GDP per capita, income inequity index S80/S20 and national population growth. Policy planning documents propose different sectoral targets that are not linked with each other, sometimes providing conflicting goals. There are international and European Union (EU) targets (especially in the environmental and climate sector) that sometimes contradict with national goals and occasionally are not set as national priorities in Latvia and for which the necessary resources are not appropriated. The authors propose an improved methodological approach interlinking national policy indicators and sectoral models to generate more efficient decision making mechanisms.

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1. Introduction

Latvia has established a hierarchical system of policy planning documents that formulate the growth model. This system of policy documents includes the Strategy for Sustainable development (SAD) (2030) approved by the Parliament, National Development Plan (NDP) – mid-term planning document subordinated to the SAD and approved by the Cabinet of Ministers, thematic and regional policy planning documents which should be subordinated to NDP and SAD. The knowledge based development scenario is defined by the growth model [1]. The authors [1] have developed

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the quality of life index and applied it to monitor the progress of implementation. The objective of NDP (2007–2013) was sustainable development of Latvia, by increasing competitiveness and gradually implementing the knowledge based development model [2]. Still the goals of NDP (2007–2013) have been implemented partially. One of the conclusions of [2] is that there is lack of understanding complex coordinated national development. With a scholastic approach (not taking into account interlinks between different measures and goals) there is no chance to achieve substantial results in today's world. The development of the new NDP (2014–2020) [3] began with the formulation of a general vision, which means that the goals were reassessed and the new NDP (to a lesser extent) fits into the policy planning hierarchy – in the end, the new NDP was only theoretically subordinated to the SAD. During the discussion process, two different visions defining general goals of the policy planning document – “A Vision of Latvia in 2020: “Economic Breakthrough – for the Greater Well-Being of Latvia!”, which was finally adopted and an alternative green vision, which was not adopted [4]. The alternative vision (Latvia as the greenest country in the world) proposed more sustainable ways to achieve development, however, they lacked concrete measures and calculations. Of course, the NDP (2014–2020) based on the Economic Breakthrough vision does not completely focus on economic development; it includes comprehensive goals as well as indicators in different sectors. Nonetheless – the vision of NDP postulates that the first priority is the economy and other sustainability goals subordinated to it. However, the main problem regarding both NDPs is that there are no major changes or inadequate resources proposed for reaching the main goals, so to a large extent the policy which has been implemented is “business as usual”. Accordingly, economic growth is moderate – rather high structural unemployment, emigration and an inadequate level of investments.

The question is – can the formulated goals of the policy planning documents be achieved and what happens when the new EU – climate, energy efficiency, circular economy and other targets enter into force? Will it just be another burden to the economy? Indicators are essential to determine the goals and monitor implementation.

2. Analysis of Indicators

NDP 2020 [3] has defined only 3 macro impact indicators – “1) GDP per capita based on purchasing power parity for comparing the level of well-being of the populations of different countries and the rate of economic growth; 2) The S80/S20 income quintile share ratio describes the inequality of income and the stratification of society. It expresses the ratio of the income received by 20 % of the country's highest earning residents to 80 % of the country's lowest-earning residents and needs to be viewed in context with other indicators that help one to understand the sources of formation of a middle class; 3) Changes in the population level – natural population growth – the difference between births and deaths within a year, without including changes caused by emigration and immigration”. The report on the implementation of SAD and NDP, including indicator report was published in 2015 [5].

The European Commission [6] states “that income inequality and poverty are big problems in Latvia compared to other EU countries. Although the rate of poverty and social exclusion has decreased from 35.1 % in 2013 to 30.9 % in 2015 it remains high, and the report indicates an inadequate social safety network. Income inequality can also be measured by the Gini coefficient, and Latvia's is the second largest in the EU. The tax-benefit system is inadequate for compensating inequality. The NDP 2020 has different sectoral indicators, however, to define the future path for green development, environmental and sustainability indicators are essential. These indicators include productive use of natural resources – the amount of output (products) that can be generated by using one nominal tonne of natural resources (EUR) (the higher the output in EUR from each tonne of resources, the more efficient is the use of natural resources); intensity of greenhouse gas emissions in the economy (tonnes of CO₂ equivalent per certain amount of money of the GDP)”.

Latvia is likely to meet the EU 2020 climate targets, but is unlikely to meet targets in waste management – the 50 % recycling target by 2020, and landfill diversion targets of 75 % of biodegradable waste. However, the new 2030 climate targets in non-ETS sector (energy efficiency goals, national emission limits for certain substances, as well as circular economy targets) propose new challenges. It was concluded in [7] that in order to determine the measures to be applied in order to reach certain targets (for example non-ETS) other goals and policies should be taken into account to elaborate more cost effective measures. Taking into account limited resources (financial, human, etc.), it may not be possible to reach all targets with separate programmes (policy planning documents), although this has been the common practise so far. However, to propose synergistic measures it is necessary to calculate impacts. Although the modelling approach was not used for NDP 2020, it can be an essential tool for policymakers to determine ways on

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