

# Assessment of Latvia's Territorial Just Transition Plan



Peat extraction in Latvia. Photo: fotofox33 via Adobe Stock

Latvia has four just transition regions: Latgale, Vidzeme, Zemgale and Kurzeme. Together, these just transition territories cover the most of the country, except for Pierīga and Rīga. However, only one Territorial Just Transition Plan has been prepared for all four regions, as they share a very similar economic situation. Latvia's Territorial Just Transition Plan (hereafter referred to as the Plan) was approved, along with the EU funds operational programme for 2021 to 2027, at the end of November 2022. Latvia will receive EUR 191.6 million in total from the Just Transition Fund.

The reason for Latvia's inclusion among countries with just transition regions is the peat industry – extraction, use and export of peat and peat products. Latvia has the seventh largest peat deposits as a percentage of total land area in the world. Latvia produces 31 per cent of the peat used in professional horticulture in the European Union.<sup>1</sup> The Plan envisions ceasing the use of peat specifically for energy in Latvia.

For more information

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<sup>1</sup> REstore LIFE projekts, [Īsfilma par kūdras ieguves nozari Latvijā](#), REstore LIFE projekts, 23 July 2019.

**Table 1: Planned measures in Latvia’s TJTP and the budget allocation among them**

Measure/investment	Budget allocated, EUR	Portion of Latvia’s share of Just Transition Fund, per cent
Ending the use of peat in energy (includes degraded peatland recultivation, replacement of peat boilers with renewable solutions)	48 916 063	26.55
Research development for the sustainable use of natural resources in the context of environmental and climate goals	5 083 937	2.76
Restoration of peatland habitats of EU importance	6 000 000	3.26
The development of the public infrastructure necessary for business and the improvement of skills in the transition to a climate-neutral economy	50 812 699	27.58
Business ‘greening’ and product development measures, promoting the increase of energy efficiency and the introduction of energy-efficient technologies in companies	35 298 850	19.16
Promotion of the use of emissions-free vehicles in municipalities	21 179 311	11.50
Increasing the skills of the employed and support for obtaining qualifications, support for workforce training in accordance with the company’s request	16 946 467	9.20

## The significance of transitioning away from peat for energy

The peat industry is one of the most greenhouse gas-intensive industries in the land use, land-use change and forestry sector in Latvia. In 2020 1,332 kilotonnes (kt) of CO<sub>2</sub> equivalent were produced from soil associated with peat extraction,<sup>2</sup> which comprises 12 per cent of Latvia’s total emissions (including indirect emissions). Emissions are produced by using the peat for energy and other purposes, including forestry and horticulture. Peatlands themselves also turn into net carbon sources in degraded (drained and freed from vegetation) areas where peat extraction is ongoing or has taken place in the past, but no greenhouse gas

<sup>2</sup> Latvijas Vides, Ģeoloģijas un Meteoroloģijas Centrs, [2022.gada siltumnīcefekta gāzu inventarizācijas Kopsavilkums](#), 15 April 2022.

reduction measures have taken place. Carbon dioxide emissions occur when the peatland is drained, the peat oxidises and the CO<sub>2</sub> captured within peat is released back into the atmosphere. At the same time, natural wetlands are significant carbon sinks – peatlands in a near-natural state accumulate 0.37 gigatonnes of CO<sub>2</sub> every year. Worldwide, peatlands store twice as much carbon as forests do.<sup>3</sup>

Yet there are two types of peat – *light peat* located at the top of the peatland profile, which is used mainly for seedlings in forestry, horticulture; and *dark or energy peat* located beneath the light peat, which can be used mainly for energy. The use of peat in the energy sector is very minor. According to the Plan, 32 kt of CO<sub>2</sub> equivalent are produced from peat use for energy, which comprises only 2.4 per cent of all emissions from the peat sector. This is only 0.5 per cent of all peat use. The other 99.5 per cent is used for agriculture, horticulture and forestry, and this is not at all addressed in the Plan. It is necessary to completely stop peat combustion, yet it is not just combustion that should be banned. Any excavation of peat is problematic because of how wetlands work as carbon sinks. This aspect is completely neglected, and the Plan never considers the impacts of the extraction of peat for other uses. Thus, this is a missed opportunity for the initiation of a significant phase-out of peat extraction.

The Plan states that ‘the largest peat extraction takes place in Kurzeme, Zemgale and Vidzeme, which will be significantly affected by the transition to a climate-neutral economy.’ However, if only 0.5 per cent of all peat is used for energy and the Plan envisions cutting out only peat use in energy (not reducing its extraction altogether), then it is not adequate to say the regions will be ‘significantly affected’ as a result of this. As the Plan states, there are six companies and two municipalities that have been using peat for energy (with a total nominal capacity of equipment 31.47 MW), which cannot be considered significant.

In the main text of the Plan, the impact of the just transition is described in a way that suggests all peat extraction will cease; however, it is only energy peat extraction that will be discontinued. Therefore, the Plan seems to exaggerate the impacts of this change. For instance, the Plan states that on average, there are 1,934 jobs in the peat industry, of which 28 per cent are seasonal. It is assumed that all these jobs would be affected, which is not the case. However, in Annex 18, it is stated that the number of jobs directly affected by the cessation of the use of energy peat is 33 and jobs indirectly affected 41, which means that only 74 jobs will be impacted by the restructuring.

Investments are planned ‘for the promotion of research, development and research in the regions, which will, among other things, promote a more sustainable use of peat resources in the future and a more sustainable use of natural resources in the context of environmental and climate goals’. However, no research is planned for the reduction of peat use, such as finding suitable alternatives for peat in horticulture or forestry.

## Recultivation or renaturalisation?

The Plan repeatedly advocates for a specific use of degraded peatland areas. Instead of denaturalising them (restoring natural habitats and the peat formation process), the Plan advocates for using these areas for growing berries or tree plantations (afforestation) due to the assumption that renaturalised peatlands emit

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<sup>3</sup> LIFE Peat Restore, [Leave Peat in Peatlands](#), 2018.

more greenhouse gas than berry fields or forests, referring to the specific results of the LIFE REstore project.<sup>4</sup> This project brought very limited results (greenhouse gas monitoring at all research sites lasted for only two years, during which there were extraordinary weather conditions), yet brought some conclusions that favour certain industries. The research executed by this project cannot be used in practice or for policy planning without extending the timeframe for observation in the study areas (the proposed period in the research document is ten years) to find out if the tendencies in the changes in greenhouse gas emissions are consistent. This was noted in the manual produced by the LIFE Peat Restore project,<sup>5</sup> which describes the research methodology. The results of LIFE REstore also contradict those of other research projects.<sup>6</sup> Nevertheless, the Plan states that ‘According to the results of the LIFE REstore project, the types of recultivation that ensure the reduction of greenhouse gas emissions or CO<sub>2</sub> sequestration and have a positive impact on the national economy are afforestation and berry cultivation’ and that ‘the other types of recultivation do not have such a positive impact on the climate in the long term, incl. renaturalization [which] contributes to increased emissions even as it promotes biodiversity.’

The Plan includes measures for recultivation of degraded peatlands; however, it states that ‘before carrying out the recultivation of the degraded peat bogs, the most suitable operations and recultivation methods for the site will be determined, applying different recultivation approaches in each site, focusing on solutions that attract greenhouse gas emissions, respecting the specifics of historical peat extraction sites’. This means that the overwhelming part of the degraded territories will be turned into berry or tree plantations, because the results of the abovementioned LIFE project will be applied. At the same time, a different part of the Plan states that the recultivation measures (berry plantations or afforestation) will take place on an area of 12,100 hectares, but habitat restoration will take place in an area covering 1,500 hectares, in protected nature areas. It is understandable that it is not feasible to renaturalise all degraded peatland areas. However, the application of unreliable data as well as the dominance of economic interests over biodiversity is worrying. The Plan refers to scientific research, but refers only to one author, who represents the state forestry institute Silava.

Only 3.26 per cent or EUR 5 million of all the funding available is planned for the restoration of peatland habitats. In comparison, the measure ‘Ending the use of peat in energy’, which includes the recultivation of degraded peat bogs (including historical peat mining sites), as well as support for the replacement of combustion equipment, has been allocated 26.55 per cent, or EUR 48.9 million, of the funding.

The Plan also includes possible violations of the polluter pays principle by planning to provide funding for recultivation in private areas or leased areas with an existing operator. In the Plan, such compensation is justified by the fact that the use of peat for energy will cease, creating the need for restructuring of the sector. However, as we know, this use is very small (0.5 per cent of all extracted peat) and the vast majority of peat extraction is related to other uses. Also, according to some experts,<sup>7</sup> in certain extraction sites the light peat

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<sup>4</sup> REstore LIFE projekts, [Degradēto purvu atbildīga apsaimniekošana un ilgtspējīga izmantošana Latvijā. LIFE REstore, REstore LIFE projekts](#), 2016.

<sup>5</sup> Agnese Priede and Agita Gancone (eds.), [Sustainable and responsible after-use of peat extraction areas](#), Baltijas krasti, Rīga, 39, 2019.

<sup>6</sup> Andreas Herrmann, Leticia Jurema, Tom Kirschev, et al., [Greenhouse gas exchange on degraded and rewetted peatlands](#), LIFE PEAT RESTORE, 2019.

C. Beyer and H. Höper, ‘[Greenhouse gas exchange of rewetted bog peat extraction sites and a Sphagnum cultivation site in northwest Germany](#)’, *Biogeosciences*, 12, 2101–2117, 2015.

Sung-Ching Lee, et al., ‘[Annual greenhouse gas budget for a bog ecosystem undergoing restoration by rewetting](#)’, *Biogeosciences Discuss*, 2016.

<sup>7</sup> Artūrs Jansons, email to the author, 16 February, 2023.

has already been extracted or almost extracted, leaving only the energy peat. Because the demand for energy peat is low, the extraction of this peat will likely not take place in any case. Therefore, we can expect that these private landowners will receive public funding for recultivation (to switch from one economic use to another), freeing them from the need to do so from their own resources. Or, in cases where the operators have been leasing peatland, they would be freed from funding recultivation measures.

A Strategic Environmental Assessment (SEA) has not been executed for the Plan. The State Office of Environmental Supervision explained its decision not to prepare an SEA by claiming that ‘the Plan is essentially focused on the implementation of the existing climate policy and not on territorial planning’ and all measures planned have already been defined in other planning documents. However, the planning document most relevant in this case, the Guidelines for the sustainable use of peat for 2020-2030,<sup>8</sup> is largely based on the results of the previously mentioned LIFE REstore project. The SEA for these guidelines does not challenge the applicability of LIFE REstore project results, only stating that it would be useful to use the results of other projects as well, not just LIFE REstore.

## Partnership principle

A national expert working group for coordinating the Plan’s development and implementation has been established, led by the Ministry of Environmental Protection and Regional Development and attended by representatives of other areas related to the Plan. A Working group has also been established at the regional level and is led by planning regions’ administrations (planning regions correspond to just transition regions). The public consultations took place in December 2020, lasting for two weeks only. They were carried out in a formal manner – written comments and suggestions were collected and responses to them were provided. However, comments were received only from the Latvian Peat Association.

Consultancy firm PricewaterhouseCoopers provided technical assistance. They supported the development of the Plan and organised a kick-off meeting with partners, conducted interviews, surveys, workshops and work visits online.

The Plan states that wide representation (including youth and environmental non-governmental organisations) will be ensured as part of the EU funds monitoring committee as well as within working group meetings at the regional level.

Although public consultations have been carried out formally, the lack of public interest in commenting on the draft Plan, as well as the visible influence of the peat industry lobby in the final document, indicates that the public participation process has not been effective.

## Compatibility with the staff working document

A European Commission staff working document on the Territorial Just Transition Plans<sup>9</sup> was published on 23 September 2021. The document's purpose is to provide clarifications to the European Commission staff

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<sup>8</sup> Ministru kabineta rīkojums Nr. 696, [Kūdras ilgtspējīgas izmantošanas pamatnostādnes 2020.-2030. gadam](#), 24 November 2020.

<sup>9</sup> European Commission, [Commission staff working document on the territorial just transition plans](#), *European Commission*, accessed 16 January 2023.

assessing draft Territorial Just Transition Plans. As such, the document provides useful explanations and outlines key criteria required for approval of the plans.

The staff working document specifies a number of requirements for the plans, set out primarily in the Just Transition Fund regulation (2021/1056).<sup>10</sup> A selection of the most important of these requirements is listed in the table below, along with an assessment of the degree to which Latvia’s Territorial Just Transition Plan align with them.

**Table 2: Alignment of Latvia’s TJTPs with Just Transition Fund regulation requirements**

	<b>Question</b>	<b>Answer</b>
1.	Do the Territorial Just Transition Plans detail the transition process that will be implemented in the territory in order to achieve a climate-neutral economy?	No
2.	Do the Plans contain a description and detailed plan of the transition process at the national level, including a timeline for key transition steps towards the 2030 climate and energy targets?	No
3.	Does the Plan demonstrate clear evidence of a transition process and its impact at the level of the affected territory by 2030 or before?	Partial
4.	Does the Plan extend the geographical scope to territories where there is no clear transition process with an associated negative socio-economic impact by 2030 or before?	No
5.	Does the Plan cover coherent geographical areas and to the extent possible reflect functional territorial economic areas, which correspond to the communities, labour markets and economic activities affected by the installations and related firms involved in fossil fuel activities or greenhouse-gas intensive industrial processes?	Partial
6.	Does the Plan contain any uncertainty about the implementation of a transition process due to the continuation or opening of fossil fuel activities?	No
7.	Does the Plan enable regions and people to address the social, employment, economic and environmental impacts of the transition?	Partial
8.	Does the Plan provide a plan for economic diversification?	Partial
9.	Does the Plan outline plans for other projects that are eligible for support under the JTF?	Yes

<sup>10</sup> European Commission, [Regulation \(EU\) 2021/1056 of the European Parliament and of the Council establishing the Just Transition Fund](#), EUR-Lex, 24 June 2021.

10.	Does the Plan include any investments in projects that are excluded from the JT mechanism?	No
11.	Does the Plan include a strategy for dealing with gender-related issues?	No

## Conclusion

Latvia’s Territorial Just Transition Plan includes some good measures that will contribute to reducing greenhouse gas emissions and could help citizens in the process. Some of these include support for the replacement of peat boilers with renewable solutions, energy efficiency improvement measures, and programmes to improve employee skills and provide support for obtaining qualifications. However, when it comes to the peat sector specifically, it is a missed opportunity because it does not plan to transform the peat extraction sector. The economic interests of the forestry and peat sectors overwhelmingly take priority over biodiversity and climate goals. The investment plans and measures are based on research data, which due to their significant limitations are not representative and cannot be used for policy planning. The Plan in its current form creates a risk that Latvia will not reach its emission reduction goals in the land use, land-use change and forestry sector. Additionally, the Plan presents possible violations of the polluters pay principle.

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