

**Estonia - Latvia Cross-border Co-operation  
Programme 2014-2020  
Strategic environmental impact programme**

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**CONTENTS**

1 TERMS.....2

2 ACTIVITIES PROPOSED.....3

3 LEGISLATIVE PROCEEDING, PERSONS AND INSTITUTIONS CONCERNED.....4

4 PRESENT STATUS .....5

    4.1 POPULATION.....5

    4.2 REGIONAL ECONOMY AND BUSINESS ENVIRONMENT.....5

    4.3 ENVIRONMENT AND NATURE .....6

    4.4 WASTE.....7

    4.5 AIR .....9

    4.6 OTHER PLANNING DOCUMENTS.....9

5 CONTENT OF IMPACT ASSESSMENT ..... 10

    5.1 ALTERNATIVES ..... 10

    5.2 SCOPE AND LIKELY IMPACTS AND METHODOLOGY OF IMPACT ASSESSMENT.....10

    5.3 TIMETABLE.....11

6 OVERVIEW OF THE PROGRAMME INVESTMENT STRATEGY.....12

## 1 TERMS

SEA	strategic environmental impact assessment according to Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment and to Estonian Environmental Impact Assessment and Environmental Management System Act
SEA programme	Programme compiled to SEA according to Estonian Environmental Impact Assessment and Environmental Management System Act. Idea of programme is to scope impact and agree on contents of SEA.
Est-Lat Programme	The cooperation of the Estonia - Latvia cross-border programme for the period of 2014–2020.
NUTS 3	Nomenclature of Territorial Units for Statistics. The NUTS classification is a hierarchical system for dividing up the economic territory of the EU for the purpose of socio-economic analyses of the regions. Where: <ul style="list-style-type: none"> <li>• NUTS 1: major socio-economic regions</li> <li>• NUTS 2: basic regions for the application of regional policies</li> <li>• NUTS 3: small regions for specific diagnoses<sup>1</sup></li> </ul>
Estonian EIA act	Environmental Impact Assessment and Environmental Management System Act in Estonia.
SME	Small and medium-sized enterprise. <sup>2</sup>

Company category	Employees	Turnover or	Balance sheet total
<b>Medium-sized</b>	< 250	≤ € 50 m	≤ € 43 m
<b>Small</b>	< 50	≤ € 10 m	≤ € 10 m
<b>Micro</b>	< 10	≤ € 2 m	≤ € 2 m

SWOT analyse	analysing strengths weaknesses opportunities and threats of something
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<sup>1</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts\\_nomenclature/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/nuts_nomenclature/introduction)

<sup>2</sup> <http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/>

## 2 ACTIVITIES PROPOSED

This SEA programme is prepared within the framework of the Estonia - Latvia cross-border cooperation programme for the period of 2014–2020. The Est-Lat Programme has been designed to further the implementation of European Union structural funds objective "European territorial cooperation" action programme for the period of 2014–2020 and to ensure the succession of the current Estonia - Latvia cross-border cooperation<sup>3</sup>. The Programme includes the following NUTS 3 regions in



Estonia	Latvia
Lõuna-Eesti	Kurzeme
Lääne-Eestise	Pieriga
	Riga
	Vidzeme

Its main purpose is to promote the sustainable development as well as economic competitiveness through a coordinated approach to economic, social and environmental development in the ways that involve local people and communities benefiting from it.

There are four priority axes in Est-Lat Programme (as at 02.09.2013):

1. Cooperation for competitive business environment
2. Cooperation for green growth
3. Cooperation for better infrastructure and connections
4. Cooperation for active and attractive labour market

For more detailed overview see chapter "6 Overview of the programme investment strategy".

Strategic Environmental Assessment aims to integrate environmental aspects into the Programme with the assessment of its expected impact on environment and natural resources, as well as identifying and taking into account the opinions of companies, public environmental institutions and municipalities.

<sup>3</sup> Est-Lat Programme can be seen as continuation of Estonian – Latvian cross-border programme of 2007-2013.

### **3 LEGISLATIVE PROCEEDING, PERSONS AND INSTITUTIONS CONCERNED**

Preparation of Est-Lat Programme 2014–2020 was decided in a 13.02.2012 meeting between Estonian and Latvian government. Representative of initiator from Estonian side is Hannes Nagel.

An authority responsible for the preparation of Est-Lat programme is technical secretariat of Estonian-Latvian programme 2007–2013 in Enterprise Estonia.

Est-Lat Programme is being prepared by Gea Kammer from Enterprise Estonia.

SEA was initiated by Minister of Regional Affairs on 05.09.2013 (see Annex 1).

SEA in Estonian side will be carried out by environmental expert Karl Kupits (EIA license in Estonia no KMH0105). The expert fulfils criteria of Estonian EIA act § 34 subsection 3 (see Annex 2).

SEA in latvian side will be carried out by environmental expert Marita Nimane.

Due to nature of Est-Lat Programme significant positive transboundary effect is expected.

In Estonian side institutions concerned are as follows:

- Ministry of Culture
- Ministry of Economic Affairs and Communications
- Ministry of Regional Affairs
- Ministry of Internal Affairs
- Ministry of Social Affairs
- Ministry of the Environment

## **4 PRESENT STATUS**

### **4.1 Population**

The population of the programme area is only about 0.44% of the population of the European Union: 2,007,806 inhabitants in total, of which 504,002 (2012) on the Estonian, and 1,503,804 (2011) on the Latvian side of the border. The population has decreased gradually due to the economic and demographic changes in both countries. Due to the shortage of employees with suitable skills and the reduction in the numbers of working age people, both Estonia and Latvia face the challenge of obtaining additional labour force. At the same time, the risk of losing them is increasing, because the labour force is globally more mobile and requires greater flexibility also from employers.

Apart from an ageing population and a moderate decrease in the size of the population, slow urbanisation is likely to continue as well. After the financial crisis in 2008 the rate of unemployment in the programme area has increased rapidly, whilst the number of population is decreasing, especially in the rural areas. The absolute numbers of the urban population are not increasing significantly; however, its proportion is being boosted by the decrease in the rural population. Urbanisation is favouring larger cities and towns.

### **4.2 Regional Economy and Business Environment**

The Programme area is characterised by similar economic structure with the share of agriculture in the GDP (Gross domestic product) of the Est-Lat Programme area in 2003 at 4%; accordingly, the share of industry is at 23%, and the share of services is at 73%. The exception in the area is Riga region, with 0.5% of the GDP for agriculture, 17.7% for industry, and 81.8% for services in 2004.

The programme area is largely a rural area with commercial and trading centre of Riga (capital of Latvia, population 706,413), university town Tartu (the second largest town in Estonia, population 98,561), and several medium and small regional towns, including unique bordering twin towns Valga (Estonia) and Valka (Latvia). In addition to the land border, the programme area comprises the sea border and the coastal region of Gulf of Riga with number of ports and resorts. The regional division of the GDP in Estonia is rather uneven – more than half is produced outside the programme area 61% (in 2009) and 10% in Tartu region. In Latvia, the disparities vary.

### 4.3 Environment and nature

The Programme area is characterized by rather clean natural environment with high bio-diversity and pollution being visibly present mainly in the areas of industrial activities and in larger cities. The area includes large and partly very deep forests, numerous rivers, lakes, marshes, and bogs on the mainland. It embraces a large coastal area mainly around the Gulf of Riga and numerous islands in the Baltic Sea on the western part of the Est-Lat Programme area.

The Est-Lat Programme area includes two large biosphere reserve areas that are unique in both countries: North-Vidzeme Biosphere Reserve in Latvia and West-Estonian Archipelago in Estonia. The West-Estonian Archipelago Biosphere Reserve includes around 355 islands in total, including four larger islands, which are bigger than 20 km<sup>2</sup> (Hiiumaa, Saaremaa, Kihnu, Ruhnu). The territory of the reserve, together with its water areas, covers 15,600 km<sup>2</sup>. The territory of the North-Vidzeme Biosphere covers 4,576 km<sup>2</sup> and it has one of the largest complexes of unspoilt high marshes in the Baltic States.

Flat and low coastal meadows - regularly grazed stretches of coast covered with herbs and grasses and directly influenced by saline sea water - are unique for the Est-Lat Programme area. The vegetation of coastal meadows, unlike the meadows in the inland, is characterized by the abundance of halophyte species. The largest still preserved populations of many plant and animal species formerly common in cultural landscapes are presently associated with coastal meadows. As it is economically unfeasible to graze cattle on coastal meadows, grazing gradually ceased and coastal meadows have grown over with reed or brushwood. There are still relatively large areas of coastal meadows preserved on the West-Estonian coast and on the islands, but their grazing load is constantly decreasing. In some areas the state grants are paid to the local farmers for managing the meadows.

The coastline of the Est-Lat Programme area is vulnerable towards flooding. The largest fluctuations in sea level along the coast have been observed in the Gulf of Riga, when strong and prolonged westerlies raise the water level in the east, and easterlies lower it. In January 2005 the water level in Pärnu Bay rose 295 cm above its average level and caused extensive flooding with damages to the town of Pärnu.

Almost half of the Programme area is covered with forests, and up to 1/5 with marshes and bogs. The Programme area includes many very sparsely populated areas, thus there are still plenty of untouched nature or well preserved natural sites in the area with approximately 1/10 of the Est-Lat Programme area under environmental protection. Wetland complex involving several nature protection areas and river basin of Gauja - Koiva are situated directly on the Estonian - Latvian border and bilateral co-operation to protect nature on the border has taken place for almost two decades. Latvian North-Vidzeme Biosphere Reservation administration signed the co-operation contract with

Estonian Nigula Reservation in 1996 for joint actions in environmental protection, and since then several joint projects have been implemented. Bilateral co-operation could be widened to all protected areas of the region because of the similar challenges the areas face.

Since the last programming (Est-Lat 2007-2013) period the regions have been trying to find balance between protecting uniqueness of the untouched nature and feasible and profitable economic activity that could serve the interests of enterprises and investors. The Estonian Environmental Strategy 2030 calls attention to the polarisation of the use of land: some of the land is disused, while some is used too intensively. Agricultural use of land has decreased by one-third over the last decade. Fallowing of low-yield areas and intensification of production in high-yield areas with unprotected groundwater are continuing trends. In the areas that are not suitable for intense agricultural production primarily due to low soil fertility (islands, coastal areas, rolling landscape), a large part of agricultural land has been excluded from use and has overgrown with weeds and brush. As a result of this, weeds advance to cereal fields as well. On the other hand natural habitats are being destroyed due to the intensification of the use of land. Semi-natural habitats are disappearing as a result of the termination of active use of land.

Construction of new roads and communication networks is important for the regional development, yet at the same time it contributes to the fragmentation of natural landscapes, causing the obstruction of the migration routes of animals by highways and hydrotechnical constructions. Urban sprawl is accelerating near larger cities and along major roads. Notwithstanding the Nature Conservation Act, intensive building activities can be observed in several coastal regions including Western Estonian islands.

#### **4.4 Waste**

The main problem on waste management and using natural resources is the overexploitation of economically valuable and easily available natural resources, including the exhaustion of non-renewable natural resources and the utilisation of renewable natural resources to the extent that exceeds their regeneration capacity. The pollution and damaging of the environment, including the limitation of conditions necessary for regeneration, has either entailed or will entail decrease of the quantity of groundwater suitable for using as drinking water; decrease of economically valuable fish stocks and game and the domination of economically worthless species; the extraction of mineral resources and disposal of waste; plots of land with high-class soil dropping out from agricultural use (Estonian Environmental Strategy 2030).

Latvia annually produces 1,200–1,400 tonnes of household waste. A half of the total waste could be separated and degraded biologically; however, waste separation has only recently begun in Latvia and is developing slowly. Both countries challenge to make choices with regard to waste (including hazardous waste): whether to use cheaper

technologies to ensure lower prices of products, which generate more waste, or invest into production technologies that contribute to the reduction of waste generation. Estonian Environmental Strategy 2030 primarily suggests the reduction of waste generation in production activities. After the smallest possible waste generation has been achieved, the recovery of the remaining waste that is inevitably generated must be preferred, as disposal of waste strains the environment. Latvia 2030 settles that the proportion of recycled waste will increase from 34% from the collected waste per year (CSB 2008) to 80% in year 2030. However, if the trends of recycling of the last ten years are projected into the future, it will require an extraordinary effort for both countries to fulfill the EU recycling target of 50% by 2020.

In both countries the local governments are responsible for household waste management in their administrative territories. Recycling has increased since 2002, mainly driven by material recycling, but the total recycling rate of municipal solid waste (MSW) is still very low. In Latvia the separated waste collection is not available to the residents outside regional centres and there is no infrastructure for waste incineration. The use of secondary raw materials creates a problem under the recent economic crisis considering the significant fall in prices and demand. Around 90% of municipal solid waste generated in Latvia is still being landfilled. The total increase of recycling is almost entirely due to an increase in material recycling, which has increased from 2% (14,000 tonnes in absolute terms) in 2003 to 9% (60,000 tonnes) in 2010. In the same period, there has been an almost negligible increase in organic recycling, reaching a peak of 1% (8,000 tonnes) in 2004, fluctuating below 1% thereafter. There is room for further improving both material, and in particular, organic recycling.

In Estonia the recycling has increased from 5% of municipal solid waste generated in 2001 to 50% in 2012 and the 2013 target for biodegradable municipal waste sent to landfill was met in 2009. A ban on landfilling of non-pretreated municipal solid waste, an increased landfill tax and active national waste management planning have been important policy initiatives in diverting biodegradable municipal waste away from landfills. Still, the waste management co-operation of local governments is weak and has not developed as planned. Local authorities in Estonia have much less control over the development of waste management systems than in other EU Member States. Most municipalities in Estonia have not joined waste management cooperation structures (Estonian Institute of Sustainable Development, Moora 2012). The waste management market in Estonia is to a great extent controlled by the private sector. There are also problems regarding ownership of the waste and intense commercial competition among private waste management companies (Estonian Institute of Sustainable Development, Moora 2012).

## 4.5 Air

The levels of air pollution (particulate matter, gaseous pollutants emitted into the air) and noise pollution are becoming higher as a result of the increasing number of passenger cars and growing volume of goods transit, as well as the expansion of the industrial sector. The steep increase of air pollution in heating seasons in densely populated areas with local heating is posing a growingly significant problem. (Estonian Environmental Strategy 2030). At the same time, the role of major stationary pollution sources involved in energy and other production activities in the pollution of ambient air has decreased significantly thanks to measures taken to control emissions.

Although more ecological buildings and technologies are being used, harmful effects of the pollution of outdoor environment on the interior space are increasing due to the low quality of design and/or construction work (first of all, due to inadequate ventilation systems, insufficient heat retention and protection against noise, as well as other factors). Problems are occurring in both older and new buildings.

## 4.6 Other planning documents

Est-Lat is potentially related with following planning documents:

Estonia

- Estonian sustainable development strategy "Säästev Eesti 21"
- Competitiveness plan "Eesti 2020"
- Estonian environmental strategy 2030
- Transport development plan 2014-2020
- Estonian regional development strategy 2020
- Estonian waste management plan 2014-2020

Latvia:

- Latvian sustainable development strategy (LSDS, 2010)
- National Development Plan for 2014 – 2020
- Basic premise for regional policy until 2020
- Kurzeme planning region development strategy
- Riga planning region development strategy for 2010 – 2020
- Vidzeme planning region development program

## **5 CONTENT OF IMPACT ASSESSMENT**

### **5.1 Alternatives**

Alternatives can vary in thematic objectives and investment priorities (see chapter "6 Overview of the programme investment strategy").

In current situation main aim of SEA is to assess if proposed investment priorities have any potential threat to environment and to propose more effective priorities and indicators if possible.

Currently there are two alternatives:

- To implement Est-Lat programme as is
- Do not implement Est-Lat programme at all

### **5.2 Scope and likely impacts and methodology of impact assessment**

In the SEA report there will be included the information and carried out the analysis of available information and data in accordance with the requirements and such level of detail as defined by the requirements of Estonian and Latvian environmental statutory regulations, recommendations and proposals of competent authorities and environmental bodies.

The SEA report shall comply with Estonian EIA act (§ 40) and Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment.

The SEA report provides a description of the current situation, the information about international and national environment quality goals binding for the Est-Lat Programme and its relationships to other planning documents. It also describes environmental aspects, identifies the affected areas and depicts the assessment of essential environmental impacts which is carried out by assessing positive, negative, direct, indirect, short-term, long-term and cumulative impacts of the Est-Lat Programme implementation. The SEA report includes the recommendations on how to reduce possible negative effects on environment as well as on ensuring of environmental monitoring and taking control over the measures to implement the Est-Lat Programme effectively.

According to thematic objectives there can be expected positive effects to aspects:

- Air quality by supporting sustainable transport

- Waste management by promoting innovative technologies in waste sector
- Water resources by promoting innovative technologies in water sector
- Maintenance of the biological diversity and landscape by conserving, protecting, promoting and developing natural and cultural heritage
- Socio-economic sector by promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms and integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives and joint training.

No significant negative impacts are foreseen.

Threats of Est-Lat programme are as follows:

- if a new SME activity is started based on local resources/generating pollution load it can lead to additional pressure to environment;
- the increased transportation causes various environmental problems during the construction period and afterwards; e.g. potential for transport accidents which could cause serious environmental damage;
- increased cross-border movement has an impact on various aspects of the environment □ biodiversity, waste generation, water pollution;
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Existing data will be used to assess impact of Est-Lat programme. No additional surveys are planned to complete SEA report.

The original SEA report is prepared in English. The SEA report drafts will be translated into Estonian and Latvian for information of the public.

### 5.3 Timetable

Due to transboundary impact assessment procedure it is quite difficult to set reliable timetable.

At the earliest Est-Lat Programme and SEA Environment report drafts will be presented for public discussion in both countries on spring 2014.

## 6 OVERVIEW OF THE PROGRAMME INVESTMENT STRATEGY

Priority axis	Thematic objective (TO)	Investment priorities	Specific objectives corresponding to the investment priorities	Result indicators corresponding to the specific objective
<b>1 Cooperation for competitive business environment</b>	TO 3: enhancing the competitiveness of SMEs through:	1.1 (a) promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators.	1. Increased entrepreneurial activeness and cross-border business cooperation.	1 Number of enterprises and ventures established 2 Number of new or improved (sets of) products or services offered by enterprises.
		1.2 (d) supporting the capacity of SMEs to engage in growth in regional, national and international markets, and in innovation processes.	2. Improved capacity of SMEs to increase their production and export volumes, and diversify the range of products and services.	1 Number of enterprises participating in the activities of cross-border business networks <sup>4</sup> . 2 Number of enterprises introducing product or process improvements

<sup>4</sup> Cross-border network is defined as a group of associates (at least 8 enterprises, including at least 4 EE and 4 LV enterprises), who keep the network active through regular (at least monthly) communication for mutual benefit after end of a project.

Priority axis	Thematic objective (TO)	Investment priorities	Specific objectives corresponding to the investment priorities	Result indicators corresponding to the specific objective
<b>2 Cooperation for green growth</b>	TO6: protecting the environment and promoting resource efficiency through:	2.1 (c) conserving, protecting, promoting and developing natural and cultural heritage.	3. Increased awareness and innovative and sustainable use of cultural and natural resources in cross-border context.	1 Additional number of visitors at improved sites of natural or cultural heritage, which are part of a product or service created during the project (source for baseline value and measuring achievements: project applicants; target: 20% increase in the number of visitors).

Priority axis	Thematic objective (TO)	Investment priorities	Specific objectives corresponding to the investment priorities	Result indicators corresponding to the specific objective
		2.2 (f) promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector, soil protection or to reduce air pollution.	4. Increased awareness and efficient use of common natural resources.	1 Share of respondents, who have changed their habits towards environmentally friendlier and more considerate during last five years (baseline value: 0; source for measuring achievements: survey among population in the areas targeted by projects; target: 25% of the respondents, number of pilot investments that increase efficient use of common natural resources.
<b>3 Cooperation for better infrastructure and connections</b>	TO 7: promoting sustainable transport and removing bottlenecks in key network	3.1(b) enhancing regional mobility through connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes.	5. Improved connectivity of the Programme area on the land border.	1 Number of connections to work places and services improved.