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environmental and 4 social indicators. Therefore the sustainability assessment of energy technologies needs integrated indicators or MCDA for ranking technologies. The integrated sustainability assessment indicators will be calculated for each technology by summing weighted indices of all indicators, but there is the requirement for the sensitivity analysis.

Several scenarios were developed for electricity generation technologies assessment. Based on integrated sustainability index and equally treating all criteria the best technology (having the lowest score in assessment) is hydro, followed by wind and the worst – lignite condensing power plant. In economy focused scenario the best technology is the natural gas combine cycle and the worst is MFSC. In environmentally focused scenario the best technology is hydro, followed by wind and the worst technology is hard coal CHP with backpressure turbine. In socially focussed scenario the best technology is solar, followed by wind and the worst technology is lignite condensing power plant. The results were obtained during EU FM7 project Planets.

Keywords: energy technologies, EU policy of sustainable energy development, assessment for electricity generation technologies.

THE OPTIMIZATION OF NATIONAL DEVELOPMENT SYSTEM AS A PRECONDITION FOR COMPETITIVENESS AND SUSTAINABILITY OF NATIONAL ECONOMY

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Abstract

The objective of this paper is to make conclusions regarding the development planning system in Latvia, as well as to give suggestions for the optimization of development planning system with an aim to promote competitiveness and sustainability of national economy, especially in the context of current economical downturn.

Because of the current economical downturn, the issues regarding national development planning have become even more topical. To stimulate the recovery of national economy in the short term and the competitiveness of it in the medium and long term, the available financial and administrative resources should be allocated to the promotion of development in a more goal-oriented way than ever before. Therefore the elaboration of integrated and coordinated national development system that is strongly linked with investment planning is crucial for an effective response to the current economical downturn.

Since January 1st 2009 the Law of Development Planning System has come into force. Still the development system which is stated in the law is not complete. First of all, development planning documents are weakly connected with political guidelines both in content and terms. Secondly, the coherence of national and international development planning documents (for example, EU sustainable development strategy, EU Lisbon strategy etc.) is unclear, and the place of internationally proposed development planning documents (for example, EU funds planning documentation) is not fixed in the national development planning system. Thirdly, mechanisms for the integration of sectoral and territorial development priorities are not established, therefore most of territorial development planning documents are too uncertain to be successfully implemented. Moreover, the lack of integrated system of performance measurement indicators that are connected vertically and horizontally prevents the system from qualified performance monitoring. Last but not least, the link between development planning and investment planning is still not sufficient.

Therefore in this paper an updated and enlarged model of national development planning system is proposed. The model is elaborated according to the results of normative acts and development planning document analysis and systematisation by identifying existing links vertically and horizontally that are represented schematically. The proposed model allows putting into practice united development planning process that connects different term (short, medium and long) and level (national, regional, local) planning documents to each other as well as with national and EU policies

(especially EU Cohesion Policy, EU Common Agricultural Policy) investment planning documents. So the proposed model encourages synergy between investments of different sources, which is of particular importance in the current economical situation when resources for stimulation of economy are limited. In addition the model proposes mechanisms for stronger connection between development planning documents and political guidelines. Furthermore the proposed model creates preconditions for decentralisation of development planning process thus contributing to the correspondence of development strategies to the need of inhabitants.

Key words: national development, strategic planning, sustainable development, regional policy, European Union funds.

NEGATIVE AND POSITIVE EFFECTS OF FOREIGN DIRECT INVESTMENT: AN ANALYTICAL FRAMEWORK

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Abstract

The fact that attraction of foreign direct investments (FDI) is constantly underlined or even emphasized as a strategic goal and almost a precondition for a successful economic venue by most governments of Central and East European countries (CEEC) seems to be a bit confusing. In the case of our country the question might be raised how successful these efforts were.

The objective of this paper is to represent a framework for analyzing both positive and negative effects of foreign direct investment under different economic environments. A particular focus is made on case of small but advanced economies of Central and East European Countries.

The economic literature in our home country seems to contribute gravelly to a unison glorifying of FDI focusing almost on the positive effects of FDI. Numerous programs and strategies are based on assumption or maybe on hope that greater foreign investments will bring greater benefits to a country's economy via positive capital flows and new labor possibilities, via absorbed western knowledge and technologies. This possibly was true in the early stage of market economy in East European economies. Possibly in the years of booming economy our countries and domestic producers were strong enough not to be forced out of business by foreign competitors. But in the years of economic crisis three wounded Baltic tigers need to be more strategic and more calculative inviting multinational competitors to operate side by side with home industry.

The impact of foreign direct investment is dependent of what form it takes. This includes the type of FDI, sector, scale, duration, location of business, density of local firms in the sector and many other secondary effects. One more point for not to forget is that FDI might serve not only a way of doing money, but a way of acquiring a certain control, both economical and political, in the host country.The recent clearly very optimistic approach of Lithuanian authorities is slightly confusing as the history of FDI shows that both positive and negative effects can occur.

On an empirical level, there is a body of evidence that suggests a positive correlation between FDI and economic growth in developing countries. Yet, while much evidence indicates a one-way causality between FDI and growth, meaning FDI contributes to growth, there are indications that the causality may run both ways. Mažeikių Nafta -Williams- Yukos story can serve as a brilliant example for deeper analysis. The evidence also appears to suggest that FDI is favorable to growth only if appropriate conditions exist in the host economy, and this includes such factors as adequate absorptive capacity and human capital, a capacity of domestic businesses to face and hold out foreign competition, abundance of projects and market gaps that can not or are wanted not to be filled up by home producers etc.

The preliminary conclusions of the paper are that the effects of foreign direct investments can be both positive and negative. Creating a framework to better understand a role of FDI particularly in the crisis or post- crisis situation in CEE countries this paper might contribute creating a new, more analytically- based approach when attracting the foreign direct investment to domestic markets.

Keywords: Foreign direct investment, international economics, economic effects of FDI on a host country.