



**Job Creation and Local Economic Development 2020: Rebuilding Better** examines the impacts of COVID-19 on different types of local labour markets. It also considers their performance prior to the pandemic, and how COVID-19 could impact other ongoing local labour market transitions such as digitalisation, automation and the polarisation of jobs. Finally, it discusses the role local actors will play in rebuilding better. Consult the full publication [here](#).

# Latvia

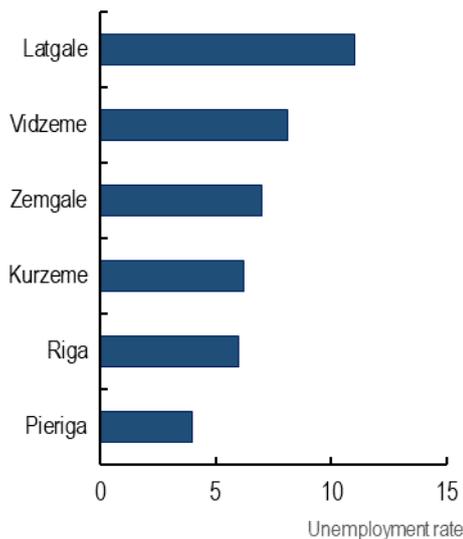
Unemployment rates in Latvia vary almost three-fold across sub-regions, from a low of 4% in Pieriga to a high of 11% in Latgale

In all Latvian sub-regions, the number of people employed remained below 2008 levels in 2018. However, the number of people employed has been increasing in several sub-regions in recent years.

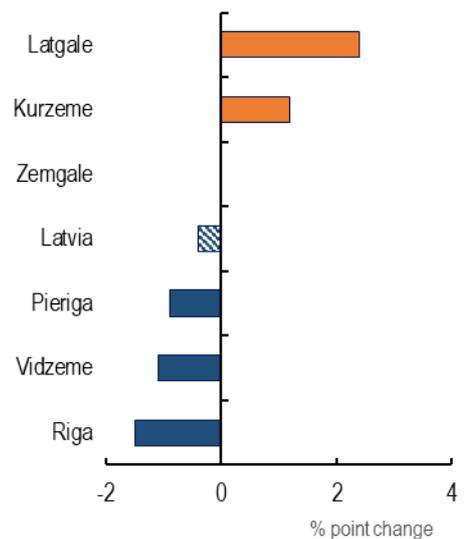
Riga, Latvia's capital, accounts for nearly 35% of the country's employment.

## Local labour market performance prior to COVID-19<sup>2</sup>

Unemployment rate, 2019



Difference in unemployment rate, 2018 compared to 2008



Note: The unemployment rate is computed as the share of unemployed people over the labour force, for the age group 15-64.

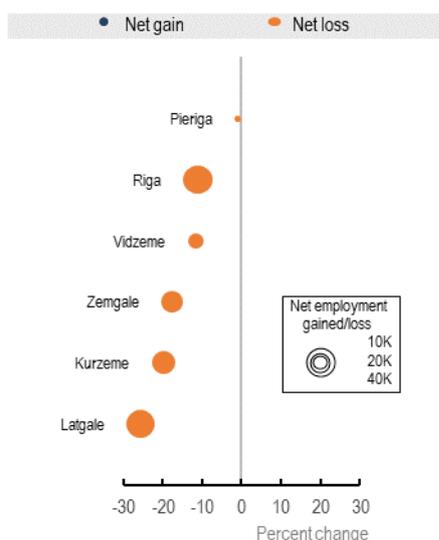
Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

**Prior to the COVID-19 pandemic, the unemployment rate in Latvia varied from a low of 4% in Pieriga to a high of 11% in Latgale.** About half of sub-regions had unemployment rates lower in 2018 than in 2008, a pattern seen in about one-third of OECD countries. Sub-regional gaps in unemployment also grew over this period, due predominantly to relatively larger increases in Latgale, the region with the highest rate in 2008.

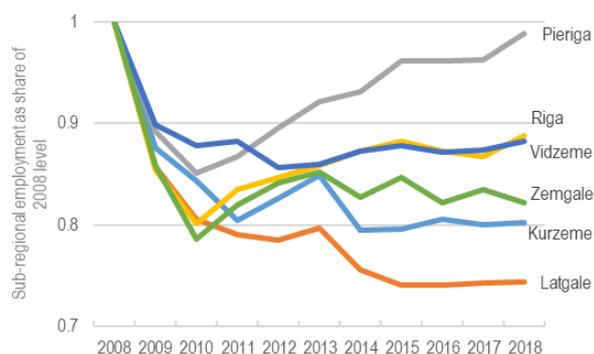
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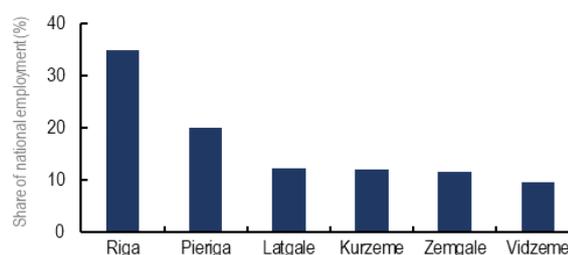
## Change in net employment, 2018 compared to 2008



## Trends in employment, 2008-2018



## Employment by sub-region, 2018



Source: OECD (2020), "Regional labour markets", *OECD Regional Statistics (database)*, <https://doi.org/10.1787/f7445d96-en>.

**In all sub-regions, the number of people employed remained below 2008 levels in 2018.** However, in a number of sub-regions, it has been increasing in recent years (e.g. Pierīga and Rīga). Over the same period employment rates also increased in almost all Latvian sub-regions. These patterns likely reflect the overall trend of population ageing and emigration from Latvia over this period. In 2018, Rīga accounted for over one-third (35%) of all employment in Latvia.

## Active labour market policies: institutional arrangements

**Active labour market policies will be of growing importance as the COVID-19 response moves from emergency supports to facilitating labour market transitions.** The institutional arrangements for these policies, and the role of subnational governments, varies significantly across countries.

<b>X</b>	<b>Centralised, including branch offices of national ministry / agency</b>	<p>The Ministry of Welfare is the leading institution in the state administration in the area of labour. The State Employment Agency– Latvian Public Employment Service (hereinafter – PES) is responsible for the implementation of policies aimed at reducing unemployment including by providing efficient services and implementing measures for registered unemployed and other groups, in close co-operation with different partners, such as educational institutions, employers, non-governmental organizations (NGOs), social partners etc. It delivers labour market policy through 25 branch offices.</p>
	<i>Decentralised to subnational governments</i>	
	<i>Fully outsourced or delivered through network of public, private, and/or non-profit providers</i>	
	<i>Combined system with shared competences, or different systems for different target groups</i>	

Source: OECD (forthcoming), "Local and regional variations in labour market and skills policies: A cross-country comparison", *OECD Local Economic and Employment Development (LEED) Papers*.

## Notes

<sup>1</sup> Data is presented at the TL3 level, which typically correspond to administrative regions.

<sup>2</sup> Within the EU fund planning period 2014-2020 under the Ministry of Environmental Protection and Regional development, there is an allocation of EUR 300 million to municipalities for activities to improve regional business environments. These projects aim to create more than 7 000 new jobs and attract non-financial investments of EUR 446 million. The projects aim to create new jobs for the unemployed or create better jobs for those already employed, thus creating vacancies in other companies in the regions. The jobs created by these projects account for a significant proportion for the total projected jobs created in the regions as part of economic development efforts, and are intended to have significant impact on decreasing unemployment rates in regions, particularly in regions with poorer socio-economic performance and with high long-term unemployment rates, such as the Latgale region and Vidzeme region.