

## Latvia

*Regions and Cities at a Glance* provides a comprehensive assessment of how regions and cities across the OECD are progressing in a number of aspects connected to economic development, health, well-being and the net zero-carbon transition. It presents indicators on individual regions and cities to assess disparities within countries and their evolution since the turn of the new millennium. Each indicator is illustrated by graphs and maps. The report covers all OECD countries and, where data is available, partner countries and economies.

### Territorial definitions

The data in this note reflect different sub-national geographic levels in OECD countries:

- **Regions** are classified on two territorial levels reflecting the administrative organisation of countries: large regions (TL2) and small regions (TL3). Small regions are classified according to their access to metropolitan areas (Fadic et al. 2019).
- **Functional urban areas** consist of cities – defined as densely populated local units with at least 50 000 inhabitants – and adjacent local units connected to the city (commuting zones) in terms of commuting flows (Dijkstra, Poelman, and Veneri 2019). Metropolitan areas refer to functional urban areas above 250 000 inhabitants.

In addition, some indicators use the degree of urbanisation classification (OECD et al. 2021), which defines three types of areas:

- **Cities** consist of contiguous grid cells that have a density of at least 1 500 inhabitants per km<sup>2</sup> or are at least 50% built up, with a population of at least 50 000.
- **Towns and semi-dense areas** consist of contiguous grid cells with a density of at least 300 inhabitants per km<sup>2</sup> and are at least 3% built up, with a total population of at least 5 000.
- **Rural areas** are cells that do not belong to a city or a town and semi-dense area. Most of these have a density below 300 inhabitants per km<sup>2</sup>.

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## Regional economic trends

### ***Employment and unemployment rates in regions***

In Latvia, regional disparities in unemployment rates are moderate compared to other OECD countries. While in Latgale 9.4% of the working force was unemployed in 2021, the share was 6.5% in Pierīga.

Meanwhile, the difference in employment rate between the regions with the highest (Rīga) and lowest (Latgale) employment rates reached 8 percentage points in 2021.

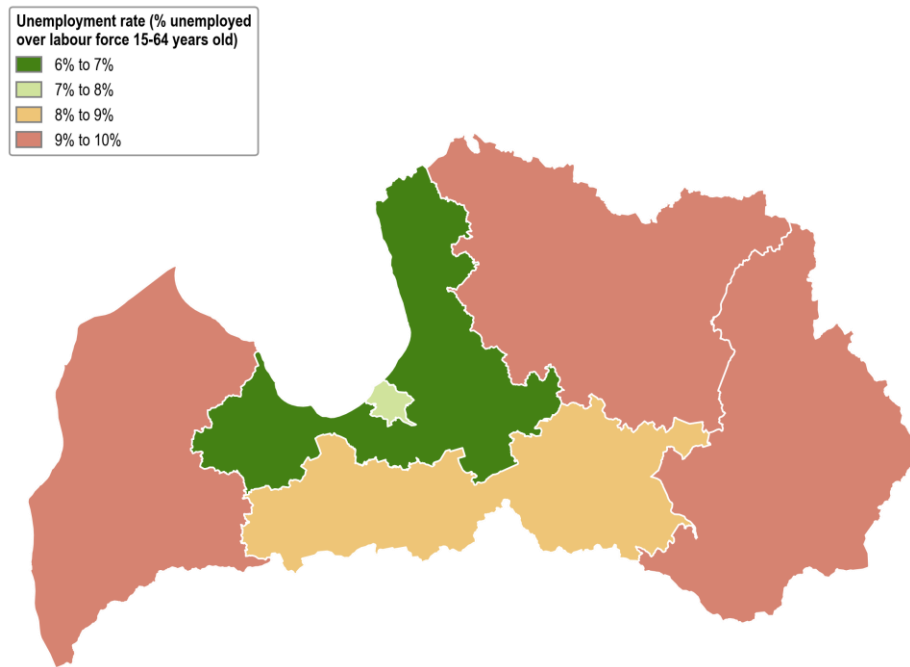
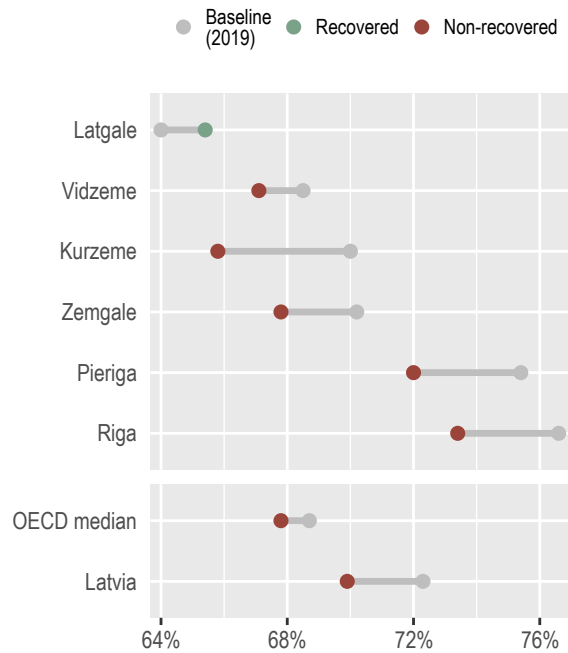


Figure 1: Unemployment rates in small regions, 2021



**Figure 2: Change in employment rates in small regions, 2019-2021**

Note: Employment and unemployment rates, aged 15-64 years old. The OECD median corresponds to the median employment rate in large regions.

Source: OECD (2022), "Regional labour", *OECD Regional Statistics* (database)

### ***Trends in GDP per capita prior to COVID-19***

Between 2018 and 2019, GDP per capita increased in most Latvian regions. In 2019, Zemgale, a region with a GDP per capita -36% below the national average (18 695 vs. 29 084 USD PPP), experienced the largest increase in GDP among Latvian regions, of approximately 15%.

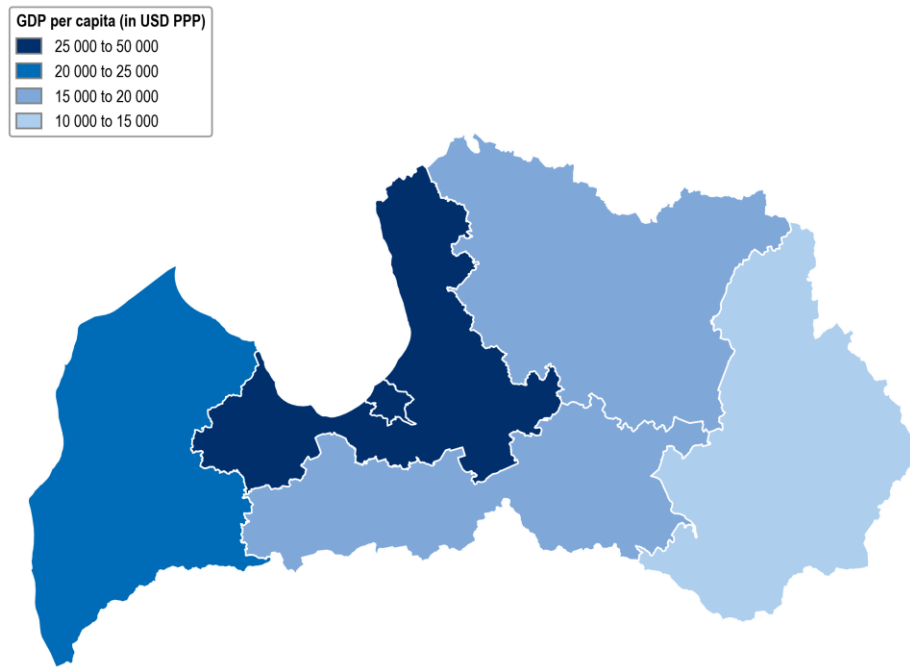


Figure 3: GDP per capita in small regions, 2019

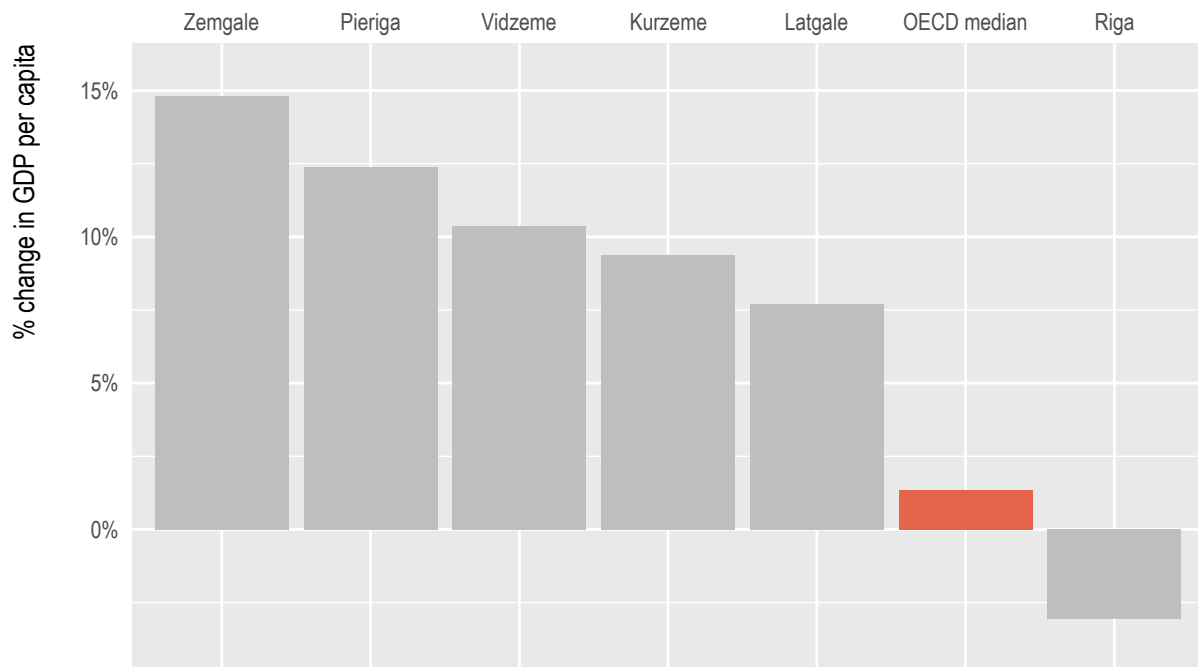


Figure 4: % change in GDP per capita in small regions, 2018-2019

Note: GDP per capita is measured in constant prices and constant PPPs, reference year 2015. Constant prices are calculated using national deflators. The OECD median corresponds to the median decline in GDP per capita observed across OECD large regions over the period.  
 Source: OECD (2022), "Regional economy", *OECD Regional Statistics* (database)

**Trends in regional economic disparities in the last decade**

Differences between Latvian regions in terms of GDP per capita have remained relatively stable over the past nine years, with the richest 20% of regions reporting a GDP per capita 3 times higher than the poorest 20% of regions.

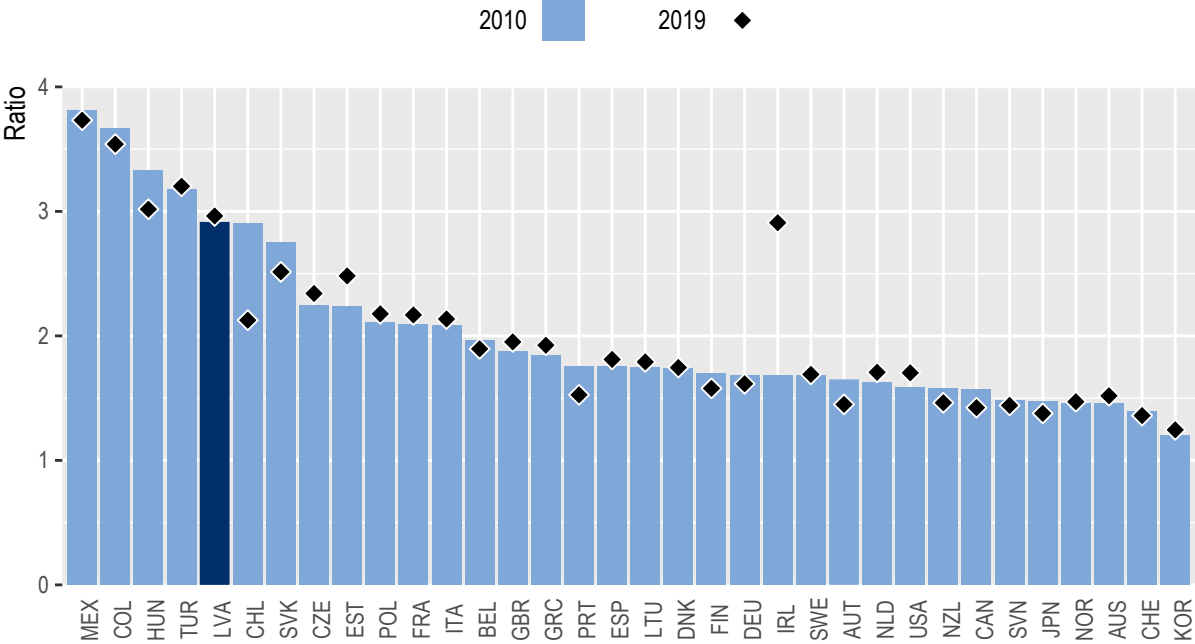


Figure 5: Index of regional disparities in GDP per capita (richest 20% relative to poorest 20% of regions)

Note: The GDP per capita of the top and bottom 20% regions are defined as those with the highest/lowest GDP per capita until the equivalent of 20% of the national population is reached. A ratio of 2 means the richest regions have a GDP per capita twice as large as the poorest regions. The indicator is calculated using large regions, except for Latvia and Estonia, where small regions are used instead. Irish GDP underwent an [upwards revision](#) in 2016. Care is advised in its interpretation.

Source: OECD (2022), "Regional economy", *OECD Regional Statistics* (database)

**Productivity trends in the last decade**

Between 2010 and 2019, Pierīga and Rīga experienced the highest and lowest productivity growth in Latvia, respectively. Pierīga saw a labour productivity increase of 7.5% per year, above the OECD average of 1.0%<sup>1</sup>. During the same period, Rīga experienced a decline in measured labour productivity, averaging -1.3% per year.

<sup>1</sup> International comparability in 2019 and 2020 is limited because of methodological differences in the calculation of employment counts during the height of the COVID-19 economic crisis.

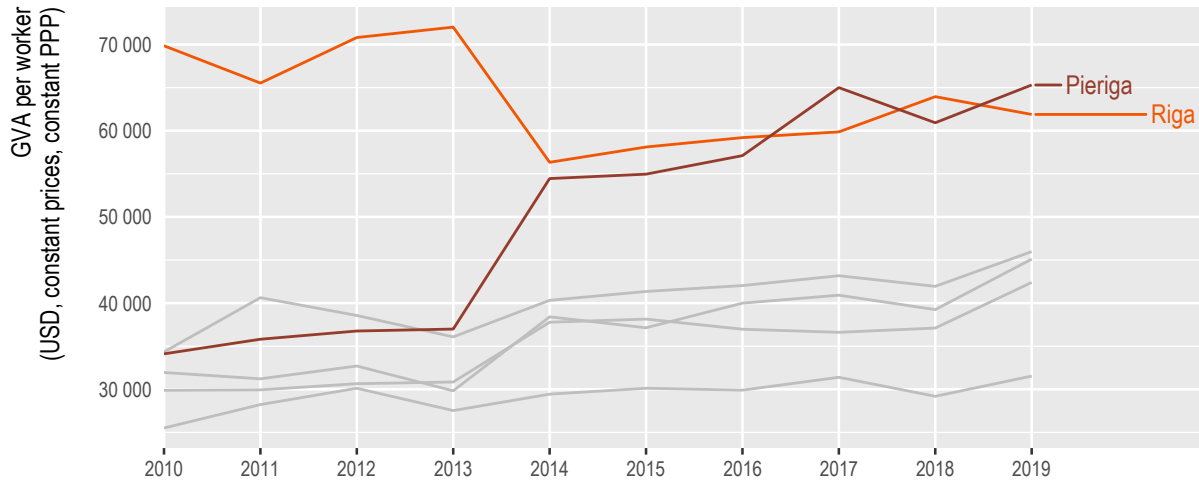


Figure 6: Regions with the highest and lowest productivity growth between 2010 and 2019

Note: Regional Gross Value Added (GVA) per worker, in USD, constant prices, constant PPP, base year 2015.  
 Source: OECD (2022), "Regional economy", *OECD Regional Statistics* (database)

## Well-being, liveability and inclusion in regions

### Regional well-being

Latvia faces stark regional disparities across six well-being dimensions, with the starkest disparities in terms of environment, access to services and civic engagement.

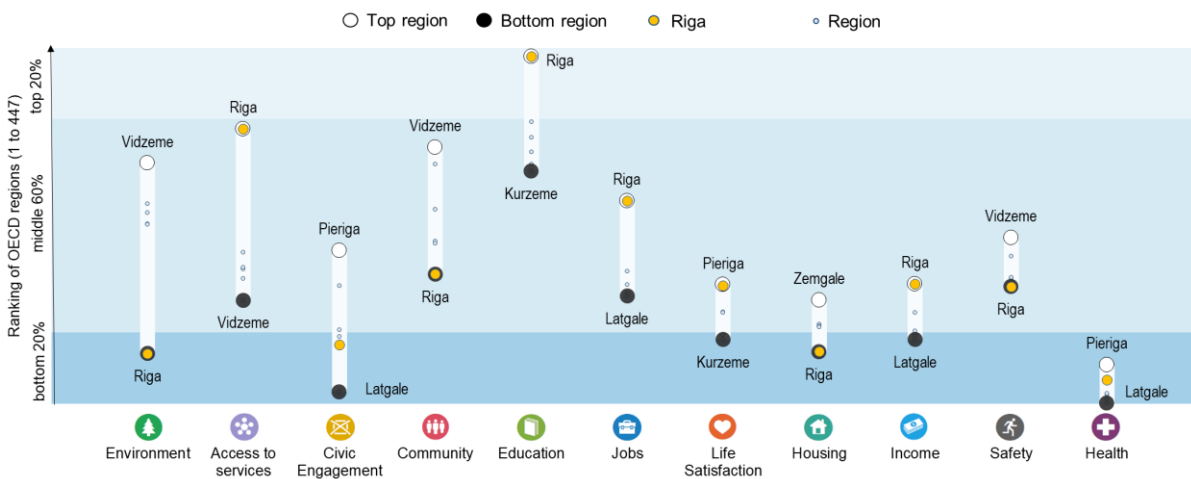


Figure 7: Regional gaps in well-being

Note: Regional indices provide a first comparative glance of well-being in OECD regions. The figure shows the relative ranking of the regions with the best and worst outcomes in the eleven well-being dimensions, relative to all OECD regions. The eleven dimensions are ordered by decreasing regional disparities in the country. Each well-being dimension is measured by the indicators in the table below.

Relative to other OECD regions, Latvia performs best in the education dimension, with 17% of of Latvian regions lying in the top 20% of OECD regions.

The top 20% of Latvian regions rank above the OECD median region in 6 out of 14 well-being indicators, performing best in terms of population with at least upper secondary education and employment rate.












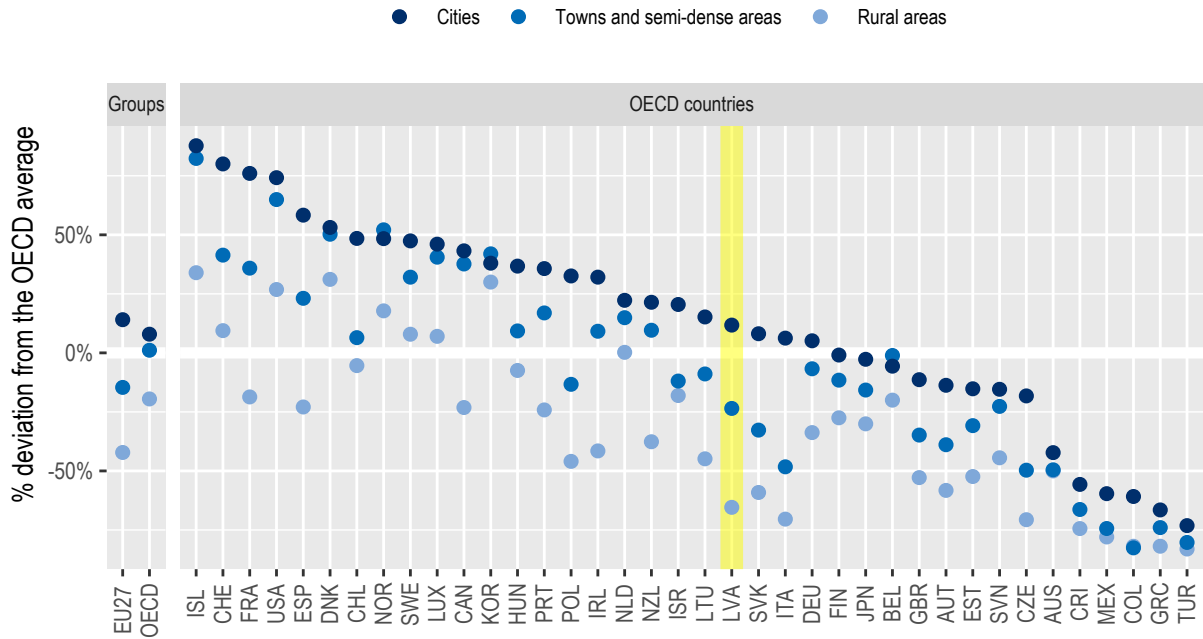
	Country average	Median OECD region	Latvian regions	
			Top 20%	Bottom 20%
 <b>Environment</b>				
Level of air pollution in PM 2.5 (µg/m³), 2020	12.4	10.8	9.4	17.2
 <b>Access to services</b>				
Households with broadband access (%), 2021	89.0	86.0	91.7	85.6
Internet download speed: deviation from OECD average (%), 2021-Q4	-20.9	..	+16.2	-55.9
 <b>Civic engagement</b>				
Voters in last national election (%), 2018	54.6	66.7	61.4	55.3
 <b>Community</b>				
Perceived social network support (%), 2016-20	90.2	90.5	93.0	88.2
 <b>Education</b>				
Population with at least upper secondary education, 25-64 year-olds (%), 2018	90.7	80.4	95.1	86.4
 <b>Jobs</b>				
Employment rate 15 to 64 years old (%), 2021	69.9	68.5	73.4	65.5
Unemployment rate 15 to 64 years old (%), 2021	7.9	5.8	6.5	9.4
 <b>Life Satisfaction</b>				
Life satisfaction (scale from 0 to 10), 2016-20	6.1	6.6	6.2	5.8
 <b>Housing</b>				
Rooms per person, 2020	1.2	1.6	1.3	1.1
 <b>Income</b>				
Disposable income per capita (in USD PPP), 2018	13 530	20 601	16 527	9 757
 <b>Safety</b>				
Homicide Rate (per 100 000 people), 2021	3.2	1.4	1.9	3.9
 <b>Health</b>				
Life Expectancy at birth (years), 2020	75.5	80.3	76.4	73.2
Age adjusted mortality rate (per 1 000 people), 2021	12.9	8.0	11.6	15.4

Figure 8: How do the top and bottom regions fare on the well-being indicators?

Note: Regional well-being indices are affected by the availability and comparability of regional data across OECD countries. The indicators used to create the indices can therefore vary across OECD publications as new information becomes available. For more visuals, visit <https://www.oecdregionalwellbeing.org>.

### **The digital divide**

Fixed Internet connections in Latvian cities and rural areas deliver speeds significantly faster than the OECD average (12% and 65%, respectively). This gap (53 percentage points) is larger than in most other OECD countries.



**Figure 9: Speed of fixed Internet connections relative to the OECD average, by degree of urbanisation, 2021Q4**

Note: Cities and rural areas are identified according to the degree of urbanisation (OECD et al. 2021). Internet speed measurements are based on speed tests performed by users around the globe via the Ookla Speedtest platform. As such, data may be subject to testing biases (e.g. fast connections being tested more frequently), or to strategic testing by ISPs in specific markets to boost averages. For a more comprehensive picture of Internet quality and connectivity across places, see OECD (2022), *"Broadband networks of the future"*.

Source: OECD calculations based on [Speedtest by Ookla Global Fixed and Mobile Network Performance Maps](#) for 2021Q4.

The average speed of fixed Internet connections is above the OECD average in 1 out of 6 Latvian regions. Within the country, residents of Latgale, Riga and Pieriga experience the fastest connections.



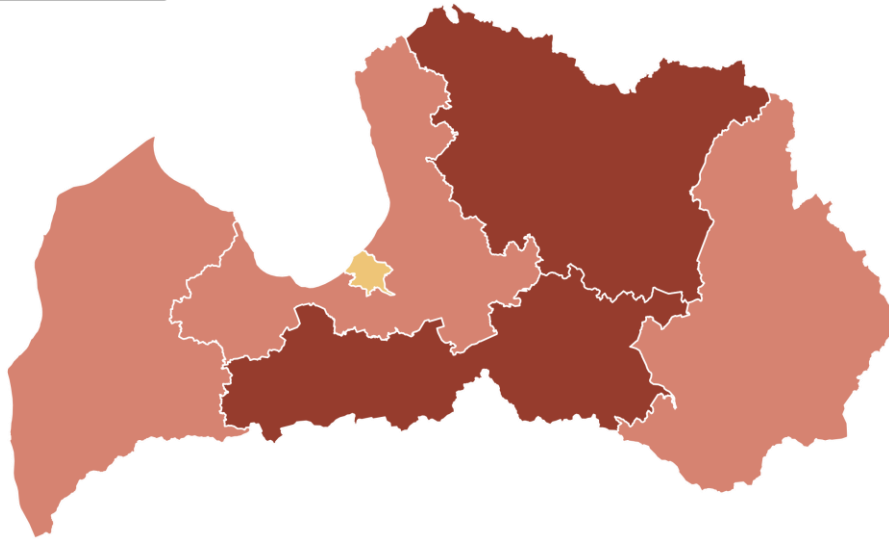
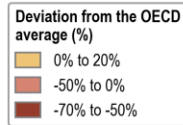


Figure 10: Speed of fixed Internet connections relative to the OECD average, in small regions (2021Q4)

## Demographic trends in regions and cities

### *Population projections by type of regions across OECD countries*

Between 2020 and 2040, the population of Latvia is expected to decrease in all types of regions. Regions far from a metropolitan area are expected to see the greatest change, with their population decreasing, on average, by 23 % over the next two decades.

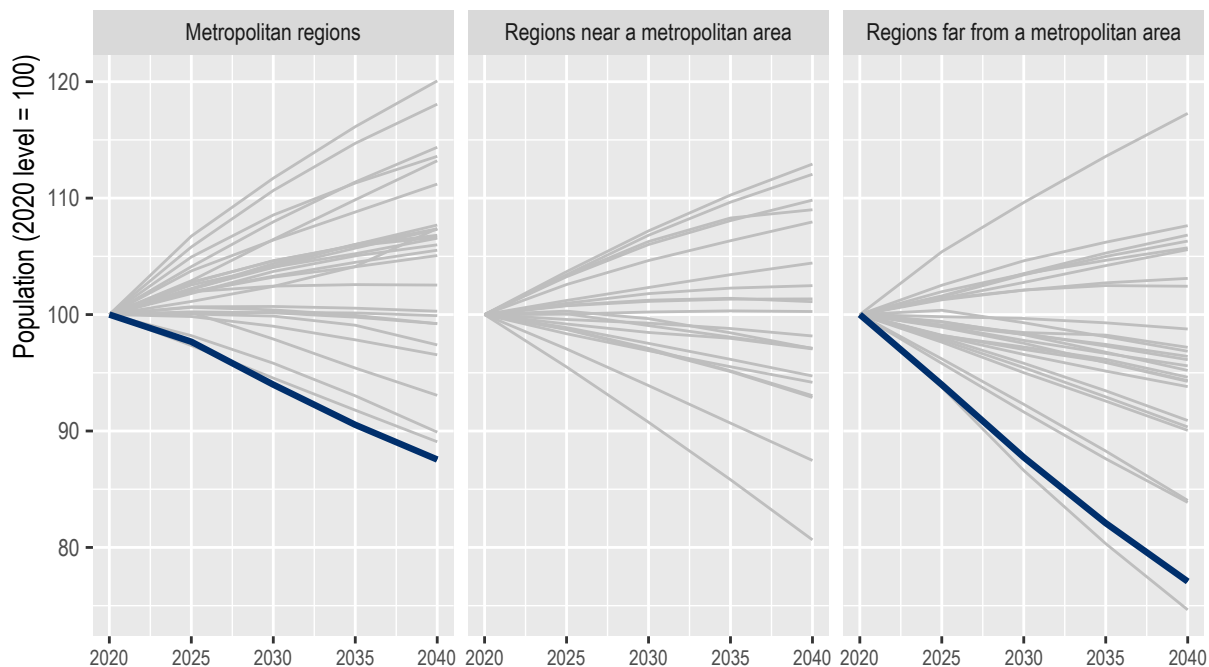


Figure 11: Population projections across OECD countries, by type of regions

Note: Lines represent the population projection in OECD countries per type of region (Fadic et al. 2019). Latvia is highlighted in blue.

### ***Dependency rate and proportion of the elderly***

In the coming two decades, the share of the elderly population in Latvia is expected to increase across all types of regions.

The elderly dependency rate<sup>2</sup> in Latvia is also higher than the OECD average (30.4 %) in most regions, ranging from 35.6% in Latgale to 28.6% in Pieriga.

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<sup>2</sup> The elderly dependency rate compares the number of elderly people at an age when they are generally economically inactive (i.e. aged 65 and over), to the number of people of working age (i.e. 15-64 years old).

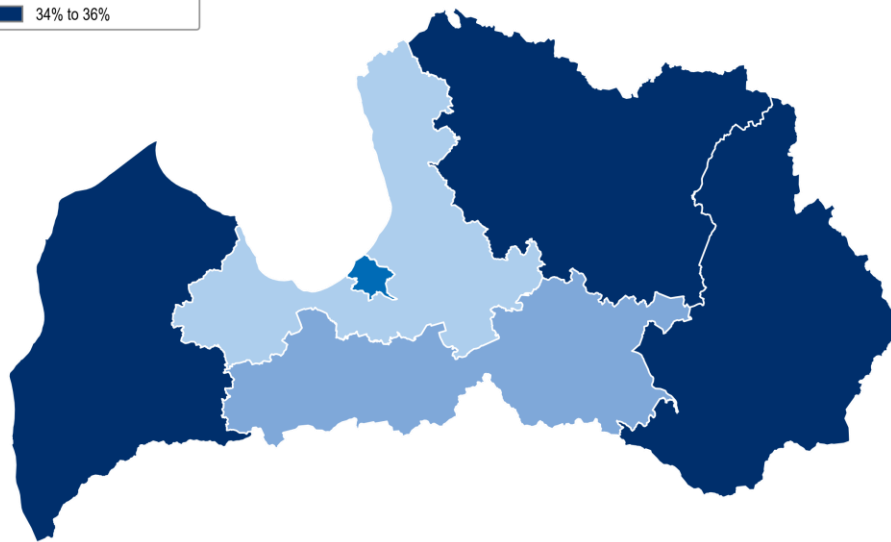
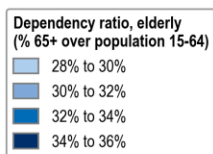


Figure 12: Elderly dependency rate in small regions, 2021

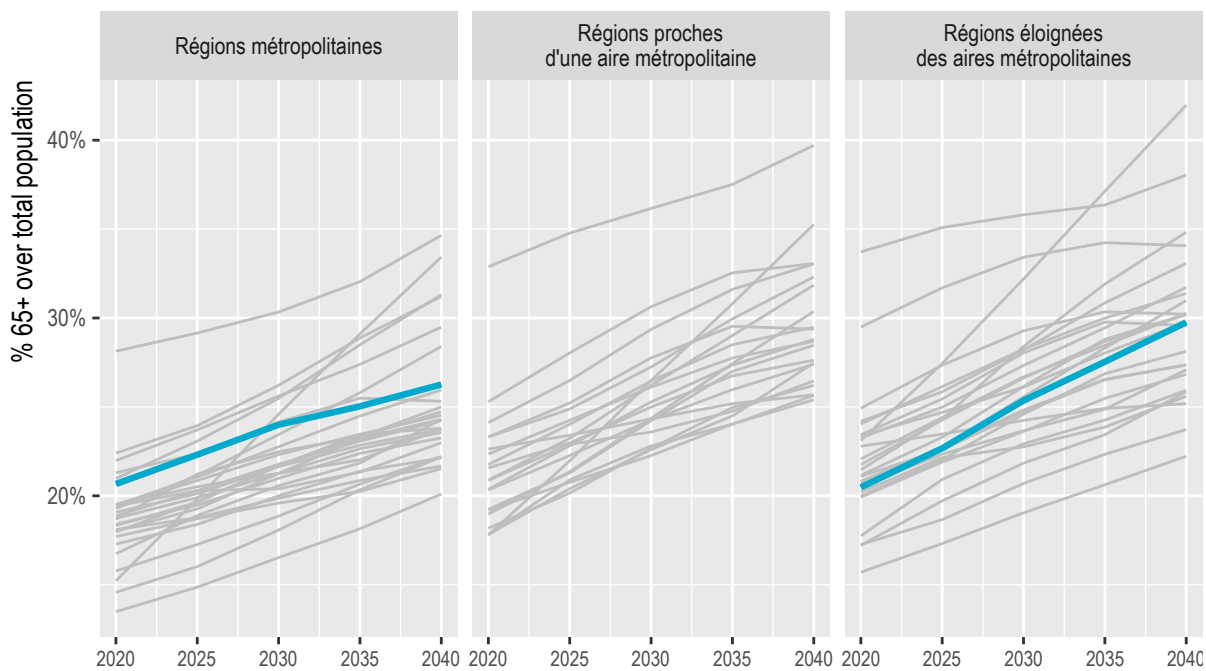


Figure 13: Evolution of the elderly population by type of region

### Population in cities

Between 2010 and 2021, all cities in Latvia experienced a decline in population. Population growth ranged from -2.0% per year in Daugavpils to -0.5% per year in Riga.

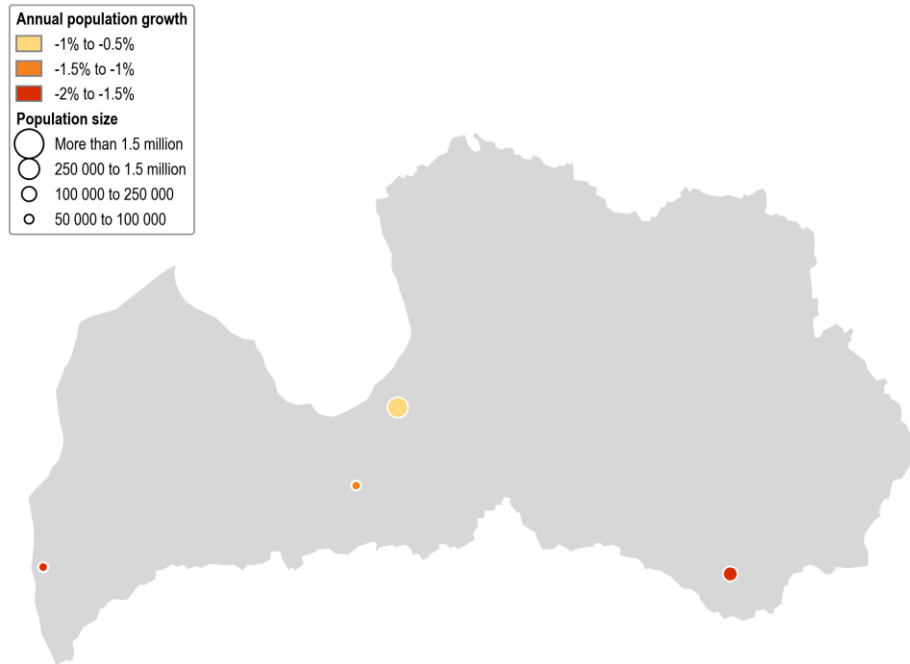


Figure 14: Population growth between 2010 and 2021

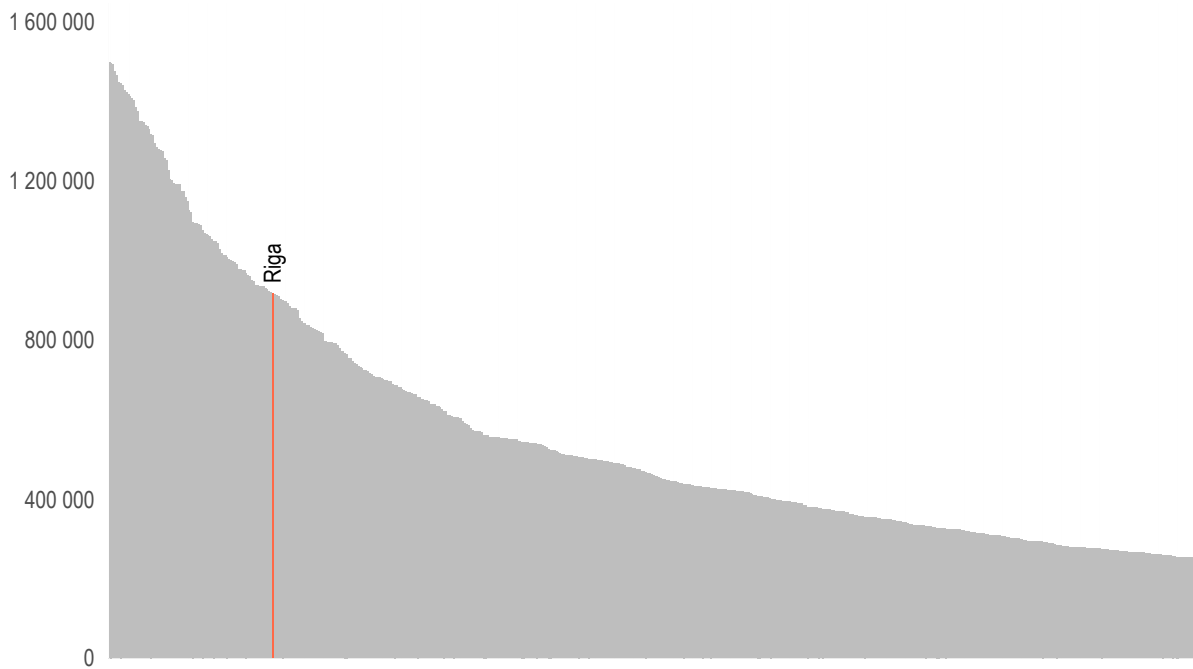


Figure 15: Population in OECD functional urban areas, 2021 or latest available year

Note: Cities refer to functional urban areas (Dijkstra, Poelman, and Veneri 2019). The boundaries of functional urban areas correspond to the [2020 Urban Audit](#). Population counts for the functional urban area are estimated from administrative regional data (TL3 regions, OECD regional database), using the population distribution from population grids. For readability, only a selection of cities are labelled.

Over the past decade, the population has decreased the least in Riga. Daugavpils has shrunk.

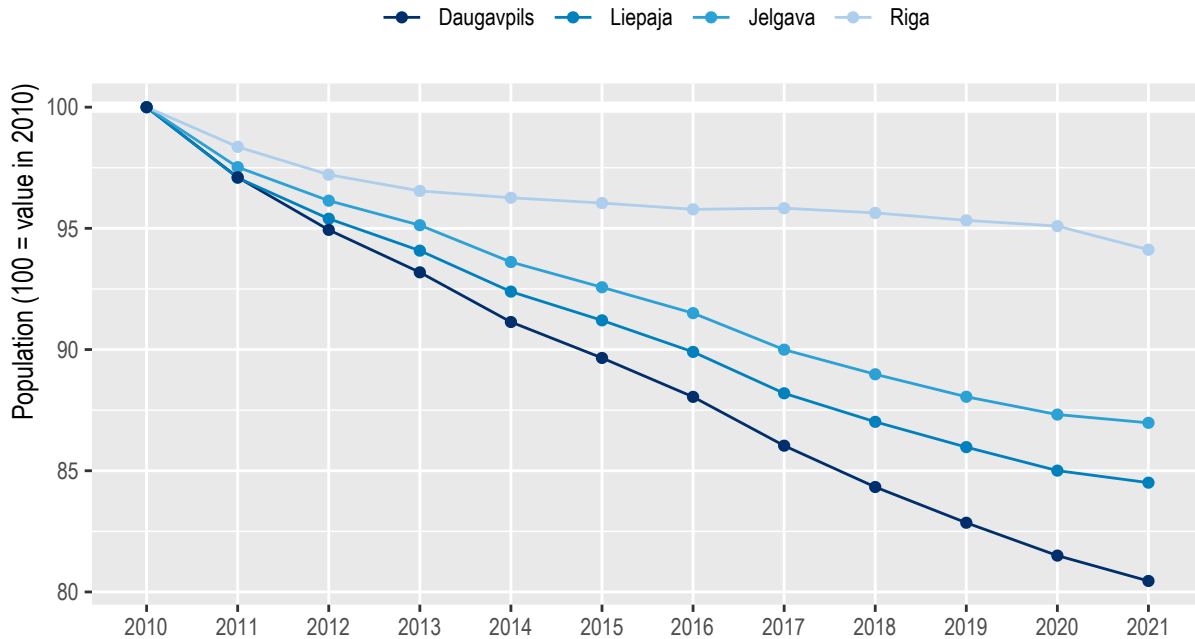


Figure 16: Population by size of functional urban area (100 = value in 2010), 2010-2021

## Environmental challenges in regions and cities

### **Greenhouse gas emissions in regions**

Since 1990, production-based greenhouse gas emissions have decreased in all Latvian regions. Vidzeme (-40%) and Latgale (-66%) experienced the lowest and largest decline in emissions, respectively.

On average, Latvian regions decreased their emissions by 2.69% per year between 1990 and 2018. This is below the 1.93% yearly reduction rate needed to reach the EU target of a 55% reduction in emissions by 2030, with respect to 1990 levels.

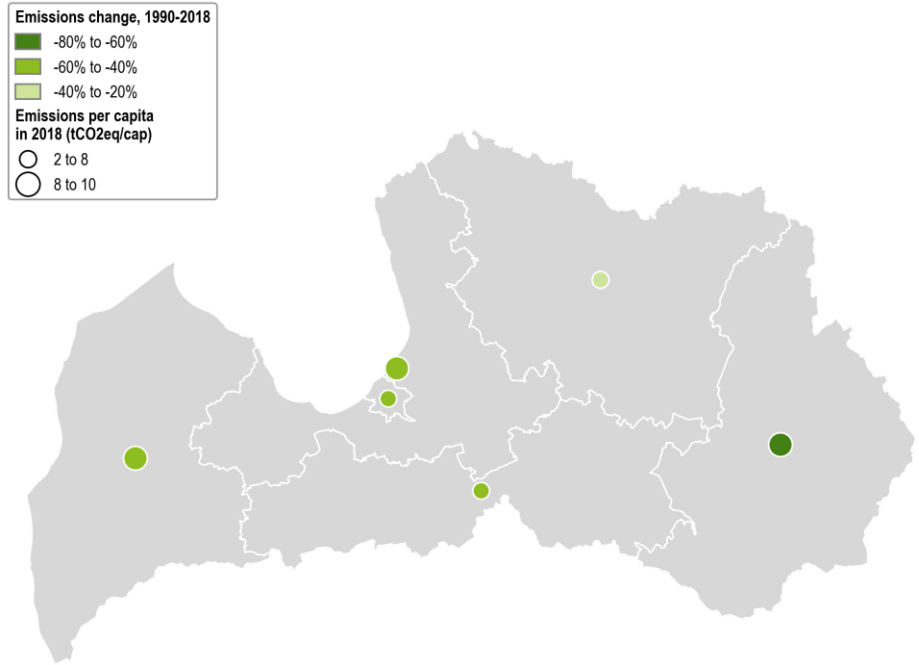
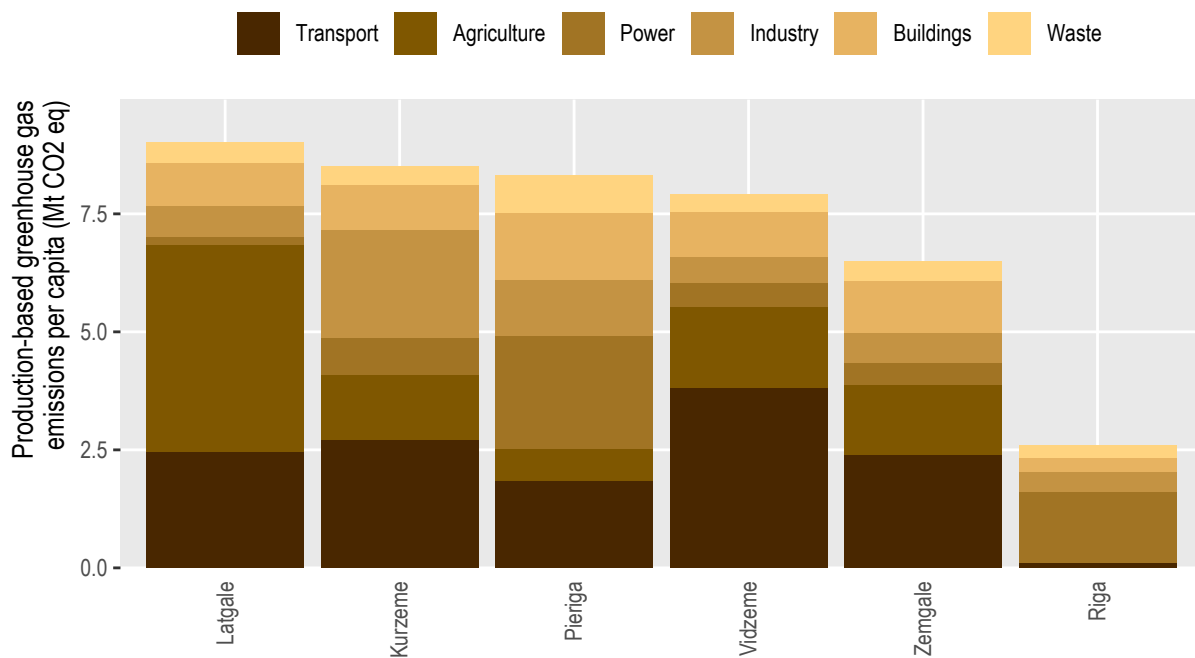


Figure 17: Change in production-based emissions in small regions, 1990-2018

Note: Bubbles are proportional to *per capita* greenhouse gas emissions, not to the overall level of greenhouse gas emissions in the region.  
 Source: OECD calculations, based on the Emissions Database for Global Atmospheric Research (European Commission. Joint Research Centre. 2019).

In 2018, greenhouse gas emissions per capita in Latvia were largest in Latgale, Kurzeme and Pieriga.

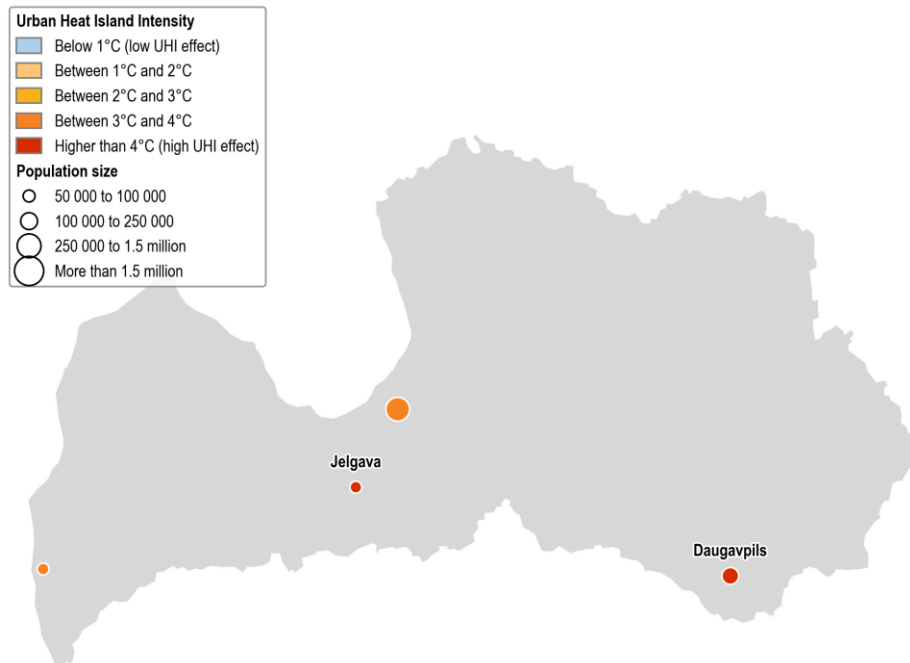


**Figure 18: Production-based greenhouse gas emissions per capita in small regions, 2018**

Note: Regions with low population counts may rank high in greenhouse gas emissions per capita while contributing relatively little to overall emissions in the country.

### **Urban heat island effect**

In Latvian cities, the difference in temperature between cities and their surrounding areas (i.e. urban heat island intensity) reaches 3.8 degrees Celsius (°C). The largest effect is observed in Jelgava and Daugavpils, two cities that are, on average, 4°C and 4.4°C warmer than their surrounding areas, respectively.



**Figure 19: Urban heat island intensity index, 2021**

Note: The Urban Heat Island Intensity (UHI) index is defined as the difference in land surface temperature between built-up areas and non-built-up areas within functional urban areas. This index can be affected by the type of vegetation and climate in non-built-up areas.

Source: OECD calculations, based on land surface temperature data from NASA's Moderate Resolution Imaging Spectroradiometer (MODIS) (Wan, Hook, and Hulley 2021a, 2021b)

## References

Source of administrative boundaries: © OECD, © EuroGeographics, National Statistical Offices, © UN-FAO Global Administrative Unit Layers (GAUL)

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