

The EU Pact for Skills – Regional Skills Partnership for Latgale region

The Latgale region Skills Partnership is led by the Latgale Council of the Latvian Chamber of Commerce and Industry (LTRK), joined by Latgale planning region, all municipalities of the Latgale region, universities, VET providers and special economic zones to strengthen regional cooperation in skills development, upskilling, and reskilling.

Located in the southeastern part of Latvia, the Latgale region serves as a critical juncture on the European Union's easternmost border, sharing borders with Russia, Belarus, and Lithuania. Spanning roughly 14 550 square kilometres, it accounts for nearly a quarter of Latvia's total area and is anchored by its two largest cities, Daugavpils and Rēzekne. While the region is celebrated for its abundant natural capital, including over 1 200 freshwater lakes and extensive forests, it remains one of the most economically challenged territories in the EU, characterised by the lowest GDP per capita and productivity levels in the country. Despite these hurdles, Latgale maintains significant strengths in digital connectivity.

The challenge

The region faces a severe "talent development trap" driven by a projected 40% population decline by 2051¹ and a staggering youth outmigration rate, with 77% of young people planning to leave the region in search of a higher standard of living and better job prospects². Human capital development is further hindered by an early deterioration of adult skills, which begins at age 20 (two decades sooner than the national average), primarily because residents do not frequently use or purposefully improve their competencies in daily life. Educational attainment remains low, with only 23% to 27% of adults possessing a higher education diploma, and there is a notable deficit in STEM-qualified graduates despite the presence of major regional universities. This has resulted in a critical mismatch where 63% of local businesses report acute shortages of skilled labour, a situation exacerbated by low regional wages and limited high-skilled job opportunities that discourage lifelong learning.

The Latgale region finds itself at a critical turning point. Ongoing brain drain, population decline, and demographic ageing have created structural challenges that can no longer be addressed through incremental change. Latgale cannot continue positioning itself as a "low-cost labour region." A new strategic identity must be defined, one that builds on its strengths, invests in people, and creates long-term resilience.

¹ OECD (2025) Rethinking Regional Attractiveness in the Latvian region of Latgale; Eurostat (2024)

² OECD PIAAC (2023) Latgale data analysis and the Discrete Choice Experiment (DCE)

Latgale specialises in low-technology, lower value-added industries. With the notable exception of electrical equipment manufacturing and computer, electronic and optical products, the region has a higher share of production in low and medium technology manufacturing such as wood and food products than the national average. There are at least five growing high-tech enterprises that represent optoelectronics and other industries and thirteen medium-high tech enterprises, however the capacity is limited. The upscaling of the regional economy and its transition into higher-technology sectors may be hampered by a lack of supply in high-skilled talent.

According to the OECD³, the Latgale region is facing economic headwinds that pre-date recent geopolitical events and have been elevated by the closure of Europe's eastern border. In this context, the region's ability to attract investors, talent and visitors is of crucial importance – to improve job creation, well-being, economic prosperity and to help address demographic and environmental shifts at play.

The importance of investing in skills development is growing for Latvia. Globalisation and the digital and green transitions are transforming jobs, how societies function and how people interact. The pandemic has accelerated the digital transition, showing the urgent need for resilient labour markets based on an increased adaptability of individuals to gain new skills. At the same time, skills imbalances (especially shortages of digital skills) hold back the capacity of Latvian firms to innovate, adopt advanced technologies and promote productivity. Human capital development in Latgale faces several deeply interconnected barriers ranging from demographic decline and skill deterioration to a significant mismatch between educational supply and labour market demand. This is largely because adults in the region do not purposefully improve or use their skills often enough in daily life. The labour market in Latgale offers fewer high-skilled jobs, which reduces the motivation for residents to engage in lifelong learning. Approximately 63% of businesses in Latgale report a shortage of skilled labour, particularly in engineering, agriculture, and management. Median wages in Latgale's major cities are 15% to 19% lower than the national median, making it difficult to attract or retain talent.

Traditional approaches of wage increase for on-the-job training have not produced the desired results, and macro-level economic data analysis reveals lower skill levels coupled with lower incomes in Latgale compared to other regions. This creates a vicious cycle where highly qualified adults migrate to Riga or abroad seeking better opportunities, and despite high overall educational attainment rates, the region struggles with a persistent skills-jobs mismatch that discourages learning and undermines economic competitiveness.

The ambition

The long-term vision for RSP in Latgale is to **transform the region into a high-productivity hub** where a dynamic, data-driven education ecosystem empowers a resilient workforce to lead the transition from low-tech traditional industries to a sustainable, higher-tech economy. This vision aims **to break the "talent development trap"** by aligning human capital development directly with the needs of existing businesses and the strategic requirements for attracting new, high-value-added investments. The partnership envisions a future where Latgale is re-branded as a **"Skills Region"** replacing its historical image of low-cost labour with a strategic specialisation

³ OECD (2025) Rethinking Regional Attractiveness in the Latvian region of Latgale

in knowledge-intensive sectors. The partnership places particular emphasis on early and sustained engagement in skills development, with a focus on digital, green, STEM and transversal competencies that are increasingly demanded by employers regionally and nationally. A central component of this vision is the establishment of a Regional Talent development community of practice to move from general reporting to information for proactive decision-making. Ultimately, this vision strives for a paradigm shift that replaces a short-term, funding-focused planning with a systematic commitment to long-term productivity and economic resilience, providing local talent with clear, high-skilled career pathways that inspire them to build their lives and careers within the region.

The proposal and activities

The Regional Skills Partnership (RSP) for Latgale aims to support a new systematic coordination approach between institutions, businesses and trade unions, and educational institutions.

As outlined above, the Regional Skills Partnership (RSP) for Latgale aims to implement a systematic, data-driven strategy to transform the region from a low-tech industrial base into a high-productivity, high-tech hub. A central pillar of this vision is the re-branding of Latgale as a "Skills Region" and a strategic centre for high-value manufacturing. To achieve this ambition:

- **The Regional Talent development community of practice** will utilise automated tools for real-time forecasting to coordinate educational supply with the specific technical requirements of the Latgale regions prospects. This framework will allow for the identification and summarisation of existing skills needs and future forecasts for industrial development, ensuring mutual coordination on the needs of incoming investors and the region's companies. The partnership will **monitor regional labour market trends and skills demand** through data, research and partner insights, strengthening members' capacity for evidence-based decision-making and building a shared analytical foundation for regional skills development.
- The partnership is committed to the **development of micro-qualifications and modular retraining programmes** that allow employees to adapt to evolving market demands, moving regional cooperation away from a funding-focused toward the active delivery of productivity-based solutions. The partnership will promote cooperation between employers and education and training providers in order to improve the relevance and quality of existing upskilling and reskilling opportunities.
- Supported by the Regional Talent development community of practice, the RSP will create and implement a **regional talent retention plan** that links education directly to high-skilled job opportunities while communicating these demands in a unified manner to pupils and students. While the plan will primarily be based on regional priorities and evidence, it may also draw on relevant outputs from national and EU level programmes such as Erasmus+, the Just Transition Fund (JTF), and the European Social Fund Plus (ESF+) where applicable. This will ensure coherence and reduce fragmentation between national/EU-level policies and the regional plan.


















<i>KPI</i>	<i>Target</i>	<i>Timeframe for achievement</i>	<i>Key Milestones</i>
<i>Number of organisations participating in the Partnership and its activities</i>	<i>20</i>	<i>By 2030</i>	<i>7 members by 2027</i>
<i>Number of projects financially supported to promote Partnership-related skill development</i>	<i>3</i>	<i>By 2030</i>	<i>1 project by 2027</i>
<i>Skills needs analysis: number of skills needs assessments produced at the Area and/or sector level by RSP stakeholders.</i>	<i>2</i>	<i>By 2028</i>	<i>1 by 2027</i>
<i>Number of events/networks participated in to foster knowledge transfer and dissemination</i>	<i>7</i>	<i>By 2030</i>	<i>4 by 2027</i>
<i>Creation of a Regional talent retention plan</i>	<i>1</i>	<i>By 2028</i>	<i>1 by 2028</i>
<i>Number of micro-qualifications and modular retraining programmes developed</i>	<i>3</i>	<i>By 2030</i>	<i>1 by 2028</i>

Partnership arrangements

The Regional Skills Partnership (RSP) for Latgale is led by the Latgale Council of the Latvian Chamber of Commerce and Industry (LTRK), which serves as the principal coordinator for human capital development activities and provides a direct link to the EU Pact for Skills. This systematic coordination arrangement is established by a core group of partners, including universities, municipalities and public bodies. The partnership is designed to be an evolving ecosystem; while initially anchored by these key entities, it is specifically planned to expand in its next phases to integrate Vocational Education and Training (VET) providers and additional regional cities and municipalities to further reduce fragmentation in human capital development.

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Partnership members as of 23.03.2026 :

Latgale Council of the Latvian Chamber of Commerce and Industry (LTRK)	
Latgale planning region	
Riga Technical University Rēzekne academy	
University of Daugavpils	
Rēzekne Special economic zone	
Latgale Special economic zone	
Latgale Industrial Technical School	
Rezekne Technical School	
Latvian University of Agriculture Malnava College	
Augšdaugava municipality	
Daugavpils city	
Līvāni municipality	
Rēzekne city	
Rēzekne municipality	
Balvi municipality	
Krāslava municipality	
Preiļi municipality	

Krāslava municipality

