

REPUBLIC OF MOLDOVA

COUNTRY STRATEGY PAPER 2017-20

2018 UPDATES

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A. COUNTRY CONTEXT

The Republic of Moldova (hereafter Moldova) is classified as a lower-middle income country (World Bank) with a population of 3.6 million (National Bureau of Statistics of the Republic of Moldova, 2015), which has slightly decreased over the past years¹. In 2015, the population living abroad amounted to 888,000 contributing 23.4% to the national GDP (ILO, July 2016). One third of migrants live in Russia (33.1%) and almost 20% in Italy.

The economy grew robustly (over 5% annually) before 2012 and slowed down in 2012 and 2014. In between, GDP went up by 9.4% in 2013 and 4.8% in 2014. The outlook deteriorated in 2015 with negative growth rate of -0.5%. The political and economic crises in Russia and Ukraine and an unfavourable domestic environment generated a sharp drop in remittances and foreign investment. This is typical for emerging economies that are based mainly on remittances (they are estimated at 23.4% of GDP in 2015 (NBS)). The poverty headcount ratio (at USD 2 per day, PPP) has registered a serious decline, passing from 28% in 2011 to 8% in 2015. However, despite this, Moldova remains one of the poorest countries in Europe with a GDP per capita (PPP, current international USD) in 2015 of USD 5,039, increasing from USD 4,179 in 2011. The workforce in Moldova, representing 42% of the working-age population, increased in 2015 by nearly 2% compared to 2014. The employment rate (only 48% of those aged 20-64 in 2015 with no significant gender gaps) and the activity rate remain very low (half the workforce and relatively higher for men compared to women). Informality is moderate, representing 14% of total non-agricultural employment (2013).

Total and youth unemployment rates are relatively low (5% and 13%, respectively in 2015), but this could suggest a rather high underemployment in various economic sectors (especially agriculture and services), though the statistics show a decrease in the number of people working less than 40 hrs/week (less than 6% of the employed). The number of unemployed people in Moldova accounted for 74,400 people at the beginning of April 2016, falling by 23,500 in comparison to the first quarter of 2015. The long-term unemployed represented only 13% of total unemployment (2012).

The employment structure in Moldova suggests a rather service-oriented economy, with this sector hiring 53% of workers and generating about 70% of GDP. The agriculture sector, although employing over a quarter of the workforce, only contributes some 14% of GDP (2015), suggesting more of a subsistence-type economic sector. In 2015, every seventh person employed in Moldova (15%) indicated a desire to change jobs due to low salary. Growing emigration combined with demographic decline challenge the myth that the Moldovan pool of labour is plentiful, skilled and cheap.

The economic and employment structures may also hide some imbalances in job creation, with most jobs being created in services, as the contribution of services to GDP was already very high and rather steady. Evidence shows that most jobs in services (i.e. sectors such as hotels/restaurants, wholesale and retail trades) have stagnant skills needs, where the variety of tasks will not change significantly over time. On the other hand, skill-intensive jobs provide an opportunity to acquire skills continuously and are a feature of healthy labour markets.²

The Moldovan workforce is low-skilled, with only a quarter holding a tertiary (i.e. university-type) qualification³. However, the country is making progress, and 35% of adults aged 30-34 have attained

¹ The information is presented without the data on districts from the left side of the river Nistru and the Bender municipality.

² Cedefop (2015), *Matching skills and jobs in Europe. Insights from European Skills and Jobs Survey*

³ Educational attainment is frequently used as a proxy measure of the skills associated with a given level of education and available in the population, and to the labour force. Higher levels of educational attainment are associated with several positive individual and social outcomes (see also OECD *Education at a Glance*, 2015)

tertiary level of education in 2013, an increase of 4% since 2010. In Moldova, a lack of skills seems to be coupled with a lack of employment opportunities and resources.

VET is well represented at the upper secondary level where enrolments in vocational programmes remained relatively stable over the past years. VET remains attractive at this level of education and represents the first educational choice for more than 40% of students enrolled. However, these patterns are not reflected in the number of early leavers which (though slightly decreasing) remains very high (one in five of those aged 18-24), one of the highest rates in Europe. This is also reflected in the very high share of young people aged 15-24 who are neither in employment nor in education or training (NEETs) (30% in 2015, while the EU average was 12%), and which has increased compared to 2010. As evidence shows, VET could prove to be a successful option in tackling early school leaving (E&T Monitor).

Moldova is facing a complex and challenging socio-economic context with inactivity, no jobs or poor quality ones, low productivity and persistent informal arrangements which leads to inequalities and poverty. The National Development Strategy "Moldova 2020" (adopted in 2012) identified the socio-economic challenges for which the country should take actions aiming at long-term sustainable and stable growth.

To manage its heavy outward migration flow, the Republic of Moldova has signed a **Mobility Partnership (MP)** agreement with the EU in 2008. The EU-Republic of Moldova MP has been assessed as good practice in the region and beyond. The country has used the MP to achieve a greater consistency of policies and measures towards a progressively more migrant-centred policy development and a more effective cooperation with a range of EU Member States. The MP is an essential part of the context in which ETF operates.

In November 2014, the European Parliament ratified the **Association Agreement** between the EU and Moldova aiming to deepen the country's political association and economic integration with the EU and including a gradual implementation of a **Deep and Comprehensive Free Trade Area**. By signing the Association Agreement, Moldova committed itself to the complex process, which provides a policy roadmap for the country's economic development over the longer term. Employment and education/training are among the 28 key sector policy areas for which the EU and Moldova will look for enhanced cooperation in the years to come.

In 2015, Moldova was affected by political, economic and financial turmoil, due to government instability (five cabinets in one year) and large scale fraud in the financial sector. Three national banks collapsed with a cost of 12% of GDP. The current priority for growth and poverty reduction is political stability, progressing with structural reforms focusing on coordination and institutional reforms, education reform, labour market reform and social assistance reform, strengthening the quality of institutions, infrastructure, health, education and training. By end 2016, the revision of the country's institutional set up was complete. It aims to bring a rationalisation to ministries, government agencies and institutions.

B. VET AND SKILLS IN THE COUNTRY: OVERVIEW, PROGRESS AND MID-TERM PRIORITIES

The Government is committed to reforms in education and training starting with the adoption of the Strategy for the Development of Technical Vocational Education for 2013-20, which defines Moldova's vision and priorities for VET development from the lifelong learning perspective. The aim is that by 2020 VET will be more attractive, of better quality, relevant to labour market needs, affordable, career-

oriented and flexible, and, moreover, allowing recognition of diplomas and validation of non-formal and informal learning which can help to foster mobility in Europe.

Despite economic difficulties the Moldovan authorities ensured a high level of education expenditure in terms of GDP for the first part of a decade (on average 8% with a slight decline to 7% in 2015), in conditions of demographic decline and significant decrease of the population included in the education process. Expenditure per capita has increased substantially in order to be able to maintain an oversized vocational schools network. In the last years, the attractiveness of VET system has improved for secondary VET, because it has increased its share of secondary education students. However, unemployment of VET (and higher education) graduates is still high.

The main education policy areas for EU cooperation with the Republic of Moldova in the strategic perspective are:

- a governance approach that values the contribution of social partners in order to align VET to the demand side;
- a clearer orientation to lifelong learning in the VET system, through outcome-based qualifications and transparent pathways, the validation of non-formal and informal learning, the recognition of work-based learning, the diversification of supply to enable easy access to learning at any age, etc.
- resources for VET, both to add to state budget allocations and using what is available to its best. This implies opening a discussion on public and private partnerships, motivating ownership of VET/HCD on the part of non-state actors, designing complementary funding mechanisms, developing expertise (beside financial) resources, monitoring expenses and promoting public information”.

The new Education Code of 2014 sets the framework for reforms and brings changes to the education system adapting it more to the new socio-economic conditions of Moldova. It is the legal basis for the institutionalisation of VET reforms, including the establishment of the Quality Assurance Agency (ANACIP), a stronger involvement of social partners in education, the implementation of the NQF and the increase of compulsory education to 18 in 2020. The Ministry of Education also established a VET Centre, which supports the implementation of reforms. At the end of 2016, the VET Centre got a new status, in the process to be approved by the Parliament. It will move from the Institute of Educational Sciences to the MoE with 18 staff hired by competition, including the management. It will become the VET implementation agency of the MoE, with an immediate impact on the progress in reform implementation, e.g. the coordination of the adaptation of the curricula.

According to the Education Code, VET qualifications will be awarded based on the national qualifications framework of Moldova. The NQF has been developed by the Ministry of Education in collaboration with the relevant ministries, sectoral committees, technical vocational educational institutions, businesses and other social partners and was approved by the government. In 2014 the occupational standards methodology was approved. In 2016, 30 occupational standards have been published. For secondary VET 13 qualifications have been approved and for post-secondary VET another 40. In December 2015 a quality management guide was adopted. Since September 2016, the NQF concept has been circulating for public consultation. ETF is working to provide alignments between HE and VET qualifications.

Developed with EU support, the approval of the master plan for restructuring the VET system in 2015 (based on clear transparent criteria and a detailed VET network mapping exercise) commits the country to network rationalisation including the establishment of 10 sectoral centres of excellence and the closure of low performing institutes. The centres aim to integrate initial and continuing VET and foster cooperation with enterprises. The appointment of the directors took longer than expected and it

is early to assess the centres' performance. The centres implement strategic plans, but are hampered by the decision of the Ministry (from January 2016) to return all self-generated income to the state budget. Progress has been made in terms of involving the private sector and interesting results have been achieved with a modern work based learning approach (successfully piloted and ready to be extended).

The sectorial approach has been developed (with the support of the ETF) and six sectorial committees - still weak and in need of support - are involved in VET policy dialogue and have developed occupational standards.

Since the 2013/14 academic year, all VET institutions in Moldova have begun to implement entrepreneurship education as a compulsory subject based around a modular curriculum. The ministry is also piloting a methodology for tracer studies, tracking the career path of VET graduates in 20 schools.

For the coming years, the VET priorities of the Ministry of Education are as follows:

- To continue the reform and restructuring of the VET network in accordance with the socio-economic requirements of Moldova;
- To build and strengthen the quality assurance system within the VET system;
- To strengthen cooperation and partnerships and to increase the relevance of VET provision in relation to the demands of society.

In October 2015, the ETF carried out an assessment of VET reform in Moldova and provided the following recommendations:

- To strengthen cooperation between the Ministry of Education and the Ministry of Labour to be able to carry out better labour market analysis in a more efficient way.
- To strengthen the role of sector committees by linking them to the committees engaged in collective agreements and for the Deep and Comprehensive Free Trade Area (DCFTA). Their role should cover sector skills strategies, identifying relevant occupations and validating occupational standards.
- To improve the NQF concept and develop an action plan by establishing a multi-stakeholder working group under the coordination of the Ministry of Education.
- To implement a number of substantial structural VET reforms led by the centres of excellence. Capacity development for all directors and other key staff of the centres is therefore urgent so that they can work together with the ministry and technical assistance staff to develop realistic strategic plans.

Under the 'Make-it-Match network' (see section D) the Moldovan stakeholders have identified the lack of coordination of skills anticipation initiatives as a key challenge. Although many institutions in Moldova are involved in producing information related to labour market skills needs and a significant amount of data is gathered, there is a lack of analysis, management and dissemination of the information to relevant stakeholders. Stakeholders do not always have access to the data, do not know where to find information or do not understand how to interpret it.

The Ministry of Labour, Social Protection and Family is promoting closer cooperation with the business sector and has played a leading role in establishing sectorial committees. In 2013, a Resolution of the National Committee for Collective Bargaining and Consultation adopted a framework regulation on the activity of the sectorial committees as consultative bodies at the sectoral level. There are currently six

sectoral committees, covering agriculture and food industry; transport and road infrastructure; information and communication technologies; construction; trade, food services and tourism; light industry, textiles and confection, shoes and leather. The committees are involved in the work on skills needs identification and development of occupational standards. The draft law to strengthen the legal status of the sector skills councils has seen many different versions. At the end of 2016, the Ministry of Labour has sent a new draft to the government for approval. The law is essential for the role of the councils in developing occupational standards and supporting VET implementation.

C. EU AND OTHER DONORS SUPPORT IN VET AND SKILLS

The EU supports the implementation of the VET strategy with a sector reform contract including a budget support programme (€25 million for 2014-16) and a technical assistance project for VET (€3.7 million for 2014-17). However, EU budget support and other donor interventions have been suspended since July 2015 and their resumption was linked to the decision of the International Monetary Fund (IMF) to start a new programme. The decision was made in November 2016, with IMF approval of three-year arrangements under the Extended Fund Facility (EFF) and the Extended Credit Facility (ECF) with the Republic of Moldova to support the country's economic and financial reform program. The cumulative access under the arrangements is US\$178.7 million. An amount of US\$35.9 million will be made available to the Moldovan authorities immediately following the approval of the arrangements. The remaining amount will be phased in over the duration of the program, subject to five semi-annual program reviews.

The EU budget support for VET sector reform and VET institution network revision, in line with the VET strategy 2020, aims to increase VET efficiency to provide a competitive workforce. The expected results are the following:

- Identify the VET institutions to be reorganised as centres of excellence specialised in fields of the national economy and which will become professional leaders in their area of competence.
- Create seven sector committees.
- Create an accreditation and quality assurance structure in the VET.
- Develop and apply new funding mechanisms for the VET system.
- Provide proper education conditions in VET.
- Strengthen capacities of the VET centre (CRDIP) for the scientific, methodological and curricular supply of VET.
- Publish teaching materials, curricula, course support, instructive materials, e-learning materials, professional guidance materials, for the adult training.
- Continuously promote modern teaching technologies with the use of the Information and Communication Technologies (ICT).
- Promote in VET courses on entrepreneurship, IT and foreign languages (English, Russian).

EU technical assistance supports the Ministries of Education, Labour, Economy, Finance and the Republican Centre for Vocational Education and Training to:

- Implement structural reforms in VET and establish sector committees to improve social dialogue in the five most important economic sectors;
- Develop quality assurance and quality management in VET. Support the improvement of the quality of the learning process and learning outcomes;
- Strengthen the capacities of the key stakeholders involved in the VET Budget Support Programme (BSP);
- Raise awareness of VET professionals and the public on the new VET system; Liechtenstein Development Service - LED:
- Project to implement a Centre for Entrepreneurship Education and Business Assistance (CEDA), "Entrepreneurship training and employment (MEEETA III - 2014/2017)": Teacher training for teaching entrepreneurship education course.
- Education for Agriculture (EdAgri), first stage (2012-15): Curriculum development and training provision in fruit and vegetable growing and processing.

Austrian Development Cooperation – ADA:

- Consolidate the capacity of VET providers in water and sanity sector; stage II (2013/2016). Modernisation of the curriculum, adult training and teacher training in the sector; update the infrastructure for delivery the curriculum.

The World Bank:

- Research on labour market skills requirements from June 2016 to June 2017. Specific topics: Barriers for employment; Social, emotional and technical skills. Forecasting labour market needs and improving the capacity of PES.
- Project on integration of children with disabilities into mainstream schools (2013-17).

UNDP:

- Support to the establishment of a skills observatory focussed on youth (2016-17, US\$ 95,000). The Observatory will help local and central authorities to improve the quality of the services. It will analyse available evidence and data, as well as identifying new ways of collecting information about current needs on the job market.

D. ETF MID-TERM INTERVENTION STRATEGY IN THE COUNTRY

The **priority of the ETF's mid-term intervention strategy 2017-20** is to help Moldova implement its overall VET strategy with policy advice, establishing synergies with the strategically important areas of qualifications, skills anticipation and VET policy development for a performing labour market. By doing this, the ETF contributes to policy dialogue and complements measures related to the implementation of the structural reform in VET.

Rationale: Moldova is in the middle of a big institutional structural reform also covering VET provision, skills and employment policy areas. It has a well-defined strategy with clear objectives and measures until 2020. The strategy is aligned with EU policy orientations. Making available its expertise, the ETF will continue to play a role in providing inputs and monitoring overall reform processes to create a

modern VET system, facilitating policy learning processes with local stakeholders and donors, and identifying challenges, next steps and suitable approaches together.

The ETF strategic perspective 2017-20 for Moldova aims to link strategic development areas with the EU agenda focusing on the contribution that skills development can bring to sustainable growth, cohesion and employment. ETF cooperation with the Moldovan authorities and relevant stakeholders from education and the labour market is contextualized to the ETF work programme for the Eastern Partnership and includes activities both at country and regional levels. The ETF's work in Moldova will focus on areas where the ETF can bring added value avoiding any overlap with the EU project or other donor projects in the country. In particular, a constant exchange of information will be established with the World Bank, due to their planned intervention on labour market skills requirements. The ETF will continue to support the EU-Moldovan Mobility Partnership in the area of skills.

Specific objective 1: To support the implementation of the NQF and sectoral skills committees with policy advice.

Rationale: The development of a qualifications system is an important pillar for VET reform in Moldova. It is linked to the development of the accreditation system and the creation of sector committees with EU support.

In 2015 and 2016, the ETF provided support to the overall design of a Moldovan NQF and to methodological developments of occupational standards and qualifications. The ETF provided comments on the framework draft in September 2016. Further implementation of the NQF is to be done with the EU budget support and the ETF provides complementarity through policy advice. In the coming years the ETF will focus its support to the Ministries of Education and Labour and social partners on strengthening public-private cooperation in developing the NQF towards a lifelong learning framework, which includes an integrated approach to VET, higher education (jointly with the Council of Europe), and continuing vocational training. Among others this will be done through continued support to the sector skills committees and to the development of the strategy for validation of non-formal and informal learning. The ETF will continue to provide content and methodological advice and will advise on how to strengthen sectoral skills committees. The ETF will also support the design of a VNFIL strategy based on the NQF implementation and later, if the strategy is adopted, also in its implementation.

Expected results by 2020:

- 1.1 Policy advice provided to the Ministries of Education and Labour for the implementation of the NQF with a focus on coordinated approaches to higher education and VET.
- 1.2 Expert inputs provided to the development of a strategy for setting up (design and implementation) a system of validation of non-formal and informal learning.
- 1.3 Expert inputs and capacity development provided for strengthening the sector committees and their coordination, in synergy with EU budget support and technical assistance, to play a key role in linking skills strategies to sector strategies and to become actively involved in VET reform implementation (like occupational standards, qualifications, assessments, certification and work-based learning).

Specific objective 2: To support Ministry of Labour and Education and other stakeholders to develop a systematic and coordinated approach to skills anticipation and through the development of skills needs identification tools.

There is no coordination or cooperation for collecting and using labour market information. Through its participation in the Make-it-Match network a mapping of information collection was made and an Action Plan for a more coordinated approach to skills anticipation was developed. As a follow up, in 2015, the ETF conducted a feasibility study on the establishment of a labour market observatory (LMO). The Ministry of Labour has embraced the concept of the observatory. There are ongoing discussions among different stakeholders regarding the possible establishment of an LMO. The World Bank and UNDP have shown an interest in supporting such an observatory. The ETF will support the observatory as long it still can add value based on the support provided by the two donors.

Also as a follow-up, the Ministry of Education has taken the initiative to start a pilot project in 20 schools, introducing a tracer system for VET graduates. In 2016, the ETF has provided support to the concept development, based on its experience in Kyrgyzstan. The ETF will monitor the pilot and, if successful, provide further policy advice to the Ministry.

Expected results by 2020:

- 2.1 Expert support for the development of a labour market observatory, in synergy with other donors (WB, UNDP) and in cooperation with the “Make it match” project in Eastern Partnership Platform 2 (2015-17)
- 2.2 Expert support for implementation of a tracer study methodology on the transition from school to work and its piloting in 20 schools.

Specific objective 3: To provide advice on VET innovation and integrated regional development.

Rationale: The Ministry of Education has nominated 10 vocational schools to become centres of excellence. The centres are expected to be innovative, integrate initial, secondary and continuing VET programmes and to be a hub for methodological and teacher support of other vocational schools in their sector. The centres will have a challenging job, in particular under present legal and financial conditions

The Ministry has introduced entrepreneurial learning as a subject into VET curricula in 2013-14. The Ministry, inspired by the SBA assessment, is also interested in introducing entrepreneurship as a key competence into the curriculum. The ETF may give policy advice and capacity building on this issue from 2018 onwards.

Supported by the EC and the Joint Research Centre (JRC), Moldova has initiated discussions on the introduction of the concept of smart specialisation and smart territories. The ETF will support the Moldovan government, in cooperation with the JRC, to analyse the role of skills in this process.

The ETF will also continue to advise the Ministry of Education on VET innovation and integrated regional development, including the concept of Centres of Excellence in VET, entrepreneurial learning and smart territories approach, which is an approach to integrated territorial development that embeds human capital (VET and skills) through anticipatory and collaborative governance, and builds on territorial innovation potential.

Expected results of the provision of ETF expertise by 2020 include:

- 3.1 Expert input for the development of VET Centres of Excellence
- 3.2 Expert input on entrepreneurial learning to integrate learning outcomes from the EU Entrepreneurship Competence into the general secondary component of the curricula of vocational schools

- 3.3 Expert support to the national working group e.g. in order to reinforce capacity to embed HCD into Smart Specialisation
- 3.4 Support to local collaborative governance in Bălți e.g. foresight, visioning, entrepreneurial discovery

In addition to activities related to the specific objectives of the ETF mid-term intervention strategy 2017-20 in Moldova, the ETF will support EU external assistance and bilateral policy dialogue:

- External assistance project cycle related requests by EUD or Headquarters, in particular regarding the EU Sector Reform Contract for VET Reform in Moldova
- Annual country fiche to DG Employment
- ENP Action Plan Progress assessment for the education and skills components upon request
- Up-dates and input to AA monitoring and subcommittee upon request
- Inputs to the monitoring of the Mobility Partnership implementation upon request

In the context of the **corporate initiatives**, the ETF will continue to involve Moldova in the **Torino Process**: the system wide policy analysis and monitoring progress exercise implemented by the ETF on a periodic basis. The 2017-20 period will cover the closure of the 2016 round and the implementation of the fifth round in 2019. The specific modalities for national implementation in 2019 will be agreed according to the 2016 results and the specific development of the monitoring processes in the country. In between the two rounds, the ETF will continue its policy dialogue with all countries on policy analysis and system wide progress monitoring through VET monitoring forums at regional and international levels.

In the period 2017-20, the ETF will continue to support the Commission (DG GROW) with analysis and reporting on the country's progress on the human capital pillars of the Small Business Act for Europe (SBA). The ETF's SBA work forms an integral part of the wider EU support to the country set against an Association Agreement between the EU and the Republic of Moldova, and includes provisions for a Deep and Comprehensive Free Trade Area (DCFTA), making entrepreneurship development, and especially the entrepreneurial human capital agenda the core factor of EU-Moldova economic and social cooperation.

The SBA assessments are run bi-annually and focus on entrepreneurial learning, women's entrepreneurship and SME skills. The next assessment will take place in 2018. The entrepreneurial learning dimension will be assessed in line with the new European Entrepreneurship Competence Reference Framework⁴. Follow-up, customised support to the partner country on human capital areas will depend on the specific requests from the government, the European Commission and according to available resources.

Moldova will also participate in other regional transversal actions. Under EaP Platform 2, the **Make-it-Match network** will feed into the Youth Employment Panel from 2017 and aims at a coordinated approach to skills anticipation and matching. Furthermore, the **regional project 'Skills Connexion'** aiming to strengthen work-based learning (WBL) actions in the Eastern Partnership and Kazakhstan will finish in 2017 by providing WBL policy recommendations and developing capacities. Follow-up

⁴ Joint Research Centre, EntreComp: The Entrepreneurship Competence Framework, JRC Science for Policy Report, European Union, 2016.

actions will include a regional WBL Platform and targeted country actions to support WBL implementation in selected countries.

E. 2017 ACTION PLAN

Specific Objective 1 NQF and sector skills committees

In qualifications, the ETF's priorities in Moldova in 2017 are to consolidate the NQF in a lifelong learning structure, integrating its VET and higher education components, and achieving approval of the VNFIL concept. Therefore, the ETF will:

- Help authorities to integrate the higher education and VET components of the NQF, so that it is lifelong learning in scope; function: capacity-building of ministry staff and stakeholders; output: progress report.
- Provide content advice to the EU project to support the action plan for NQF, in particular integration of higher education and VET; function: EU support; output: progress report.
- Advise authorities on developing a VNFIL system; function: capacity-building; outputs: report. Advise authorities and sector committees on the development of an institutional setting for sector committees, function: capacity building of ministry staff and sector committees members.
- Provide content advice to sector committees about the required competences of sector committee's members. Function: capacity building sector committee members

Specific Objective 2 Skills anticipation

In the employment field the interventions are:

- Support to the establishment of the Labour Market Skills Observatory;
- Moldova will be included in an Eastern Europe regional initiative on 'mapping youth employment policies and activation measures to support efficient transition to work'. Under this initiative, a national report on the profile of youth and youth policies will be produced through national expertise, while an exchange of information and experiences on this topic with other EaP and EU countries will be ensured, mainly through the EaP youth employment panel which will be established in 2017 under the Platform 2 Work programme.
- Moldova will continue to participate in the Make-it-Match network under the EaP Platform 2 Work programme.

In the migration field, the ETF will continue to provide expertise support for the implementation of the Mobility Partnership signed with the EU upon request. Moldova will be part of the Eastern Europe Regional Conference on transparency, portability and readability of professional qualifications (including two main topics VNFIL/RPL and mutual recognition of formal qualifications), which will be organised in November 2017 for all Eastern European countries."

Specific Objective 3 Innovation and regional development

- The ETF will follow the developments of the centres of excellence and provide advice to the EU Delegation and the Ministry of Education on how the implementation of concept and strategic plans can become more effective.

The ETF Smart Territories approach will accompany the Joint Research Centre (JRC) and the Committee of the Regions (CoR) through support to the adoption of the Smart Specialisation approach. ETF support will promote participatory governance on issues of innovation and human capital development, in the context of integrated territorial development, competitiveness and social cohesion. Building on existing and already completed ETF activities in Moldova, any further actions will be designed in close coordination with Ministry of Education, JRC and the Committee of the Regions.

F. 2018 UPDATES

Short update on key country developments in the field of VET and skills and on EU and donor cooperation

With the implementation of the public administration reform and the institutional reorganisation (see below), the entry points for VET, skills development and matching are many and not coordinated which leads to a general fragmentation of actions.

The ETF, in 2018, aims at supporting the creation of synergy among different actions and the operationalisation of the new ministerial structures through better coordination.

The long-term socioeconomic development of Moldova is set in the 2020 National Development Strategy. Upon the results of the Intermediate Assessment of the Strategy and of the Public Administration Reform Strategy 2016-18, a decision has been taken and to draft a new Strategy to 2030 by December 2017 (supported by UNDP), as part of the commitments assumed under the Association Agreement and the objectives of 2030 Agenda for Sustainable Development. At the same time, the main objective of the government remains unchanged: poverty reduction through macroeconomic stability and sustainable growth.

The agreement on the IMF programme signed in November 2016 allowed the EU budget support payments to be reassumed and the first and second instalments have been released. EU Budget Support ended in July 2017 and Technical Assistance in December 2017. The monitoring of the budget support was carried out in August 2017.

At the beginning of June 2017, the Cabinet of Ministers approved a new Law on Government (the Reform Implementation Centre is in charge of its enforcement) to provide the legislative framework to implement public administration reform. With the objective of simplification, it foresees not only a clear differentiation between political and administrative duties. "The position of Deputy Minister is to be excluded and the administrative duties in terms of ministries' work will be ensured by the State Secretaries, who will also fulfil the interim duties of minister, if needed" (Ministry of Education press release, 08 June 2017).

In terms of institutional change: public administration reform and ministerial reorganisation is almost complete. The ministries have been reduced from 16 to 9, through various mergers.

The former Ministry of Education is now Ministry of Education, Culture and Research. The Ministry of Labour was merged with the Ministry of Health and now it is Ministry of Labour, Social Protection and Health. The National Employment Service is under reorganisation and will absorb the new labour market observatory function, with a consequent need for capacity building.

The function of Deputy Ministers will disappear and be covered by State Secretaries. Parliamentary elections will be held in November 2018.

The new structure of the Ministry of Education, Culture and Research includes four Departments. Education is divided into two departments: 1. Higher education and research (20 staff); 2. General education (15), VET (7), NQF (5), LLL (4).

Staff is currently being selected for a reduction of 50% (100 in total), but salaries are intended to be doubled. The selection of staff is to be concluded by November 2017.

The VET Agency (the current CRDIP) as the implementing body of VET policy is under development. The Director has been appointed, Mr Vitalj Belyj, former Deputy Director of the CoE on Arts, who will launch the competition for staff in the next months.

In June, the Cabinet of Ministers also approved a new investment (MLD 7 billion) for the implementation of an action plan for the National Strategy of Regional Development to 2020, which aims at ensuring access to quality services and public utilities, sustainable economic growth in regions and improved governance in the regional development sector.

A new National Employment Strategy to 2020 was adopted in March 2017 with the work plan aimed at improving labour market prospects and further development of human capital. Moldova is also adjusting the regulatory framework for Small and Medium Enterprises (SMEs) with a stronger focus on female entrepreneurship and the green economy.

In May 2017, a labour market laboratory on youth skills was established with UNDP support coordinated by the Demographic Department of the Economic Research Institution under the Academy of Sciences. The laboratory has the function of data collection and analysis for policy papers, as well as innovation for youth skills development.

Donor cooperation:

- **EU** is planning a twinning project on VET for the period 2019-21;
- The WB is in the negotiating process with the Government of Moldova of a loan of USD 30 million for labour market development (already agreed with the Ministry of Finance). It will include also the development of LMIS and LM observatory, to anticipate labour demand in three areas: 1. Support institutional capacity building, staff training, statistical capacity development, capacity for implementing labour force surveys, tracer studies - Necessary to cover not only technical but also analytical capacity; 2. Support LM preparation materials for end users (students and job seekers): analytical info graphics, on line portal, etc. 3. Support LM intermediaries, national employment service, schools etc. for career guidance;
- **GIZ** is also in a planning phase , probably continuing the VET dual system in agriculture;
- **LED** has a new structure with a division between policy development and policy implementation (AED). In June 2018 the VET project will finish, and discussions have started as to how to continue with a more donor coordinated approach. The main challenges identified in the areas on intervention of LED are:
 - Teacher training, where there is a big gap between policy documents and practice. One of main LED activities is strengthening local capacity to organise teacher training at a quality level, but very difficult;
 - Training of VET staff to deal with fragile students and violence cases. Need to work on social/core skills which is an area neglected until now, but it is crucial in particular in VET institutes, where there are several behavioural problems leading to cases of violence, which contribute to decreasing the image of VET schools. VET schools complain about having too many weak students. The creation of student councils could help;
 - VET institute financial autonomy;
 - Quality of VET also linked to assessment methods and the lack of a national approach;
 - Need to have in place a national tracer study system. First pilot done in cooperation with the ETF;
 - Entrepreneurship: to build teachers and curricula in this area.

- **ADA** Austrian Development Agency has been working for 11 years in the country with a VET priority of equal opportunity and LM development in line with the areas addressed in the National Development Policy. Dual VET is a priority area for ADA in the following areas of intervention together with KultureKontakt: ICT, finance, professional orientation/career guidance, agriculture, construction, and sanitation. A new ADA country strategy is to be finalised by March 2018;
- **UNDP**: providing support to the preparation of the new National Development Strategy to 2030. The planning phase for skills development; the support to the Youth Skills Laboratory (EUR 100,000) (see above) is coming to an end.

Assessment of the progress towards achievement of ETF mid-term objectives and results with horizon 2020

The NQF is a critical element of the EU-Moldova Association Agreement as it provides a framework for quality-assured qualifications and a tool for recognising all types and levels of learning. It is key to improve the permeability of the education and training system, links between VET, including also the validation and recognition of skills and qualifications of different target groups (i.e. jobseekers, returning migrants, etc.). The NQF is under development by the Ministry of Education in collaboration with relevant ministries, sector committees, technical vocational educational institutions, businesses and other social partners with approval from the government. Sector committees and working groups have contributed to the development of 33 occupational standards and 43 qualifications (out of 200) so far. MLD 300 thousand is foreseen for occupational standards in the mid-term budget plan to be approved by the Ministry of Finance by end 2017, referred to the State Budget 2018. The ETF is currently supporting an NQF revision process to align it with the European Qualifications Framework (EQF) and the Qualifications Frameworks of the European Higher Education Area (QF-EHEA) while also converting it into a more effective reform tool. A critical issue identified during the ETF workshop in March 2017 is related to the finalisation (and adoption) of the legal framework for a comprehensive NQF implementation and for establishing the necessary institutional arrangements. These are two fundamental pieces for moving forward with NQF in Moldova. Work is also underway on a concept paper for the validation of non-formal and informal learning.

A new National Employment Strategy to 2020 has been approved in March 2017. The leading role in its implementation has been attributed to the National Employment Agency (ANOFM) and all main actors of the sector are involved in the implementation. One of its main priorities is the establishment of an effective system of vocational education for further human resources and skills development and alignment of curricula with labour market requirements. In this respect the Sector Committees can play an important role and the approval of the Law for their legal status is crucial. The Law has been approved by the Government in July 2017 and it is expected to be approved by the Parliament by December 2017. Finance support is planned for 2018-2019-2020 to cover operational costs (MLD 200 thousand per year), but for funding the activities' each sector Committee has to apply with a project proposal. Sector Committees are established in the following sectors: Construction; Agriculture and food industry; Transport and road infrastructure; Information Technologies; Non-food industry; Trade; Energy. Their role is to contribute to the development of occupational standards at all stages and ETF is supporting the enhancement of their performance in terms of members' capacity building.

The development of the human capital by promoting entrepreneurial skills and culture is one of the priority directions of the development strategy of the SME Development Strategy to 2020. Entrepreneurship education is a compulsory subject in all training programmes and educational plans in both in vocational schools and colleges. The duration of the Basics of Entrepreneurship course in VET institutions is of 120 hours (96 hours theory/practice and 24 hours consultations). In addition, the National Employment Agency organises training courses in management (basics of entrepreneurship) for unemployed with post-secondary/higher vocational education. Moldova also harmonises the

regulatory framework in the field of small and medium enterprises to the principles of the Small Business Act (SBA). In June 2015, the Action Plan 2015-17 of the "SME Development Strategy 2012-20" was supplemented with two new priorities: "Developing women's entrepreneurship in the Republic of Moldova" to promote and encourage women to launch businesses and "Green Economy Development for Small and Medium Enterprises" in view of promoting sustainable development. A new SBA assessment is foreseen in 2018.

The ETF mid-term intervention strategy 2017-20 is therefore confirmed. Specific objectives and expected results remain unchanged. The ETF strategy is oriented towards improving the link between labour market requirements and supply from the vocational education system in its widest dimension. Given the completion of the EU support to VET at the end of 2017, the ETF aims to support the sustainability of the results of the EU interventions closely following the developments of the main elements of the VET reform progress. Due to the new ministerial structure, there may be an increased need for capacity development support.

In particular, the support to the Centres of Excellence for their further development is seen as a crucial point for the success of the VET reform, mainly in terms of the provision of quality vocational education, qualifications and LLL.

The only conditionality is related to the support to Sector Committees, which depends on the approval of the Law on Sector Committees.

2018 Action Plan

In 2018 the ETF can have a strategic role in the country, as the main donors in the field are in a programming phase. As mentioned above, both the EU and WB will start new activities beginning in 2019. The ETF can focus on the follow up of the VET reform achievements through policy advice and capacity building of the new staff in order to boost the effectiveness of future programmes.

The reorganisation and the selection of the new staff should be finalised by November 2017.

Specific Objective 1 NQF and sector skills committees

In qualifications, the ETF's priorities in Moldova in 2018 are to consolidate the NQF in a lifelong learning structure, integrating its VET and higher education components, and advance development of the VNFIL system. Therefore, the ETF will:

- Support authorities in progressing towards a comprehensive NQF, integrating higher education and VET sub-sectors, so that it is lifelong learning in scope; function: technical advice and capacity-building of ministry staff and stakeholders; output: report detailing institutional arrangements and technical aspects for LLL NQF.
- Advise authorities on developing VNFIL mechanisms. function: capacity-building; output: report assessing VNFIL arrangements, with recommendations.
- Strengthen the performance of sector committees on the tasks described in the law for sector committees in Moldova. In particular focussing on the tasks related to conducting research on the labour market and collaborating with other stakeholders to identify trends in the sector, labour needs, skills requirements in order to provide information on the development of the necessary skills in the educational system. As mentioned above a conditionality for this action is that the Law on sector committees is adopted by the parliament.

Specific Objective 2 Skills anticipation

ETF interventions foreseen in 2018 are:

- Methodological support for the analysis of the results of the second round of the tracer study that is to be implemented at national level; and support to the start-up phase of the labour market observatory function as a bridging activity for the forthcoming World Bank project. Support to the national labour market Observatory, notably in planning the action plan for its appropriate institutional setting and analytical capacity, and reinforcing the methodological basis;
- Provide content advice to sector committees in order to improve the connection between vocational education and labour market;
- In the migration field, the ETF will continue to provide expertise support for the implementation of the Mobility Partnership signed with the EU upon request. Moldova is part of the Eastern Europe Regional Conference on transparency, portability and readability of professional qualifications (including two main topics VNFIL/RPL and mutual recognition of formal qualifications), which will be organised in November 2017 for all Eastern European countries.

Specific Objective 3: Innovation and regional development

The ETF will follow the development of the main key elements of the VET reform progress and in particular the developments of the Centres of Excellence and of the WBL pilot, and provide advice to the EU Delegation and the Ministry of Education on how the implementation of concept and strategic plans can become more effective.

In addition to activities related to the specific objectives of the ETF mid-term intervention strategy, the ETF provides **support to the EC and EU Delegations and implements regular transversal and regional activities** :

- **EU support:** Upon requests from the European Commission or the EU Delegation, the ETF will provide support to:
 - the ENI programming and project cycle;
 - EU–Moldova bilateral policy dialogue:
 - Support to the monitoring of the Association Agreements through inputs to the relevant sub-committee meetings and Cluster matrixes;
 - Delivery of annual country fiches to DG Employment;
 - Follow-up of Mobility Partnership.

The ETF will continue its support to **evidence-based policy analysis** and system-wide progress monitoring. All countries will be invited in early 2018 to kick off preparations for the fifth round of the **Torino Process**, with the scope of agreeing on terms of implementation by end of 2018. The preparation phase will involve countries primarily through online consultations and capacity building activities involving appointed national coordinators and key working group members. All countries will be invited to join the kick-off meeting which will take place in Q4 of 2018 in Turin. Countries aiming at implementing the Torino process at sub-national level too will be offered specific support in 2018 in view of preparing regions and cities for the analysis. A new national data collection exercise aimed at acquiring more in depth data, mapping gaps, mapping sources and recurrence of data collection in the area of VET and Skills will be launched in 2018.

Also as part of evidence-based policy analysis in the second half of 2018, a next round of **SBA assessments** will kick off with national launch meetings followed by country-based assessments in 2019.

Moldova will also participate in other regional transversal actions. The ETF will continue to support the **Make-it-Match** network to strengthen the coordinated approach to skills anticipation and matching. Furthermore, the follow-up action to the regional '**Skills Connexion**' project to strengthen work-based learning (WBL) in the Eastern Partnership and Kazakhstan will focus on capacity building through a modular blended learning course on WBL and a regional WBL Platform.