



POLICIES FOR HUMAN CAPITAL DEVELOPMENT REPUBLIC OF MOLDOVA

AN ETF **TORINO PROCESS**
ASSESSMENT

Disclaimer

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PREAMBLE

The ETF assessment provides an external, forward-looking analysis of Moldova's human capital development (HCD) issues and vocational education and training (VET) policy responses from a lifelong learning perspective. It identifies challenges relating to education and training policy and practice that hinder the development and use of human capital. It takes stock of these challenges and puts forward recommendations on possible solutions to address them.

These assessments are a key deliverable of the Torino Process, an initiative launched by the ETF in 2010 aimed at providing a periodic review of VET systems in the wider context of HCD and inclusive economic growth. In providing a high-quality assessment of VET policy from a lifelong learning perspective, the process builds on four key principles: ownership, participation, a holistic approach, and evidence-based analysis.

For the ETF, HCD is the provision of support to countries for the creation of lifelong learning systems that provide opportunities and incentives for people to develop their skills, competences, knowledge and attitudes throughout their lives for the purpose of employment and the realisation of their potential, and as a contribution to prosperous, innovative and inclusive societies.

The objective of the assessments is to provide a reliable source of information for planning and monitoring national education and training policies for HCD, as well as for programming and policy dialogue in support of these policies by the EU and other donors.

The ETF assessments rely on evidence from the countries collected through a standardised reporting template (National Reporting Framework – NRF) through a participatory process involving a wide variety of actors with a high degree of ownership by the country. The findings and recommendations of the ETF assessment have been shared and discussed with national authorities and beneficiaries.

The assessment report starts with a brief description of the country's strategic plans and national policy priorities (Chapter 1). It then presents an overview of issues relating to the development and use of human capital in the country (Chapter 2), before moving on to an in-depth discussion of problems in this area, which, in the view of the ETF, require immediate attention (Chapter 3). Chapter 4 provides the overall conclusions of the analysis.

The annexes provide additional information: a summary of the recommendations in the report (Annex 1) and an overview of the education and training system of the country (Annex 2).

The ETF would like to thank to all members of the Torino Process working group in Moldova who worked on the preparation of the Torino Process national report. Particular thanks go to the Ministry of Education, Culture and Research, which provided valuable support throughout the process. The national Torino Process report compiled by the country itself can be found here:

<https://openspace.etf.europa.eu/trp/torino-process-2018-2020-moldova-national-report>.

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EXECUTIVE SUMMARY

Context

The ETF Torino Process assessment provides an external, forward-looking analysis of the country's human capital development (HCD) issues and VET policy responses from a lifelong learning perspective. It is based on evidence provided in the Moldova Torino Process report compiled in 2019 using a standardised questionnaire (National Reporting Framework – NRF) and additional information sources, where relevant.

The assessment process included an extensive phase of desk research on the basis of responses to the NRF, and the preparation of an issues paper with an overview of themes to be discussed in the current report, which were then finalised in consultation with the country and thematic teams responsible for Moldova at the ETF.

At the time of this assessment, the policy activities across the public sector in Moldova were guided by the strategic framework the National Development Strategy (NDS) 2020. The NDS was adopted in 2012 and aligned with the EU financial cycle 2014–2020 for the technical purpose of benefiting from EU support, and the strategic goal of 'changing the paradigm of economic development' from one based on a model of growth relying on remittances and consumption, to one built on attracting investment and developing export-oriented industries¹.

To that end, the strategy defines eight priorities for addressing the most pressing problems. The first concerns the development of human capital in terms of aligning the education system to the requirements of the labour market in order to enhance labour productivity and increase employment.

In the area of HCD through VET, the medium- and long-term objectives include restructuring and optimising the VET system, increasing the relevance of VET provision, establishing a national quality assurance agency, enhancing the efficiency and quality of VET, and making VET more attractive and affordable, as well as providing quality-assured qualifications and tools for the recognition of diplomas and the validation of non-formal and informal learning, which would support mobility within Europe.

Summary of findings on human capital

A brief analysis of economic and labour market developments in Moldova points to the following issues relating to the use of human capital in the country.

Resource limitations put human capital development at risk

Public spending on VET as the declared key segment of HCD in Moldova has been rather high over the years. However, some of the evidence in the national report and from external sources indicates that there are problems with the efficiency of resource allocation and the effectiveness of investment in VET, which, in turn, prevents VET from meeting stakeholder expectations.

However, behind these high levels of public expenditure there is a pattern of resource allocation that may be preventing VET from unlocking the full potential of its providers to contribute to the HCD agenda of the country. The first source of concern is the low level of capital investment, which in VET

¹ NDS 2020, p.5ff.

is usually earmarked for significant and costly expenditure items such as equipment. An additional efficiency challenge in this respect is that unlike general education providers, which have operated on the basis of per-capita funding since 2013, VET institutions are funded on the basis of an incremental budgeting method, which is known to promote inefficiencies in the administration and use of financial resources in VET. The inefficiencies in resource allocation may have various consequences, one of which is that spending on VET is not as effective as it could and should be.

Skills shortages impede economic growth and prosperity

A skills shortage is a labour market situation in which employers are unable to recruit staff with the required skills at the usual level of pay and working conditions, either because there is an inadequate supply of workers in high-demand occupations or because the workers available do not have the skills required by these occupations.

According to information from the National Employment Agency, skills shortages are a serious impediment for businesses in Moldova, in particular the lack of occupation-specific skills and foreign language skills, as well as the low level of motivation and poor work ethic of prospective and current employees. The lack of occupation-specific (hard) skills is just one indication of possible gaps in the formal education and training of prospective employees. Another is the apparent failure to equip such individuals with a minimum set of soft skills, such as critical thinking, adaptability, problem solving and willingness to learn, which are obviously in high demand from employers.

Human capital shortcomings hamper digital competitiveness

Eastern Europe is on the rise as a hub of tech and information and communication technology (ICT) start-ups and as an attractive target for venture capital investment in ICT and digital technology development. Many of the companies that are considered to be leading this field are in the region², as, too, are the majority of the countries with the fastest growth in the number of professional software developers.

Although it still falls short of being listed among the top ten countries in terms of the availability and growth of ICT skills (see, for instance, Figure 6), Moldova is already seen as the next key destination for digital outsourcing. The national report, too, describes Moldova as a country with an optimal electronic communications infrastructure and favourable ICT business environment. The report also confirms that the ICT sector is rapidly gaining in significance for the national economy and its competitiveness because of the value and jobs it creates, and because it is a magnet for foreign investment.

However, there are also considerable human capital shortages that hamper the capacity of Moldova to launch new ICT start-ups. The reasons for the bottleneck are manifold and include emigration, lack of investment in the training of ICT specialists, and the limited digital competence of the teaching workforce.

Assessment of key issues and policy responses

The ETF assessment discusses two further problems relating to human capital in Moldova, namely the depletion of human capital as a result of migration and the exclusion of young people from

² See, for example, <https://www.softwaredevelopmentcompany.co/software-development-companies-eastern-europe/>. Further in the document ICT and IT may be used interchangeably.

employment and educational opportunities. These challenges are assessed in greater detail because, in the view of the ETF, they require immediate attention as major impediments to Moldova's strategic priorities of more and better employment and productivity, and the removal of all human-capital-related constraints on growth. Both of these two problems have both been addressed through a wide range of rather complex policy responses that rely on education and training, but both also seem to neglect the youth segment of the population they target.

Moreover, the two problems are interconnected, so that progress with one, for instance greater participation of young people in education and employment, will also indicate progress with the other, that is, the prevention of human capital depletion as a result of migration.

Depletion of human capital as a result of migration

The economy of Moldova has been expanding at a steady rate of over 4% in recent years. However, the declared goal of the government to sustain economic growth and create better living conditions for all citizens has remained at risk owing to a number of domestic and international constraints, including low immigration and high emigration. The national report underlines that migration is a major challenge for the country.

Many of the policy responses to Moldova's migration challenge are implemented with the help of projects funded within the framework of the EU–Moldova Mobility Partnership. Some of these measures aim to create decent living and working conditions as a way of stemming the exodus of people who are highly qualified or who are simply escaping from poverty. Another group of measures treats migration as an opportunity and seeks to capitalise on the potential and resources of Moldovans who are already abroad but may wish to return. Both types of measures are already delivering results, and some rely on education and training, but there is also scope for improvement.

For instance, the ETF assessment found no evidence of proactive policies supporting circular migration. Instead, the authorities give strong preference to reactive, remedial actions in the post-migration phase, while measures addressing the time before people leave are rather limited. Another gap is the underutilisation of HCD as a policy priority: education and training are seldom included in the package of policy responses to support migrants, despite the proven potential of such policies in supporting reintegration and thus preventing the wastage of human capital. Finally, all activities targeting migration depend heavily on donor support. This poses a risk to the sustainability of achievements and creates coordination problems both between donors, and between donors and national authorities.

Exclusion of young people from opportunities for employment and education

The assessment establishes that there are two major employment-related problems that affect young people in Moldova – inactivity and unemployment – and that education and training play a role in creating and sustaining both of these problems. Judging by the national report and the background materials to which it refers, policy-makers in Moldova are well aware of both problems.

In terms of more specific actions to tackle labour market exclusion, the national report describes several major steps undertaken in the few years preceding this ETF assessment, including the Start for Young People: A Sustainable Home at Home programme, the Promotion of Labour and

Unemployment Insurance, and job creation through youth entrepreneurship³. A small number of significant measures along these lines are directed towards education and training providers with the aim of ensuring early support for the successful transition of students to employment. The two most prominent measures at provider level are work-based learning (WBL) and career guidance/counselling. As to policy measures promoting participation in education and training, most promote first-time access to education and training programmes, while policies that support student retention and graduation are rare.

Both groups of policies – those supporting participation in employment and those promoting participation in education and training – have strengths, but the ETF assessment establishes that there are also some gaps. For instance, the measures promoting labour market participation through training do not have a focus on young people. They are designed for the general population irrespective of age, which limits their outreach among young unemployed and inactive individuals. The diversity of this population segment is not really taken into consideration, so the main determinants of exclusion, such as socioeconomic background and place of residence, are not addressed and there is a considerable deficit in the involvement of employers.

Recommendations for action

R.1 Improve the financial sustainability of HCD policies targeting migration

The ETF recommends improving the financial sustainability of HCD policies concerning migration by mobilising the network of public providers of VET.

Migration-related projects in Moldova traditionally depend on external financial support. However, without alternative, domestically owned schemes and sources of funding, the sustainability of their achievements is at risk. As far as education and training are concerned, the ETF recommends optimising the cost of interventions that involve HCD by making better use of the existing network of public VET providers.

R.2 Prioritise the development of circular migration schemes with a focus on validation

The ETF recommends stepping up the creation of conditions for circular migration, notably by opening opportunities for cross-border education and through the mutual recognition of professional qualifications and educational credentials.

Research shows that the right policy conditions are a prerequisite for functioning circular migration schemes. In the area of HCD, these include the establishment of mechanisms for the mutual recognition of qualifications and other educational credentials, and the promotion of cross-border educational mobility. To that end, Moldova has already entered bilateral agreements with a number of host countries. The ETF recommends expanding the practice of concluding such agreements and prioritising education and training as key elements within them.

³ National Employment Strategy 2017–2021 and NRF C.3.3.

R.3 Mobilise education and training more extensively and effectively, while improving employment conditions at home

The ETF recommends integrating HCD as a priority in actions targeting all phases of migration, and, in parallel, working on setting standards for decent employment across the economy.

Reinforcing the skills development dimension could be a gradual process that leads to the development and updating of curricula for training courses driven by the needs of beneficiaries, to the provision of programmes for both beginners and more advanced participants, and to improved access to such training as an integral part of migration policy.

Furthermore, the ETF had already suggested in 2015 that the role of education and training be extended to the pre-migration phase through seminars and courses delivered by Moldovan state institutions. These actions must be implemented in parallel, through a joint effort with employers, to establish minimum standards of decent employment across sectors of the economy.

R.4 Improve coordination among donors, implementing institutions and stakeholders

Consideration should be given to organising or pooling together the numerous externally supported projects into a limited number of high-priority, complementary strands of strategic action under the leadership of a state body or a group of state bodies.

The ETF recommends that the authorities agree on a number of priority areas for strategic action with respect to migration policy and agree on the areas to which each project may be contributing.

R.5 Improve quality and provide support for the retention and graduation of students

The ETF recommends complementing the existing actions that promote access to education and training opportunities with a package of measures that support students to stay in education by preventing early leaving and promoting continuation beyond lower secondary education and into VET.

The ETF assessment finds that most policy measures are promoting first-time access to education and training programmes, but that very few measures support student retention and graduation, both of which are a challenge in the Moldovan context. The ETF recommends a more balanced approach in the next strategic cycle, which should cover all points at which young people may be at risk of exclusion from education and training, and supplement existing measures with efforts to raise the quality and attractiveness of options available through VET.

R.6 Introduce more youth-friendly services and training offers in support of labour market participation

The ETF recommends adjusting policy and project planning in support of labour market participation so that it routinely includes services and training offers that are more user-friendly and appealing for young people, thus making the focus on youth an integral part of Moldova's mainstream labour market policy.

The ETF recommends adjusting the services and training offers so that they become more user-friendly and appealing for young people, while still remaining an integral part of the mainstream labour market policy of the country. This can provide a good basis for outreach, especially to vulnerable young people who have not previously benefited from opportunities and support in this area.

R.7 Diversify the policy measures so that they target the main determinants of youth exclusion from education and employment, and focus on the needs of inactive youth

The ETF recommends diversifying programmes that support the inclusion of young people in education and employment so that they are more in line with the needs of specific, high-priority groups of young people at risk and address the main determinants of exclusion of these groups.

There seems to be an acute need for actions that are tailored specifically to the needs of inactive young people, those in rural areas, those with low levels of educational attainment, those taking care of family members (e.g. young mothers), and those from vulnerable socioeconomic backgrounds.

Measures to reach out to these groups of young people and to activate them should go hand in hand with the creation of opportunities for decent jobs and the provision of training to prepare prospective candidates for these jobs. Actions in this respect could commence with the identification of particular economic strengths in rural regions, the inclusion of stakeholders in this identification process, and the mobilisation of these strengths through a discussion of local business opportunities and entrepreneurship activities (smart specialisation).

R.8 Reinforce capacity-building measures for staff in institutions of importance for employment and youth policies

The ETF recommends considering ways of providing more and better capacity building for staff in institutions of importance for employment and youth policies and designing a system of incentives for staff to participate in capacity building and professional training.

In doing so, Moldova will be following and mainstreaming the experience and ongoing efforts of the donor community, which has already prioritised this area of intervention and is investing in capacity building in the civil service and the education and training system⁴.

⁴ NRF A.3.5, Table 10.

1. INTRODUCTION

1.1 About this assessment

This ETF assessment was prepared in 2019 on behalf of the national authorities in Moldova with the help of a standardised framework questionnaire for national reporting (National Reporting Framework – NRF). The assessment summarises the main challenges for the development and use of human capital in the country and discusses how education, in particular VET, and labour market policies can contribute to their resolution.

This ETF assessment comes at an important time, as the country prepares for the next Eastern Partnership (EaP) multiannual programme. Launched in 2009 as a joint policy initiative, EaP aims to deepen and strengthen relations between the EU, its Member States and its six eastern neighbours: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. In May 2020 all six EaP countries and the EU will launch the third phase of the initiative and agree on an ambitious new work plan, revising the 20 Deliverables for 2020. It will aim to bring tangible benefits to the lives of citizens across the region. In this context, cooperation between the EU and its six eastern partner countries will focus on working towards stronger economies, stronger governance, stronger connectivity and stronger societies.

The assessment process included an extensive phase of desk research on the basis of responses to the NRF, and the preparation of an issues paper with an overview of themes to be discussed in the current report, which were then finalised in consultation with the country and thematic teams responsible for Moldova at the ETF. An advanced draft of the ETF assessment was circulated to national stakeholders and international partners and was discussed at a consultation meeting in Chisinau on 5 November 2019 to verify the findings and recommendations.

Like other ETF assessments, this paper is not intended to be exhaustive. The national Torino Process report for Moldova covers a broad range of problems around human capital development and use, while the focus here is on challenges that the ETF recommends should be addressed as a matter of priority.

1.2 Country overview

Moldova is a lower-middle income country in Eastern Europe that is bordered by Romania to the west and south-west and Ukraine to the north, south and east. In 2018 its population was estimated at 3.5 million, although other calculations that take into consideration the effect of emigration put that number at 2.7 million⁵. Emigration rates are comparatively high, with an estimated annual average outflow of 3 300 people and a total of 25% of the population living abroad at the time of this ETF assessment⁶. In 2017 remittances accounted for about a fifth of national gross domestic product (GDP). The effects of emigration are further reinforced by demographic ageing and low birth rates.

Moldova is a parliamentary republic with a president as head of state and a prime minister as head of government. The country is member of the United Nations, the Council of Europe, Partnership for

⁵ Data from the ETF database and the database of the National Bureau of Statistics.

⁶ NRF A.1.1.

Peace, the World Trade Organisation, and other international organisations. According to its national report, it aspires to join the EU, and in 2014 the country signed an EU Association Agreement.

TABLE 1. SELECTED COUNTRY CONTEXT INDICATORS

Indicator	2015	2016	2017	2018
GDP per capita, PPP (current international \$)	6 083	6 424	6 859	7 301
GDP, real growth rate (%)	-0.3	4.4	4.7	4.0
Foreign direct investment, net inflows (% of GDP)	2.8	1.2	1.7	2.1
Population	3 555 159	3 553 056	3 550 852	3 547 539
Youth population (15 - 24), in % of the population in working age	17.3	16.3	15.5	14.8
Unemployment rate (in % of those aged 15-64)	4.9	4.2	4.1	3.0
Activity rate (in % of those aged 20 - 64)	42.4	42.6	42.2	43.3
Enrolment in VET, in % of total upper secondary enrolment (ISCED 3)	43.4	45.7	48.7	46.6
Share of youth (15-24) not in employment, education or training (%)	21.1	19.7	20.2	17.3

Source: ETF database.

Moldova's economy is largely service-oriented, though agriculture and manufacturing industries still contribute over a third of its GDP (2018). The main economic activities are manufacturing (food products make up 37%), trade, agriculture, construction, transportation, ICT and services. The capital, Chisinau, generates more than half of national GDP, while the majority of the population (66%) lives in rural areas. Disparities in economic development between urban and rural areas and between regions are common and considerable⁷. Although the economy has grown by 4.3% and GDP per capita by 17% since 2015⁸, the level of rural poverty is four times higher than in urban areas and the gap between urban and rural income doubled between 2010 and 2015 (UNDP, 2017).

1.3 Strategic context

At the time of this assessment, the policy activities in all public sectors in Moldova were guided by the NDS 2020. The NDS was adopted in 2012 and aligned with the EU financial cycle 2014–2020 for the technical purpose of benefiting from EU support, and the strategic goal of 'changing the paradigm of economic development' from a model of growth that relies on remittances and consumption to one that is built on attracting investment and developing export-oriented industries⁹.

To that end, the strategy defines eight priorities to address the most pressing problems. The first concerns the development of human capital in terms of aligning the education system to the requirements of the labour market to enhance labour productivity and increase employment. The strategic purpose is to remove all human-capital-related constraints on economic growth, constraints

⁷ NRF A.1.1.

⁸ Calculated based on data in current USD adjusted for purchasing power parity. Source: ETF database.

⁹ NDS 2020, p.5ff.

that emerge when the education and training system fails to meet the requirements of the labour market and the potential of the labour force is not fully explored and mobilised (Lupusor et al., 2017).

Following the approval of the NDS, the Ministry of Education followed up at sector level and developed two comprehensive documents that set the policy priorities and actions in support of the NDS in the area of education and training. These are the Strategy for the Development of Technical Vocational Education 2013–2020, and the Education Development Strategy 2014–2020, Education 2020. In 2014 Moldova also adopted a new Education Code to create the regulatory basis for the reforms to come.

In the area of VET, the medium- and long-term objectives include restructuring and optimising the VET system, increasing the relevance of VET provision, establishing a national quality assurance agency, enhancing the efficiency and quality of VET, making VET more attractive and affordable, and providing quality-assured qualifications and tools for the recognition of diplomas and the validation of non-formal and informal learning to support mobility in Europe¹⁰.

Initially, the implementation of the NDS was supplemented by annual action plans which also included education and training, but their significance has diminished since the full ratification of the Association Agreement between the EU and Moldova in 2016, which came with its own National Action Plan for implementation. Currently the two strategic frameworks coexist side by side and the next iteration of the NDS – Moldova 2030 – embeds the agenda for 2030 and the EU Association Agenda in one set of goals for the development of a sustainable and inclusive economy that offers decent working conditions, decent income, and low levels of economic inequality and informal employment¹¹.

¹⁰ Strategy for the Development of Technical Vocational Education 2013–2020 (Government Decision No. 97 of 1 February 2013) and NRF A.2.4.

¹¹ NRF A.2.4.

2. HUMAN CAPITAL: DEVELOPMENTS AND CHALLENGES

2.1 Overview and key data

As previously mentioned, human capital is an aggregate of the knowledge, skills, talents and abilities of individuals that they can use for economic, social and personal benefit. The value of human capital depends on how well it is being developed, and the extent to which it is then available and used.

Table 2 presents a selection of HCD indicators, providing a basic overview of how Moldova is performing in this respect.

The country is confronted with a considerable demographic disadvantage as a result of the ageing population and emigration. At the same time, projections suggest that the problem will have a limited impact on the demographic structure of the population of working age over the coming years (Table 2, Indicator 1). However, this also means that the population-related challenges relating to human capital that the country was facing at the time of this assessment, such as workforce depletion, are likely to persist in future years.

Table 2 also shows that young people of school age spend almost four years longer in formal education than the time they are actually learning (Indicators 2 and 4), which points to problems with the effectiveness of teaching and learning. Nevertheless, Moldova ranks in the upper half of the Global Innovation and Digital Readiness indices of the World Economic Forum (WEF) (Indicators 6 and 8), which suggests that the workforce and its HCD circumstances have a potential that can be developed and leveraged to the benefit of all. At the same time, there is a considerable degree of wastage in this area. A fifth of the higher education graduates in Moldova – who are also those with the longest and thus most costly educational careers – work in occupations that are not related to the education in which the state has been investing (Indicator 9).

TABLE 2. SELECTED INDICATORS OF HUMAN CAPITAL

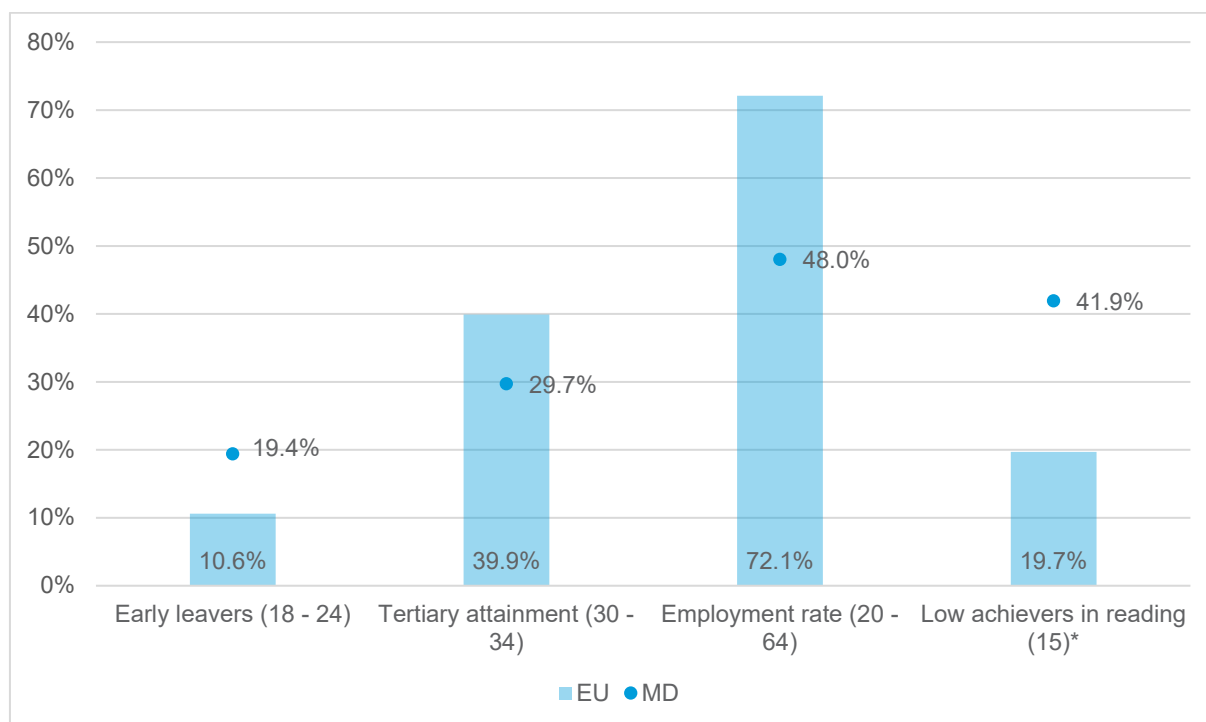
	Year	Value
(1) Population structure (% of total)		
0 - 24	2015	29.9%
25 - 64	2015	60.2%
65+	2015	9.9%
0 - 24	2025*	25.3%
25 - 64	2025*	59.8%
65+	2025*	14.9%
(2) Average years of schooling	2017	11.6
(3) Expected years of schooling	2017	11.6
(4) Learning-adjusted years of schooling	2017	8.2
(5) Adult literacy	2015	99.4%
(6) Global Innovation Index Rank (x/126)	2018	48
(7) Global Competitiveness Index Rank (x/137)	2017 - 18	88
(8) Digital Readiness Index Rank (x/118)	2018	49
(9) Occupational mismatch		
% of upper-secondary graduates working in low-skilled jobs (ISCO 9)	2016	14.0%
% of tertiary graduates working in semi-skilled jobs (ISCO 4-9)	2016	21.8%

* Projection.

Sources: (1) UN Population Division, World Population Prospects, 2017 revision; (2) UNESCO, UIS database; (3) and (4) World Bank (2018), Human Capital Index; (5) UNESCO, UIS database; (6) WEF, Global Innovation Index, 2018; (7) WEF, Global Competitiveness Index 4.0, 2018; (8) Cisco, Country Digital Readiness, 2018; (9) ETF, skills mismatch measurement in the ETF partner countries.

The EU benchmarks complement this picture with additional detail (Figure 1). They show that the share of people with tertiary education attainment is still low by international comparison, perhaps because close to a fifth of students leave school early, twice the EU average. Those young people who remain in formal education and training will struggle with the low quality of education they receive, and over 40% of them will be classified as low achievers by the end of their compulsory schooling.

FIGURE 1. EU BENCHMARKS IN EDUCATION AND TRAINING (%)



Note: *Year of reference 2015.

Source: ETF database.

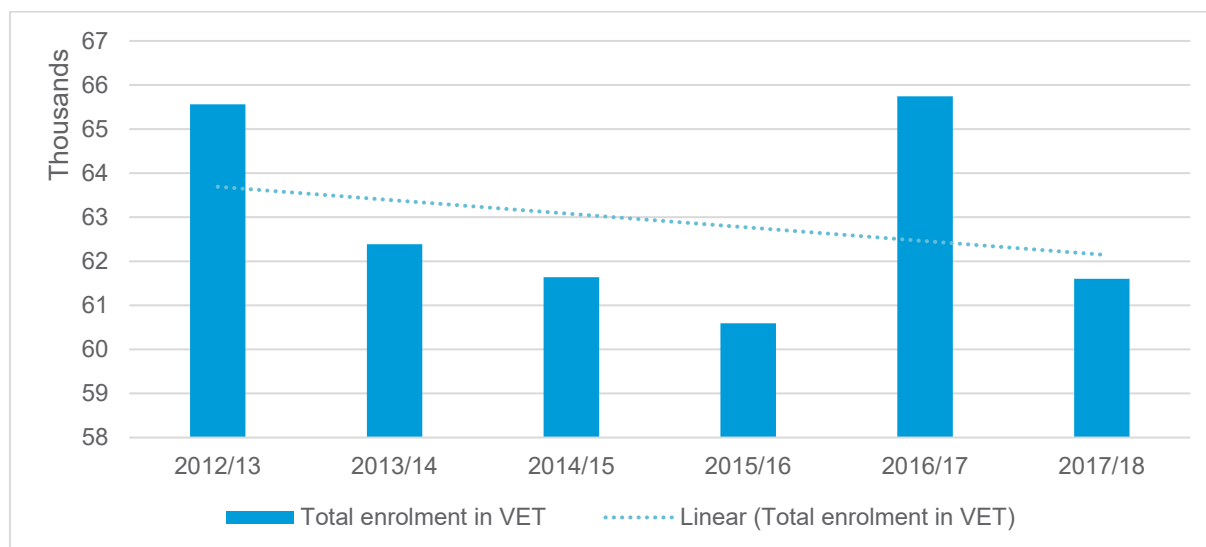
2.2 Resource limitations put human capital development at risk

Public spending on VET as the declared key segment of HCD in Moldova has been rather high over recent years. However, some of the evidence in the national report and from external sources indicates that there are problems with the efficiency of resource allocation and the effectiveness of investment in VET, which, in turn, prevents VET from meeting stakeholder expectations.

Despite stagnating – and in some years shrinking – student demand for VET (Figure 2), spending on VET in Moldova has remained quite steady. The payrolls of public education providers are relatively stable in terms of staff numbers, and per-student expenditure has been on the increase for years now (Figure 3), making VET the costliest segment of the national education and training system. The latest increase took place in the school year 2017/18 as a result of a rise in spending on wages and scholarships¹².

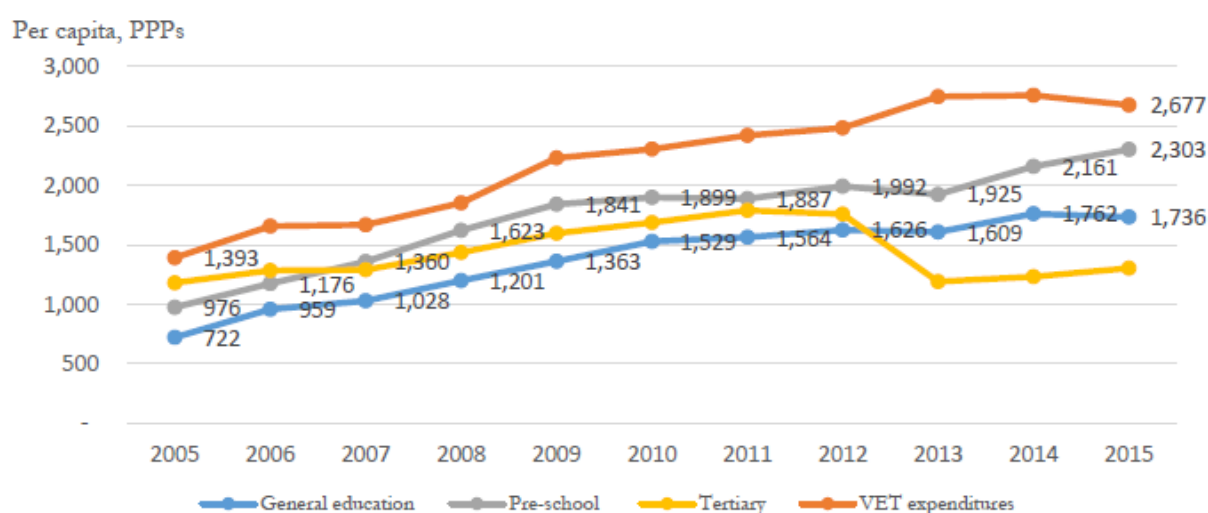
¹² NRF A.2.2.

FIGURE 2. ENROLMENTS IN SECONDARY VOCATIONAL EDUCATION: TOTAL NUMBER AND TREND, 2012/13–2017/18 (THOUSANDS)



Source: ETF database.

FIGURE 3. PER-CAPITA EXPENDITURE BY SEGMENT OF EDUCATION, 2005–2015



Sources: Moldova BOOST database¹³ and World Bank (2018).

Behind these increases, however, there is a pattern of resource allocation that may be preventing VET from unlocking the full potential of its providers to contribute to the HCD agenda of the country. The first source of concern is the low level of capital investment, which in VET is usually earmarked for significant and costly expenditure items such as equipment. In Moldova in 2015 (the latest year for which there is data), capital investment was only 2% of the total spending on VET, compared to 10% in general and 18% in pre-school education (World Bank, 2018). This is likely to jeopardise efforts towards the modernisation and improvement of the learning and teaching environment.

¹³ The BOOST database is the public expenditure database of the World Bank.

An additional efficiency challenge in this respect is that unlike general education providers, which since 2013 have operated on the basis of per-capita funding, VET institutions are funded on the basis of an incremental budgeting method that takes the budget from the previous year as a starting point, irrespective of real needs, enrolment levels or institutional performance. According to the national report, this arrangement is known to promote inefficiencies in the administration and use of financial resources in VET¹⁴.

The inefficiencies in resource allocation have various consequences, one of which is that spending on VET is not as effective as it could and should be. Although the financial allocations for VET are relatively high and also include sizeable donor support earmarked specifically for improvement¹⁵, there is evidence that providers in Moldova are struggling to deliver on expectations of quality and relevance.

There is no lack of examples demonstrating the broader challenge of rising spending on VET that does not translate into sustainable, system-wide results. One is the learning environment, which the national VET student council¹⁶ describes as being marked by negative attitudes and substandard conditions. There is a lack of manuals, learning materials and training equipment – especially concerning occupational subjects – which, in turn, prompts teaching staff to transfer the cost of their procurement to students, a task that is beyond the means of many¹⁷.

Another instance of a gap in investment effectiveness is the professional training of teachers in VET, which the national report describes as being sporadic and of limited relevance because of resource shortages. The available funding is being allocated to cover other expenses. The problem is further exaggerated by the absence of a shared understanding of what constitutes quality in VET, as the teaching standards that are currently in place apply only to general education¹⁸.

Finally, the learning and training outcomes of VET are considerably below expectations. In a recent employers' survey by the National Employment Agency and the World Bank, companies reported persisting difficulties in finding workers with adequate qualifications and stated that young workers in particular lack the occupation-specific skills that their jobs require¹⁹. This seems also true for VET graduates. In 2015, 40–50% of them were economically inactive or informally employed (Figure 4).

¹⁴ NRF E.3.1.

¹⁵ See Table 10, NRF A.3.5. The EU alone invested some EUR 30 million between 2014 and 2017 through its budget support and technical assistance programmes.

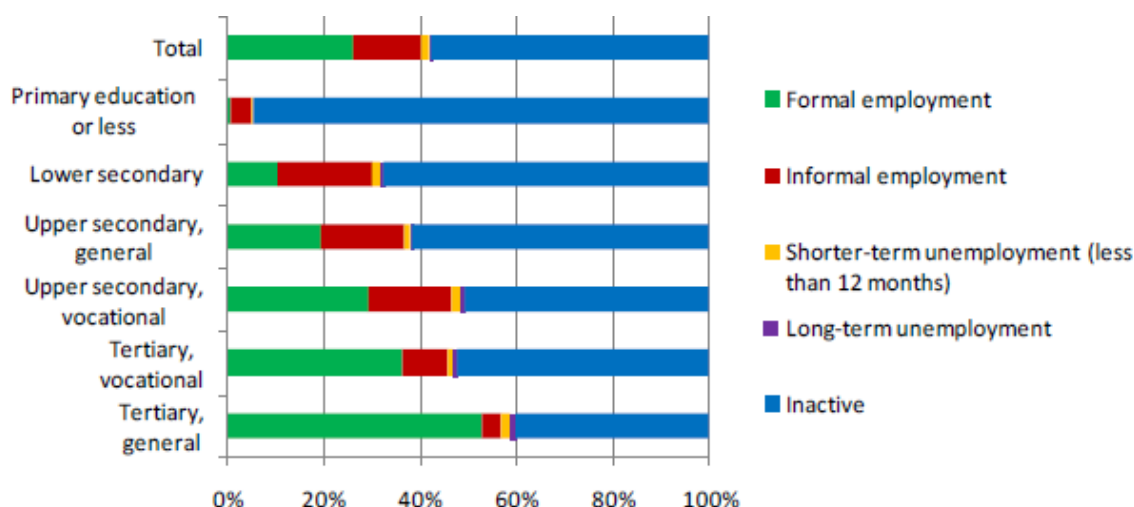
¹⁶ The report uses “Council of Technical and Vocational Education and Training (TVET) Students and “VET Student Council” interchangeably.

¹⁷ NRF D.1.2.

¹⁸ NRF D.1.3 and NRF D.3.2.

¹⁹ NRF C.3.1.

FIGURE 4. WORKING-AGE POPULATION (15+ YEARS) BY EMPLOYMENT STATUS, FORM OF EMPLOYMENT AND EDUCATION, 2015 (%)



Source: World Bank, 2018.

The problem is possibly fuelled by the low quality of student intake in VET, for which, in turn, VET providers have failed to provide a remedy. According to international studies such as the Programme for International Student Assessment (PISA), close to half the student population at the end of lower secondary education underperforms in reading, mathematics and science and is below PISA proficiency level 2 (Table 3).

TABLE 3. SHARE OF LOW ACHIEVERS IN EDUCATION: EU AND MOLDOVA, 2009 AND 2015 (%)

	Moldova		EU		EU target
	2009	2015	2009	2015	2020
Low achievers in reading (% aged 15)	57.3	41.9	19.7	19.7	< 15
Low achievers - maths (% aged 15)	60.7	50.3	22.3	22.2	< 15
Low achievers - science (% aged 15)	47.3	42.2	17.8	20.6	< 15

Source: ETF and OECD PISA databases.

2.3 Skills shortages impede economic growth and prosperity

A skills shortage is a labour market situation in which employers are unable to recruit staff with the required skills at the usual level of pay and working conditions, either because there is an inadequate supply of workers in high-demand occupations, or because the workers available do not have the skills required by these occupations (ETF, 2012; OECD, 2017).

Unemployment rates are a viable indication of skills shortages. They are a proxy for the demand for skills associated with the occupational profiles of job-seekers. The lower the unemployment rate, the more likely it is that there is a shortage of certain skills on the labour market.

Over the past decade, unemployment in Moldova has more than halved for both genders, reaching a rate of 3% on average in 2018 (Table 4). The downward trend and the methodology used in computing the indicator, which does not take account of migration (see Section 3.2.1), might be

distorting the data. Nevertheless, the national report and labour market surveys confirm that skills shortages are a major challenge for employers in Moldova (Figure 5) and, by extension, for the overarching goal of the NDS, which seeks to implement a growth model that depends on domestic human capital.

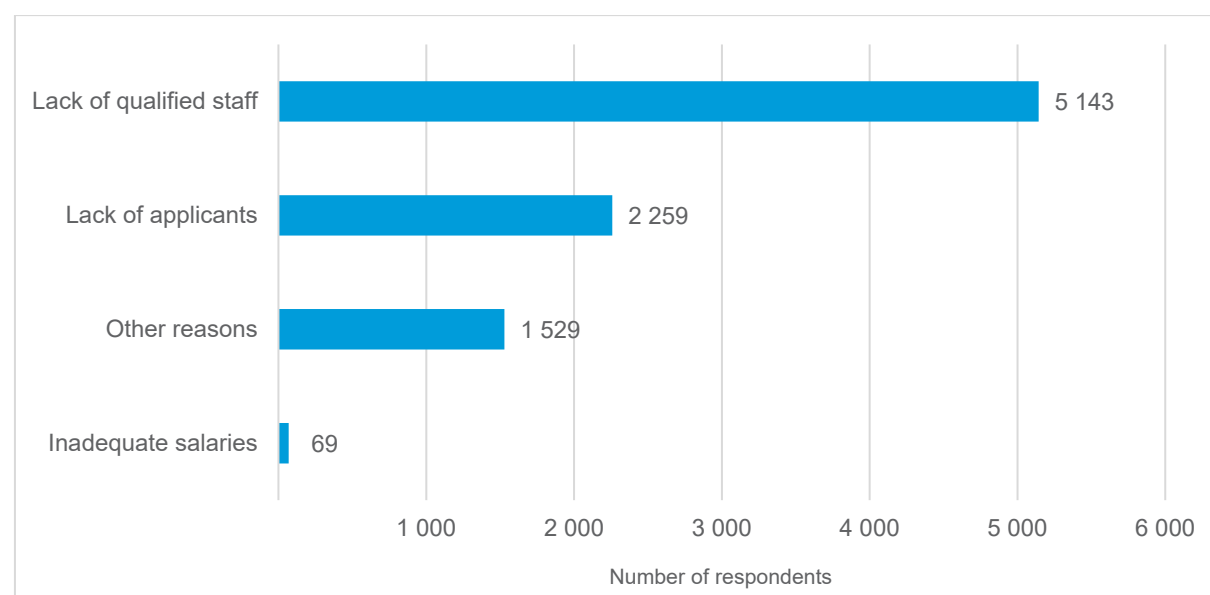
TABLE 4. UNEMPLOYMENT RATE, BY GENDER (2015–2018) (%)

15+	2015	2016	2017	2018
Total	4.9	4.2	4.1	3.0
Male	6.2	5.5	4.8	3.5
Female	3.6	2.9	3.3	2.5

Note: The data includes all Moldovan nationals with an active address registration in the country, irrespective of their primary place of residence.

Source: ETF database.

FIGURE 5. REASONS WHY AROUND A QUARTER OF JOBS WERE NOT FILLED BY EMPLOYERS, 2016



Source: Rutkowski et al. (2017).

According to information from the National Employment Agency, skills shortages are a serious impediment for businesses in Moldova, in particular the lack of occupation-specific skills and foreign language skills, as well as the low motivation and poor work ethic of prospective and current employees. Those with medium-level education struggle with analytical, problem-solving and ICT-related skills and are not willing to develop professionally, while higher-level specialists have major deficits in foreign language proficiency. The financial services, public administration and social services sectors are particularly affected by this combination of skills shortages²⁰.

The lack of occupation-specific (hard) skills is just one indication of possible gaps in the formal education and training of prospective job-takers. Another is the apparent failure to equip individuals

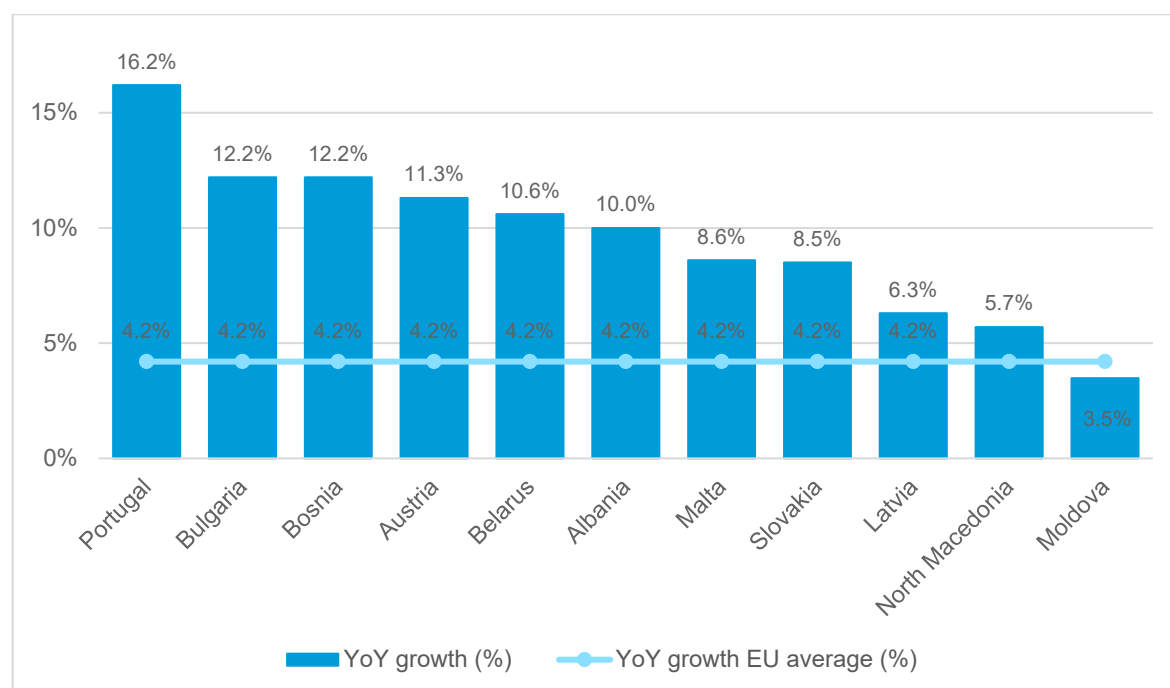
²⁰ NRF B.1.2.

with a minimum set of soft skills, such as critical thinking, adaptability, problem solving and willingness to learn, which are obviously in high demand from employers. The national report acknowledges²¹ the need to address problems in this area which, if neglected, will continue to impede the productivity, innovativeness and competitiveness of Moldovan enterprises.

2.4 Human capital shortcomings hamper digital competitiveness

Eastern Europe is on the rise as a hub of tech and ICT start-ups and as an attractive target for venture capital investment in ICT and digital technology development. Many of the companies that are considered to be leading this field are in the region²², as, too, are the majority of the countries with the fastest growth in the number of professional software developers (Figure 6). Coders from Eastern Europe have won 10 of the 17 annual Google Code Jam programming competitions since 2003²³, and over just few years, venture capital investment in that sector in the region has grown from USD 10 million to USD 283 million (KPMG & CB Insights, 2016). Eastern Europe currently has some 30 000 start-ups competing in the booming ICT market²⁴.

FIGURE 6. GROWTH IN THE NUMBER OF PROFESSIONAL DEVELOPERS (2018 VERSUS 2017), TOP 10 FASTEST-GROWING COUNTRIES AND MOLDOVA (%)



Note: The figure shows the 10 smaller countries in the list of 20, with a year-on-year change of less than 100 000 developers. Data for Moldova is based on estimates.

Source: Atomico (2018) and calculations based on data provided in NRF B.1.4.

Moldova still falls short of being listed in the top ten countries in terms of availability and growth of ICT skills (see, for instance, Figure 6). Nevertheless, the country is already seen as the next key

²¹ NRF D.1.3.

²² For example, see <https://www.softwaredevelopmentcompany.co/software-development-companies-eastern-europe/>.

²³ For a full list see <https://codingcompetitions.withgoogle.com/codejam/archive>

²⁴ For more information see <https://venturebeat.com/2017/01/21/a-quick-tour-of-eastern-europes-startup-hubs/>

destination for digital outsourcing: Moldova can offer some 2 500 information technology (IT) graduates per year, 23 000 active ICT professionals, a high rate of high-speed internet penetration, and an IT market growth rate of close to 7%²⁵.

Moreover, the national report describes Moldova as a country with optimal electronic communications infrastructure and a favourable ICT business environment. The report also confirms that the ICT sector is rapidly gaining significance for the national economy and its competitiveness because of the value and jobs it creates, and because it is a magnet for foreign investment. The sector has been growing steadily year on year and in 2016 its expansion accounted for over 7% of annual GDP growth²⁶.

According to the recently adopted ICT strategy of Moldova, human capital is at the core of the thriving domestic ICT sector, but there are also a range of significant problems with the availability and quality of specialists needed to sustain its strategically and economically important expansion. Although the system of formal education and training produces over 800 graduates annually in the ICT field, only a fraction of these have the necessary qualifications. Year after year, the 750 ICT companies in the country report a total shortage of around 1 000 specialists²⁷. The human capital shortages also hamper the capacity of Moldova to launch new ICT start-ups. The reasons for the bottleneck are manifold and include emigration (see also Chapter 3.1), a lack of investment in the training of ICT specialists, and the limited digital competence of the teaching workforce²⁸.

The authorities have committed to solving the problem by promoting IT as a career choice, providing lifelong learning opportunities for IT specialists and investing in the physical infrastructure of the education system on the basis of ICT innovation²⁹. Like other strategic initiatives in Moldova that have been launched in support of HCD, those targeting the ICT sector have been implemented only recently (2018) and it is too early to judge their impact and effectiveness.

²⁵ See, for example, <https://www.indrivo.com/latest-thinking/discover-moldova-and-see-why-country-becoming-new-it-outsourcing-destination>.

²⁶ Strategy for the Development of Information Technology Industry and the Ecosystem for Digital Innovation for 2018–2023, Government Decision No. 904/2018.

²⁷ NRF B.1.4.

²⁸ NRF D.2.4 and D.2.5.

²⁹ NRF D.2.3.

3. ASSESSMENT OF KEY ISSUES AND POLICY RESPONSES

This chapter discusses two further problems relating to human capital in Moldova: the depletion of human capital as a result of migration and the exclusion of young people from employment and educational opportunities. These challenges are assessed in greater detail because, in the view of the ETF, they require immediate attention: they are major impediments to progress on Moldova's strategic priorities towards more and better employment and productivity, and the removal of all human-capital-related constraints on growth.

These two problems have in common the fact that they have both been addressed through a wide range of rather complex policy responses that rely on education and training, but that seem to neglect the youth segment of the population they target. The more detailed analysis of the reasons for these problems and the overview of possible shortcomings in the policies that are intended to address them may help with the ongoing efforts in Moldova to design the next generation of strategic plans and policies up to 2030, in line with the country's national and international commitments.

Moreover, the two problems are interconnected, and progress with one, for instance greater participation of young people in education and employment, will also indicate progress with the other, that is, the prevention of human capital depletion as a result of migration.

3.1 Depletion of human capital due to migration

3.1.1 The problem

Moldova's economy has been expanding at a steady rate of over 4% in recent years (World Bank, 2019). At the same time, the declared goal of the government to sustain economic growth and create better living conditions for all citizens³⁰ has remained at risk as a result of a number of domestic and international constraints, including low immigration and high emigration, declining birth rates and an ageing population (Table 5).

TABLE 5. DEMOGRAPHIC TRENDS BY AGE GROUP, MOLDOVA, 2012–2017 (THOUSANDS)

Age range	2012	2013	2014	2015	2016	2017
0-15	622,913	615,465	607,939	607,580	603,653	603,092
16-61	2,370,627	2,362,246	2,346,432	2,330,834	2,311,636	2,288,202
61+	565,961	579,889	600,829	614,686	635,611	656,306
Total	3,559,500	3,557,600	3,555,200	3,553,100	3,550,900	3,547,600

Source: National Bureau of Statistics.

The national report underlines that unfavourable demographic developments and migration are challenges of major importance for the country³¹. In Moldova, as elsewhere, emigration leads to an unprecedented loss of workforce potential. It also creates an imperative to improve economic productivity and the quality of human capital. This is a challenge, given that most of the investment in

³⁰ See NDS 'Moldova 2020' at

https://cancelaria.gov.md/sites/default/files/document/attachments/1100271_en_moldova_2020_e.pdf

³¹ NRF B.1.3.

the human capital of emigrants has already been financed from the public budget, and thus represents a loss to Moldova as a sending country³².

Recent data suggests that emigration is, indeed, substantial. Moldova is losing about 1% of its population to emigration annually, and this is an upward trend³³. In 2018 alone, up to 50 000 people left the country, while only 4 267 immigrants were received³⁴. Most of those who emigrate do so voluntarily and in the pursuit of economic opportunity. Their reasons include the unfavourable economic environment and, for a growing number of them (Table 6), the employment conditions, which are characterised by low wages, employment uncertainty and corruption (Rojco, 2018).

TABLE 6. INCIDENCE OF VULNERABLE EMPLOYMENT, AGE GROUP 15+ (2015–2018) (%)

	2015	2016	2017	2018
Total	34.0	36.4	34.5	37.6
Male	39.2	40.4	38.9	34.1
Female	28.7	32.5	30.0	34.2

Source: ETF database

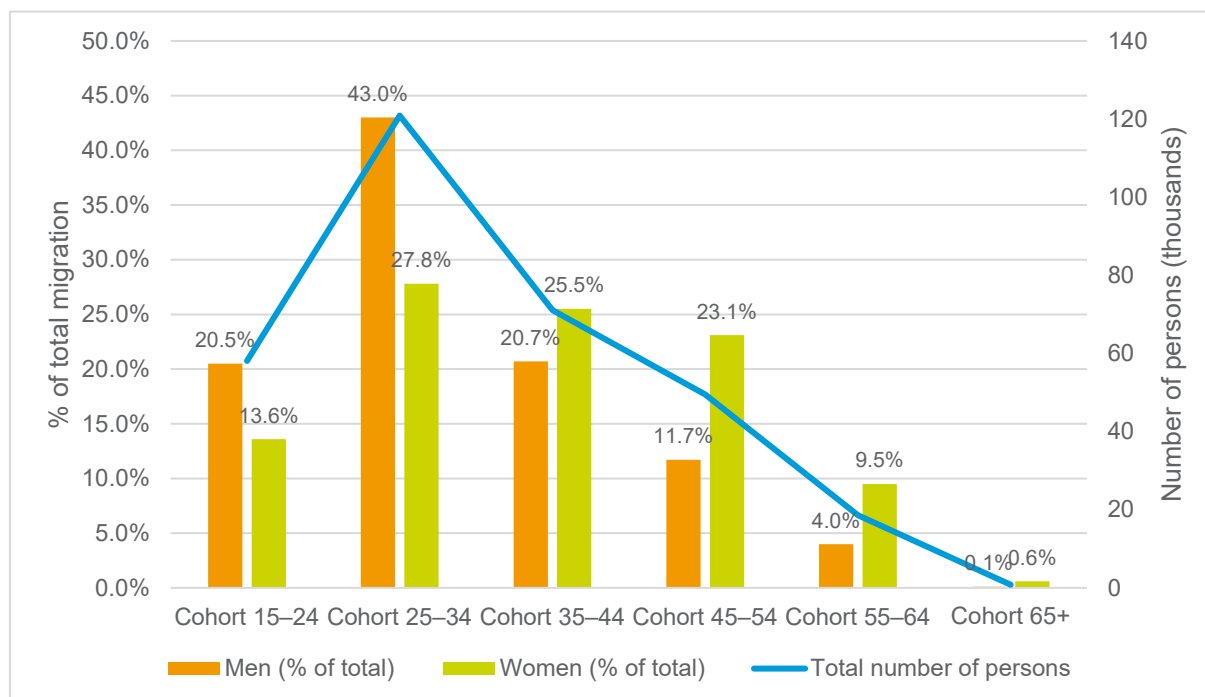
Judging by the statistics on unemployment (which, in Moldova, also include those who emigrate), individuals of prime working age (30–49 years) are most affected by the lack of opportunity for decent employment, and those under the age of 35 were the most populous group among those who ultimately decide to leave the country. In the 2016, the under-35 age group accounted for over half of all emigration (Figure 7). The national report also notes that emigration is on the rise in the younger cohorts.

³² For a discussion of the effects of migration on sending countries, see also Asch (1994).

³³ (Asch, 1994)

³⁴ NRF A.3.2.

FIGURE 7. POPULATION OF WORKING AGE WHO WERE WORKING ABROAD OR LOOKING FOR WORK ABROAD, 2016 (%)



Sources: NRF B.1.6, ETF (2018) and <http://statbank.statistica.md>

3.1.2 Policy responses

Migration is a complex phenomenon that calls for diverse policies with a wide range of aims. This assessment, however, is limited to migration-related policies that feature (or should feature) elements of HCD. This self-imposed limitation is not a judgement on the significance of measures and actions in other areas. Even if they do not fall within the remit of this report because they do not involve policies for learning, such measures may be equally or even more important in addressing the challenges and opportunities associated with migration.

The national Torino Process report for Moldova acknowledges the multitude of possible approaches and seems to view migration as a problem for the country, but also as a chance to boost Moldova's socioeconomic development. At any given time, more than a quarter of Moldovan migrant workers are in their home country (ETF, 2015a), which is a remarkable pool of human capital with experience and skills acquired in different cultural, linguistic and professional contexts.

The national report refers to a variety of policies aimed at unleashing this potential, many of which involve education and training and are implemented with the help of projects funded within the framework of the EU–Moldova Mobility Partnership³⁵. Some of the measures aim to create decent living and working conditions as a way of stemming the exodus of individuals who are highly qualified or simply escaping poverty³⁶. Another group of measures treats migration as an opportunity and seeks to capitalise on the potential and resources of Moldovans who are already abroad but may wish to

³⁵ See <https://www.mfa.gov.md/en/content/mobility-partnership> for more information.

³⁶ See, for example, the National Strategic Programme on Demographic Security 2011–2025, which considers the improvement of welfare conditions as means of discouraging emigration.

return. The shared goal of these measures is to mobilise the human and financial resources of the diaspora with a view to attracting returnees and investments and creating new jobs³⁷.

Education and training play a role in all of these activities, albeit with varying degrees of intensity and success, as many of the challenges encountered in previous iterations of these policies are still in place.

Priorities and effectiveness

Migration-related projects in Moldova have historically focused mainly on supporting the socioeconomic reintegration of returnees (ETF, 2015a) and the national report suggests that this is still the case. It describes measures predominantly in the post-migration phase³⁸, such as the creation of opportunities for the education and training of returnees, support for returnees to set up businesses, development of information and career guidance systems, and validation of the skills and knowledge acquired by returnees through non-formal and informal learning. At the time of this assessment, the measures were at different stages of implementation, and this had an impact on the feasibility of assessing their effectiveness.

Reintegration through active labour market measures involving education and training

The first and probably most readily available sources of support for returnees are vocational courses offered as an active labour market measure (ALMM) for those who register as job-seekers. One of the advantages of these measures is that they are available on a regular basis as a conventional element of national employment policy and do not depend on donor funding or a project activity. Another advantage is that they come at no cost to their beneficiaries.

However, despite the accessibility of such measures, their coverage appears to be limited and their outreach to returnees is modest. In 2017 only 2 629 people, or 6.2% of those registered as unemployed, participated in a training (Table 7). Of these, only 97 were returnees and in the previous year (2016), their share was even lower (79 of 2 902 ALMM training participants)³⁹. These figures seem low, given that the latest available data on returnees puts their number at around 170 000 (IOM, 2017).

TABLE 7. PARTICIPANTS IN LABOUR MARKET TRAINING BY AGE AND EDUCATIONAL ATTAINMENT, SHARE OF TOTAL, 2013–2017 (%)

	2013	2014	2015	2016	2017
Total participation in ALMM training	5.9	6.8	5.9	5.8	6.2
Participation of job-seekers under the age of 25	15.9	20.2	18.9	19.9	20.5
Job-seekers with high educational attainment	8.2	8.1	9.0	8.0	8.6
Returnees	m	m	m	0.2	0.2

Note: ALMM, active labour market measure. "m" stands for missing data.

Source: ETF database.

³⁷ NRF A.3.1.

³⁸ See, for instance, the Reintegration Plan of the Diaspora Bureau for 2017–2021 (Government Decision no. 725 of 8 September 2017).

³⁹ NRF B.1.8.

The national report also notes that some public and private providers offer short training courses for adults and specifically for those who are unemployed, and remarks that the number of participants is particularly high among young people. However, no further information is available about the profile of participants, and there is no indication whether any of the beneficiaries are returning migrants or individuals who intend to migrate⁴⁰.

Reintegration through business initiative and entrepreneurship training

The current NDS for Moldova describes a growth model that seeks to move the economy away from one that relies on consumption to one based on innovation and private investment driven by small and medium-sized enterprises (SMEs) (Martinez et al., 2015)⁴¹. A key action in support of this ambition is the launch of the Programme for Attracting Remittances into the Economy (PARE 1+1), which seeks to capitalise on return migration and remittances to create and expand the domestic SME sector.

Established in 2010, the programme is implemented and monitored by the Organisation for Small and Medium-Sized Enterprise Development (ODIMM), a non-profit, quasi-governmental organisation under the overall supervision of the Ministry of Economy. The declared purpose of PARE is to boost the amount of remittances and create thousands of new businesses and jobs, the majority of them in rural areas⁴².

PARE is based on a '1+1' model of business financing, according to which the authorities match the financial resources invested by programme participants in their businesses, up to a certain level⁴³. In this way, the business owners bear half the cost of their expansion or start-up plans while the state funds the other half. In addition to this funding component, PARE also has a component for the provision of entrepreneurship/business development-related training, and a component devoted to the post-funding period in which business owners can receive assistance in the form of further training and consultancy services for development.

The training component of PARE includes 50 hours distributed over 10 days and covers modules such as business registration and legislation, business management and planning, financial management, accounting, marketing and sales, management of human resources, export procedures and free trade agreements.

It is difficult to estimate the effectiveness of PARE on the basis of the evidence available. While there are aspects of its set-up and implementation that suggest it is a promising initiative from the point of view of HCD, other aspects suggest that there are limits to its impact that could be avoided.

In the period 2017–2018, PARE provided 21 training courses for 613 beneficiaries. According to data provided in the national report, some 40% of them (243 persons) were returning migrants or their first-grade relatives, while the number of participating youths returning from migration was 257 for the overall duration of the programme. In total, PARE supported 189 businesses run by young entrepreneurs⁴⁴.

⁴⁰ NRF C.1.6.

⁴¹ See also NDS, Moldova 2020.

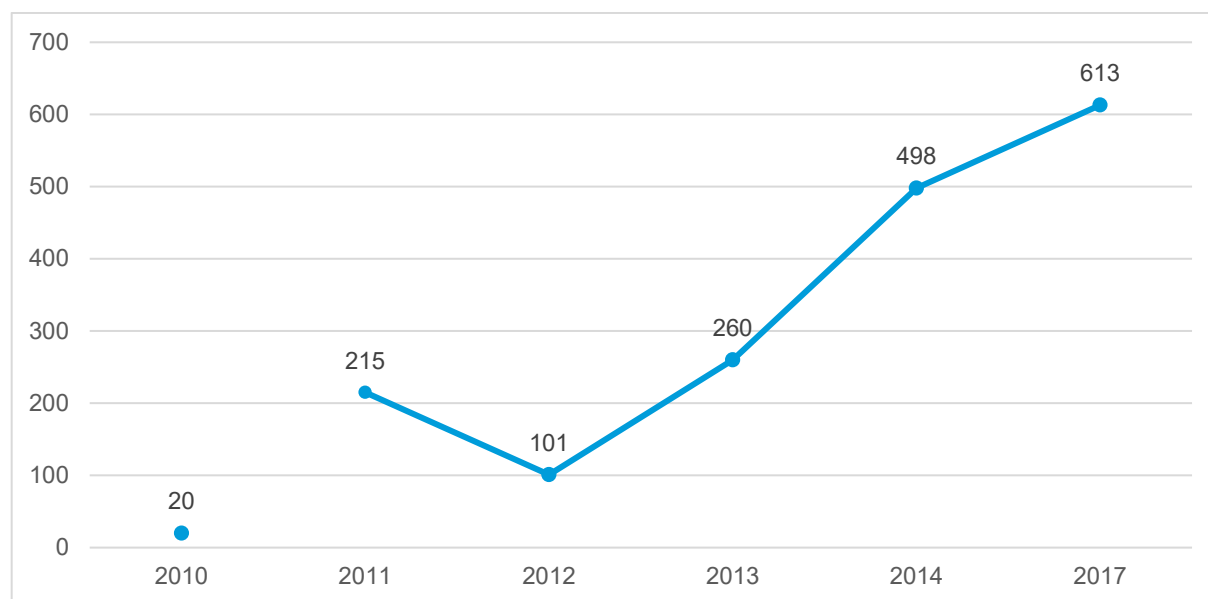
⁴² NRF B.1.8 and <https://odimm.md/en/about-us>

⁴³ MDL 250 000, or about EUR 12 900 at current exchange rates (mid-October 2019).

⁴⁴ NRF B.1.8.

Since the inception of PARE, its educational and training component has been strengthened because it is now a mandatory requirement for participation and access to funding. This change, as well as the pragmatic nature and quality of the training, have contributed to PARE becoming one of the more successful programmes featuring an HCD component in terms of outreach and coverage, especially among returning migrants. Participation in PARE training has been increasing at a rapid pace since 2010, reaching a total of 613 persons in 2017, of which close to 40% were returning migrants (Figure 8).

FIGURE 8. PARE 1+1 TRAINING COMPONENT PARTICIPATION, 2010–2014 AND 2017 (ANNUAL NUMBER OF PEOPLE TRAINED)



Sources: Martinez et al. (2015) and NRF B.1.8.

At the same time, the rapid growth raises questions of sustainability and efficiency as it has come at a substantial financial cost, to the extent that in some years (for instance in 2014) the number of participants and supported businesses would have exhausted the annual budget before the end of the period.

Another limitation in relation to effectiveness is the stagnant participation rate among female returnees and entrepreneurs, even though women account for well over half of all emigrants⁴⁵. Since the inception of PARE in 2010, only about a third of participants in the programme have been women (Table 8). In recognition of the problem, at the time of this assessment ODIMM was piloting programmes that specifically target female entrepreneurs, although none was aimed specifically at returning migrants⁴⁶.

⁴⁵ NRF A.1.1.

⁴⁶ See <https://www.odimm.md/en/programs/odimm-programs> for more information

TABLE 8. SHARE OF YOUTH AND FEMALES AMONG PARE PROGRAMME BENEFICIARIES, 2013–2018 (%)

	2013	2014	2015	2016	2017	2018	Average for the period
Youth	60.2	56.0	52.1	48.9	43.1	41.3	50.3
Female beneficiaries	27.4	33.5	37.1	33.7	31.6	26.3	31.6

Source: NRF B.1.8.

Guidance through the provision of information

Another policy action in support of the labour market reintegration of returnees is the provision of information about employment opportunities and unemployment services, including information on training for job-seekers⁴⁷. The national report and other sources refer to a number of donor-supported employment and information platforms, migration resource centres established within various projects (ETF, 2015a), and online resources and regular information sessions by the National Employment Agency and ODIMM, some of which cover opportunities for legal employment abroad.

At the same time, none of the information-provision measures seem to include career guidance and counselling, despite the fact that such forms of support can be a powerful tool for the professional orientation and integration of migrants (Bimrose and McNair, 2011) in both hosting and sending countries.

There is no evidence on the effectiveness of any of these measures, such as how many job-seekers use the information sources, whether there any returning migrants among them, how many have found a job with the help of information provided in this way, and what the quality is (reliability, comprehensiveness, timeliness) of the information provided.

Nevertheless, access to information of this kind is an essential form of support for job-seekers. The fact that the authorities are making such information readily available is commendable and an important prerequisite for the success of any policy in support of returning migrants.

Validation of non-formal and informal learning

Many returning migrants acquire skills in their job abroad in an informal or non-formal way, and the national report acknowledges that the recognition of these skills can be essential for the reintegration of migrants into the domestic labour market⁴⁸. For this and other policy-related reasons, in January 2019 the Ministry of Education, Culture and Research took steps to establish a national system for the validation of non-formal and informal learning for the benefit of a wide range of beneficiaries, including returnees. The corresponding order establishes the normative framework for a national validation system for the identification, documentation, evaluation and certification of knowledge and skills acquired in non-formal and informal contexts⁴⁹.

At the time of this assessment, the system was still at the piloting stage and only four VET providers (colleges and centres of excellence) were licensed to carry out the validations. Hence, it is too early to

⁴⁷ NRF B.1.3.

⁴⁸ NRF A.3.4 and C.1.6.

⁴⁹ See Framework Regulation on the Validation of Non-formal and Informal Education, Ministry of Education, Culture and Research Decision No. 65/2019.

make judgements about the effectiveness and impact of the system, although experience from other partner countries suggests that its establishment is a step in the right direction (ETF, 2015b). Still, EU experience also shows that even in cases of successful validation, there is a risk that skills acquired abroad will be devalued and that this may affect lower skilled individuals in particular, as most measures in this area tend to benefit workers with higher levels of skills and educational attainment (Souto-Otero and Villalba-Garcia, 2015).

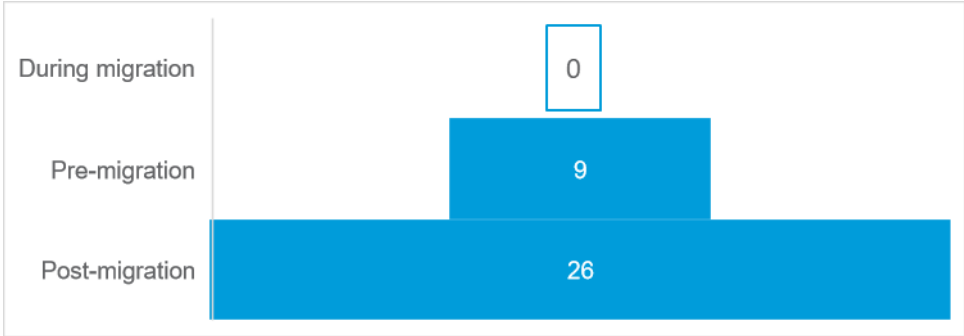
Shortcomings and policy gaps

Lack of proactive policies in support of circular migration

There is an imbalance in the way that policies targeting migration focus on some phases of migration rather than others, which, in turn, leads to insufficient promotion of opportunities for circular migration.

Despite strong statements about the negative socioeconomic impact of migration, policies in Moldova still seem to be somewhat one-sided in that they prioritise reactive, remedial actions in the post-migration phase (Figure 9). The few that also address the pre-migration phase are limited to facilitating a smooth transition to host countries through awareness-raising about the dangers of illegal migration and through training to support cultural and linguistic integration in the host country (ETF, 2015a).

FIGURE 9. PROJECTS TO SUPPORT MIGRANTS, BY TOTAL NUMBER AND MIGRATION PHASE TARGETED



Sources: ETF (2015a) and <http://scoreboard.mfa.gov.md/projects>

This assessment does not suggest that the absence of policies restricting emigration is a shortcoming. In fact, their absence is a positive finding, as restrictive policies in this domain are seldom effective and are known for their propensity to backfire, to the disadvantage of hosting and sending countries alike, for instance by leading to a rise in illegal migration and by discouraging migrants from returning (Zimmermann, 2014). Rather, the gap in the solutions described in the national report is in what appears to be an imbalance of focus on some phases of migration over others, which, in turn, leads to insufficient promotion of opportunities for circular migration, understood as the free movement of people between home and host countries.

Circular migration is known to provide benefits for both the sending and receiving country, and for the migrants themselves, by generating and helping to distribute the financial, human and social capital generated through the employment abroad (Skeldon, 2012). From an education and training point of view, this means the creation of opportunities for cross-border education, and bi- and multilateral agreements for the recognition of professional qualifications and of educational credentials obtained abroad. This is particularly important in the case of Moldova, as most of its higher-educated emigrants do not find jobs that match their skills and also do not seek recognition of their educational credentials (ETF, 2018).

The national report refers to measures that support circular migration⁵⁰, some of them in the context of the EU–Moldova Mobility Partnership, but this area of policy response seems to still be nascent. At the time of this assessment, Moldova has entered bilateral agreements for such schemes with only three countries (Bulgaria, Israel and, most recently, France), none of which address the mobility of qualifications.

Part of the problem is the general lack of progress in the area of qualifications. Moldova has developed and approved only 33 occupational standards and there is still no functioning register for the National Qualifications Framework⁵¹. The absence of standards for most occupations means that the existing qualifications are not based on standards, which means that they are unlikely to reflect labour market needs. It also makes the recognition of qualifications obtained abroad difficult, if not impossible.

Underutilisation of human capital development as a policy priority

Education and training measures are seldom included in the package of policy responses in support of migrants, despite their proven potential in supporting reintegration and thus preventing the wastage of human capital.

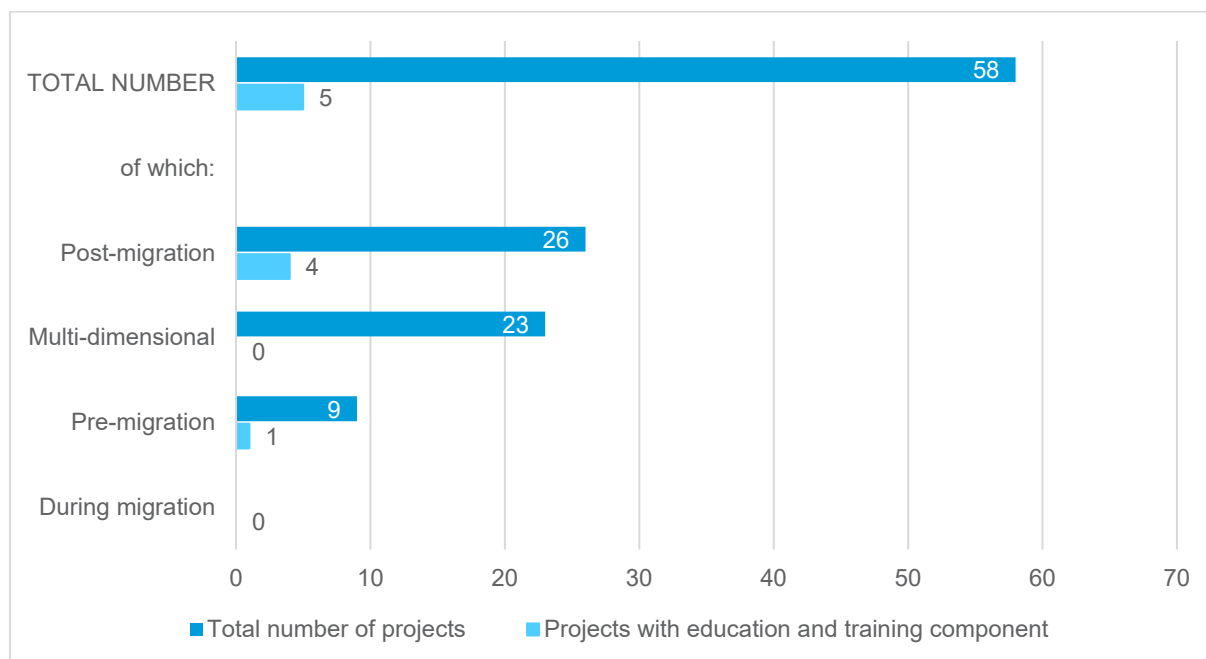
Successful programmes such as PARE 1+1 demonstrate the potential of including professional / vocational training opportunities in policies aimed at migrants, who, upon their return, are commonly confronted with uncertainty about the best way to start their own business, find a job and apply the ideas and knowledge they have acquired abroad. Therefore, tailored support in the form of training and skills-related guidance and counselling has an important role both in supporting reintegration and as a way of preventing the wastage of human capital.

Despite this insight, which is also shared in the national report, education and training measures are seldom included in the package of policy responses in support of migrants. In fact, the latest available evidence suggests that less than 10% of all state-supported or state-sanctioned activities feature an education and training component (Figure 12), although most of them are intended to help people make the best of their skills and knowledge upon their return.

⁵⁰ NRF B.1.3.

⁵¹ NRF C.1.5.

FIGURE 10. PROJECTS IN SUPPORT OF MIGRANTS, BY TOTAL NUMBER, PHASE AND TRAINING COMPONENT



Sources: ETF (2015a) and <http://scoreboard.mfa.gov.md/projects>

It is surprising that education and training do not play a more prominent role than is currently the case, especially as the capacity to do so in terms of staff, know-how and connections to the employment services is already available within the network of public providers of VET⁵².

Donor dependence and weak coordination

All activities targeting migration depend heavily on donor support. This poses a risk to the sustainability of achievements and creates coordination problems both between donors, and between donors and national authorities.

Moldova is implementing a commendable number of activities to support its population and reap the benefits of migration. To sustain the number and scale of activities, the country depends heavily on donor support, to the extent that well over 90% of all actions are fully or partially enabled through financial contributions from abroad, from partners such as the International Organization for Migration, the International Labour Organization (ILO), the United Nations Development Programme, the World Health Organisation, the United Nations High Commissioner for Refugees, the EU Border Assistance Mission to Moldova and Ukraine, the International Centre for Migration Policy Development, Hilfswerk Austria International, the Targeted Initiative for Moldova, the Swiss Agency for Development and Cooperation, and, most notably, the EU through the Mobility Partnership programme.

Calculations based on data provided in the national report show that donor funding for VET projects over the three-year period to 2018 (including those in support of migration-related priorities) surpassed the annual public budget of Moldova for VET by a factor of 10⁵³. This situation raises questions about the long-term sustainability of activities: none of the sources that describe activities discuss options for

⁵² NRF A.2.3.

⁵³ See NRF A.2.3 and NRF A.3.5, Table 10.

securing independent, self-sustainable funding. The absence of plans for how to continue when priorities or partnerships change poses a risk to the sustainability of initiatives and their achievements.

The donor dependence and diversity of high-stakes funding partnerships also creates a coordination challenge both between donors, and between national authorities and donors. Duplication seems to be quite common, leading to wastage of resources, but it is also the case that certain agencies and donors reportedly hold a 'monopoly' over areas and projects, which can be a source of additional tension and diminishes the overall effectiveness of efforts in support of migrants (ETF, 2015a).

3.1.3 Recommendations

R.1 Improve the financial sustainability of HCD policies targeting migration

The ETF recommends improving the financial sustainability of HCD policies concerning migration by mobilising the network of public providers of VET.

Migration-related projects in Moldova traditionally depend on external financial support. However, without alternative, domestically owned schemes and sources of funding, the sustainability of their achievements is at risk. Thus, the challenge cannot be resolved by simply devolving the funding responsibilities to the state. Examples of publicly funded programmes such as PARE 1+1, which have successfully and rapidly grown to the extent that funding has occasionally become scarce, illustrate this limitation. Resolving the problem may, instead, require some combination of cost optimisation and innovative financing solutions.

It is beyond the scope of this assessment to suggest solutions in areas of migration policy that do not involve HCD. However, as far as education and training are concerned, the ETF recommends optimising the cost of interventions that involve HCD by making better use of the existing network of public VET providers. Most of them appear to have surplus capacity in terms of human resources and infrastructure, and, as of recently, all are also allowed to generate their own income⁵⁴. There is good practice to follow in this respect, such as the labour market training in support of migrants, which already relies on VET provider involvement and needs to be reinforced in terms of outreach and coverage.

R.2 Prioritise the development of circular migration schemes with a focus on validation

The ETF recommends stepping up the creation of conditions for circular migration, notably by opening opportunities for cross-border education and through the mutual recognition of professional qualifications and educational credentials.

Research shows that circular migration can bring benefits to all involved – to the host country, the sending country, and the migrants themselves – but also that creating the right policy conditions is a prerequisite. In the area of HCD, these include the establishment of mechanisms for the mutual recognition of qualifications and other educational credentials, and the promotion of cross-border educational mobility.

To that end, Moldova has already entered bilateral agreements with a number of host countries. The ETF recommends expanding the practice of concluding such agreements and prioritising education and training as key elements within them.

⁵⁴ See NRF A.2.2 and Article 145 (5) of the Education Code.

RECOMMENDATIONS

1. Improve the financial sustainability of policies targeting migration



Optimise the cost of interventions which involve human capital development by making better use of the existing network of public VET providers



2. Prioritise the development of circular migration schemes



Create conditions for circular migration e.g. by opening opportunities for cross-border education, and the mutual recognition of professional qualifications

Conclude more agreements that prioritise education and training



3. Improve employment and make education more extensive



Integrate human capital into actions targeting migration.

Improve the incentives for actors to improve their skills towards their life.

Cooperate in developing programmes.

Set minimum standards for employment of the economy.



4. Improve coordination among donors, implementing institutions and stakeholders



Pool externally supported projects into a limited number of complementary actions.

Select priority areas for strategic action

5. Provide support for retention of skills



Promote access to and training

Prevent early dropout and encourage continuation beyond lower education.

Employment conditions and training and effective

an capital development
targeting all phases of

involvement of domestic
improve the attitude of migrants
home country

cross-border skills

standards for decent
across all sectors of the

ns,

a

Support for the students

ess to education
opportunities.

y leaving and
continuation
er secondary

6. Introduce more youth-friendly services and courses



Make services and training courses
more user-friendly and appealing for
young people.

Adapt labour market policy to focus
on young people.



7. Diversify the policy measures to target the youth exclusion from education and employment and focus on inactive youth



Create opportunities for decent jobs.

Provide training courses to prepare prospective
candidates.



8. Reinforce capacity building for staff working on employment and youth policies



Design incentives for participating in
capacity building or professional
training.



R.3 Mobilise education and training more extensively and effectively, while improving employment conditions at home

The ETF recommends integrating HCD as a priority in actions targeting all phases of migration, and, in parallel, working on setting standards for decent employment across the economy.

As previously noted in this assessment, HCD measures are seldom an element in the package of policy responses in support of migrants. Education and training can and should play a much more prominent role in all phases of migration. The national report suggests that there is also demand for this, which is currently covered by private providers but with little monitoring and coordination. The reinforcement of the skills development dimension could be a gradual process that encompasses the following:

- the development and updating of curricula for training courses driven by the needs of those who are leaving or returning and the situation on the labour market;
- where applicable, diversification of training for both beginners and more advanced participants;
- facilitation and promotion of improved access to such training as an integral part of migration policy.

Furthermore, the ETF had already suggested in 2015 that the role of education and training be extended to the pre-migration phase through seminars and courses delivered by Moldovan state institutions, non-governmental organisations (NGOs) and public providers on professional themes that were hitherto covered by training in the host country (ETF, 2015a). The involvement of domestic actors can have a positive impact on the attitudes of migrants towards their home country and can open a path of cooperation on cross-border skills programmes between institutions from both countries.

Finally, these actions must be implemented in parallel, through a joint effort with employers, to establish minimum standards of decent employment across sectors of the economy. Such actions should address the main deficiencies, such as precarious working conditions, lack of incentives and opportunities for professional growth, lack of flexibility in working hours and lack of employment security.

R.4 Improve coordination among donors, implementing institutions and stakeholders

Consideration should be given to organising or pooling together the numerous externally supported projects into a limited number of high-priority, complementary strands of strategic action under the leadership of a state body or a group of state bodies.

This report has established that the multitude of externally supported activities concerning migration in Moldova are rather poorly coordinated, which leads to inefficiencies, hampers success and prevents the development of sustainable follow-up plans.

The ETF recommends that the authorities agree on a number of priority areas for strategic action with respect to migration policy and associate each project with one of these areas according to its potential contribution to achieving the goals within this area. Each area could be given a larger financial and strategic framework with components to which donors can contribute under the overall coordination of the national authorities.

3.2 Exclusion of young people from employment and educational opportunities

3.2.1 The problem

Section 3.1 of this report discusses how Moldova is at risk of human capital depletion as a result of migration, a problem that is driven mostly by the exodus of young people who leave the country in search of better educational and employment opportunities abroad. With regard to young people who are still in the country, the national report presents evidence and observations of a complex situation that puts many of these individuals at high risk of exclusion from decent educational and employment opportunities at home, despite official commitments to the contrary. In turn, this reinforces the already acute migration challenge faced by the country.

In Moldova, exclusion from education and employment opportunities is a challenge that affects young people and adults alike. Data from the National Bureau of Statistics suggests that only about 18% of employed adults participate in some form of continuing vocational education and training (CVET) and that the rate varies widely between employment sectors (Table 9).

TABLE 9. ADULT PARTICIPATION IN CVET, BY EMPLOYMENT SECTOR, 2018 (%)

Employment sector	Participation as % of total employment in the sector
Agriculture, forestry and fishing	3.7
Real estate activities	6.0
Accommodation and food service activities	6.2
Arts, entertainment and recreation	6.2
Mining and quarrying	7.0
Construction	7.2
Manufacturing	11.3
Wholesale and retail trade; repair of motor vehicles	12.9
Water supply; sewerage, waste management	13.9
Professional, scientific and technical activities	13.9
Education	13.9
Transportation and storage	15.1
Administrative and support service activities	15.7
Other service activities	17.3
Average rate of participation	17.5
Human health and social work activities	23.6
Public administration and defence; social security	33.9
Information and communication	43.9
Financial and insurance activities	49.9
Electricity, gas, steam and air conditioning supply	67.1

Source: National Bureau of Statistics.

Nevertheless, this assessment focuses only on the exclusion of young people, because unlike the policy measures in support of youth participation in education and employment, measures promoting lifelong learning for adults are too recent to be assessed for their effectiveness and impact.

The national report acknowledges that young people are strategic to all plans for socioeconomic development and prosperity because of their human capital potential and the fact that they account for almost a quarter of the population⁵⁵. Their educational and employment situation matters a great deal for the success of Moldova in transforming its development paradigm into one that relies on knowledge, innovation and the equitable distribution of opportunities and economic benefits⁵⁶.

Exclusion from employment

This section starts with a note about the employment statistics, namely that they should be treated with a degree of caution because they rely on a definition of 'inactivity' that is broader than usual and may be inflating some of the data.

The first difference in scope is that labour force surveys in Moldova classify as inactive respondents who for some reason did not complete the survey questionnaires, for instance because they refused to do so or were not present. This leads to an unusual situation in which Moldovan workers abroad are classed as 'inactive' and are included in the reference population for employment data merely because they have retained a registered address in the country. The second difference in scope is that workers with an official working time of less than 20 hours per week, for example those who produce agricultural products for their own consumption, are also counted as inactive.

The national and other reports acknowledge this methodological peculiarity, though they still agree that the data presents compelling evidence of two major employment-related problems that affect young people in Moldova – inactivity and unemployment – and that education and training play a role in creating and sustaining both of these problems.

Inactivity has been a challenging feature of the Moldovan labour market for most of the past decade⁵⁷. Even after accounting for people who have left the country, on average between 2010 and 2018 close to half of all individuals of working age were inactive⁵⁸. The groups most affected by inactivity were young people and, in particular, young women. Between 2010 and 2018, four out of every five people under 25 were neither working nor looking for a job in their country, which was more than 1.5 times higher than the average share of inactive people in the workforce (Figure 13). Some reports estimate that roughly half of the youth inactivity can be attributed to participation in formal education or training, but nevertheless, even after accounting for all those who may be abroad, the youth inactivity rate is worryingly high.

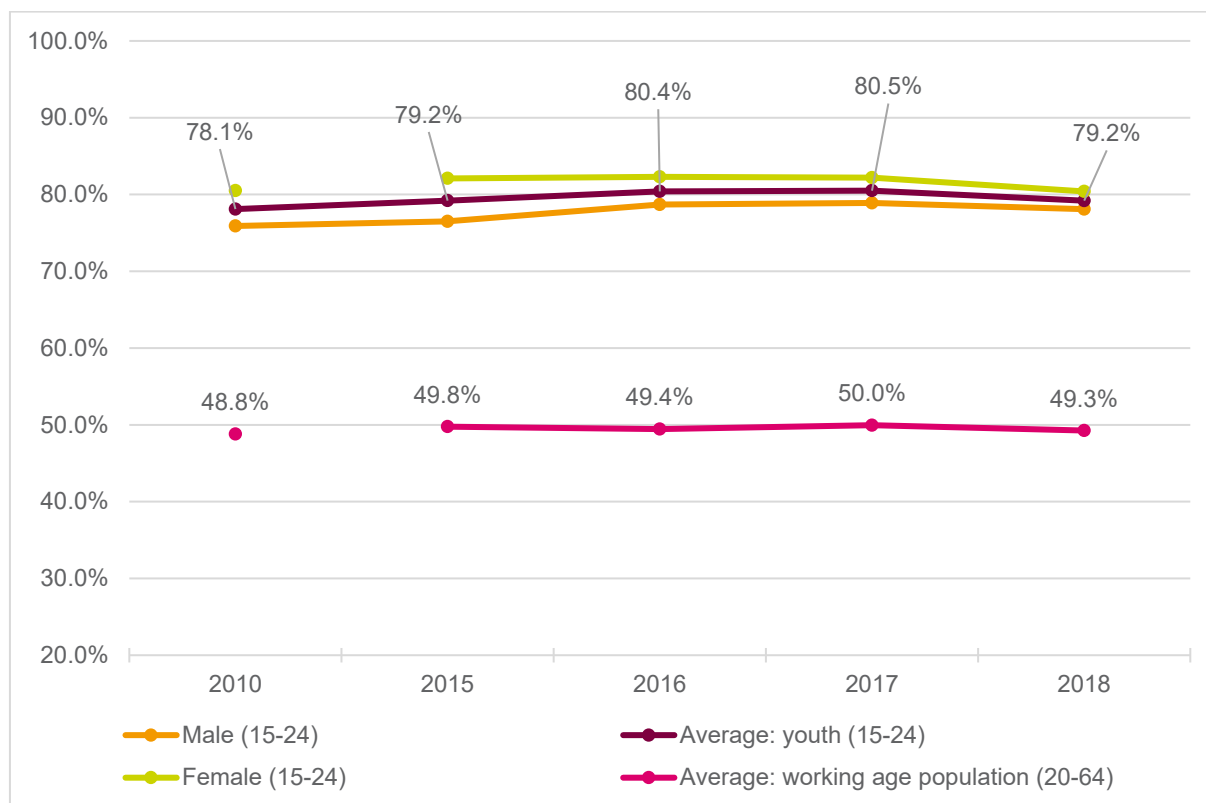
⁵⁵ NRF A.3.1.

⁵⁶ NDS 'Moldova 2020'.

⁵⁷ NRF B.1.5.

⁵⁸ NRF B.1.5.

FIGURE 11. ECONOMICALLY INACTIVE POPULATION BY AGE GROUP (15–24 AND 20–64) AND GENDER, 2010 AND 2015–2018 (%)



Note: The data includes all Moldovan nationals with an active address registration in the country, irrespective of their primary place of residence.

Source: ETF database.

A feature that is of even greater concern is that the two strongest predictors of youth inactivity are young people's educational attainment and their place of residence. In 2016, the latest year for which such data is available, inactivity was highest among those who had only a primary or secondary school diploma. Young people in rural areas were considerably more likely to be neither working nor looking for a job than those living in the cities (Table 10). Given that, on average, over 95% of students in Moldova attend education and training in urban areas⁵⁹, youth inactivity in rural areas cannot really be explained by participation in education and training.

⁵⁹ NRF A.2.3.

TABLE 10. YOUTH INACTIVITY BY PLACE OF RESIDENCE AND HIGHEST LEVEL OF EDUCATIONAL ATTAINMENT (%)

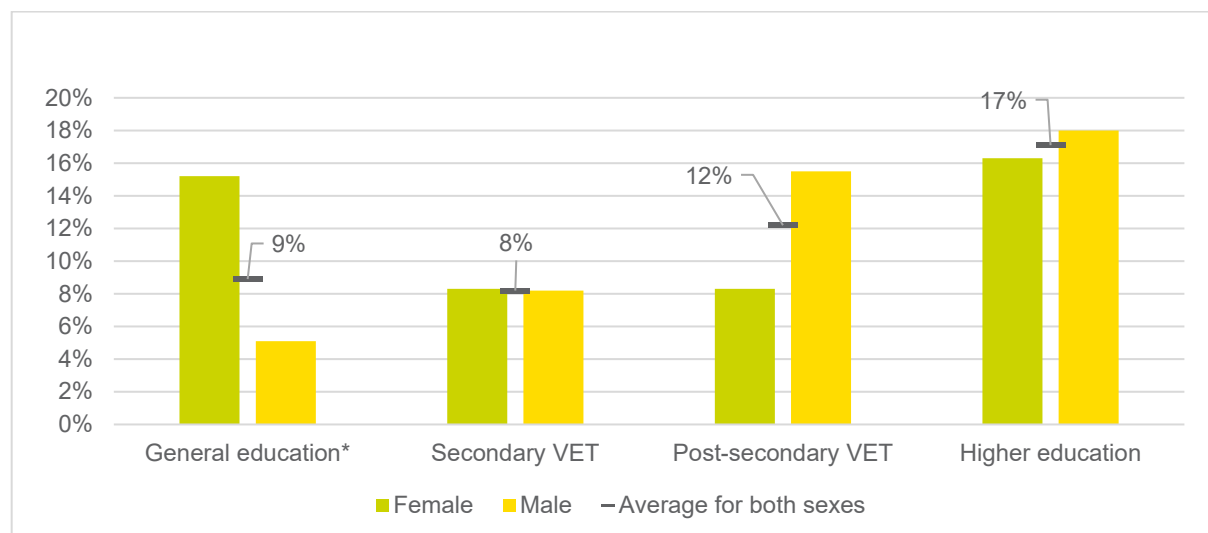
Educational attainment (aged 15–24, 2016)	Share	Place of residence (aged 15–29, 2018)	Share
General school	88.3	Urban areas	62.0
Secondary VET	84.8	Rural areas	76.0
Post-secondary VET	60.7	National average	69.0
Higher education	57.6		

Notes: The data includes all Moldovan nationals with an active address registration in the country, irrespective of their primary place of residence.

Source: Calculations based on ETF (2018) and data from the database of the National Bureau of Statistics.

Although higher education graduates are economically the most active group of young people (as Table 9 shows), they are also the least likely to find a job. As shown in Figure 12, in 2016 the highest unemployment rate in the 15–24 age group was among those with a university degree (17%), followed by post-secondary VET graduates (12%). The unemployment rate among those with a lower level of education was 8%, possibly because of the readiness of individuals in this group to accept any employment that could secure them an income (Buciuceanu-Vrabie and Gagauz, 2017). Here, too, place of residence is relevant, as is gender. Some 70% of unemployed young people were in rural areas and around 60% were male.

FIGURE 12. YOUTH UNEMPLOYMENT RATE BY AGE GROUP (15–24) AND EDUCATIONAL ATTAINMENT, 2016 (%)



Note: The data includes all Moldovan nationals with an active address registration in the country, irrespective of their primary place of residence.

Source: Calculations based on ETF (2018).

Naturally, such data raises questions about the reasons for the problems. In the context of this assessment, these are questions about the extent to which education and training might be contributing to the exclusion of young people from employment, and the ways in which this happens.

The following section (3.2.2) provides some of the more education-specific answers to the question by looking at the quality and relevance of education, and specifically of VET. The national report, as well

as some previous surveys of young job-seekers, also refers to the vulnerability of young people in the process of transition to employment, a process that is dominated by a number of exclusionary factors, some of which relate to education⁶⁰. Examples include the limited exposure of young graduates to the world of work during formal education, failure to provide career guidance and training on how to seek and apply for jobs, and the existence of precarious employment conditions.

The observations in the national report are also confirmed by young job-seekers themselves. When asked in a survey about the main problems they have encountered in their search for a decent job, they mentioned a rather diverse range of problems. Many of these problems were connected to the workplace and the employment conditions offered, but a few of the challenges concerned HCD. Table 10 summarises the responses by frequency and by the gender and place of residence of respondents. The data suggests that lack of job opportunities is a much bigger problem in rural than in urban areas, and a bigger challenge for female than for male job-seekers. In addition, young people in urban areas are likely to have higher expectations about their wage than those in rural areas, although there are almost seven times fewer job opportunities in cities than there are in villages.

Probably the most significant finding from the point of view of this assessment is that HCD problems, namely lack of on-the-job experience and inadequate qualifications (Problems 7 and 8, Table 11), emerge among the most prevalent exclusion factors in young people's transition to employment. However, HCD-related exclusion factors do not affect everyone equally. Lack of professional experience and insufficient qualifications are much more significant obstacles to the transition of young people in rural areas, where educational and training opportunities are limited⁶¹, despite the higher number of jobs available (Figure 13).

TABLE 11. PROBLEMS PREVENTING TRANSITION TO EMPLOYMENT, BY GENDER AND PLACE OF RESIDENCE (URBAN AND RURAL) (% OF SURVEY RESPONDENTS)

Problem	Female	Male	Urban	Rural	Average
1 Lack of information on how to find a job	0.0	1.8	2.5	0.0	1.1
2 Unfavourable conditions at work	2.1	6.8	6.4	4.1	4.9
3 Low salary	36.0	38.5	51.7	26.1	38.1
4 Discriminatory treatment	2.1	1.8	0.0	3.4	1.8
5 Age (too young)	7.4	4.7	6.4	8.2	6.7
6 Lack of job opportunities	15.9	10.4	2.5	17.5	11.6
7 Lack of working experience (HCD-related)	36.5	24.0	24.6	31.6	29.2
8 Job required a higher level of qualification (HCD-related)	0.0	12.1	5.9	9.3	6.8

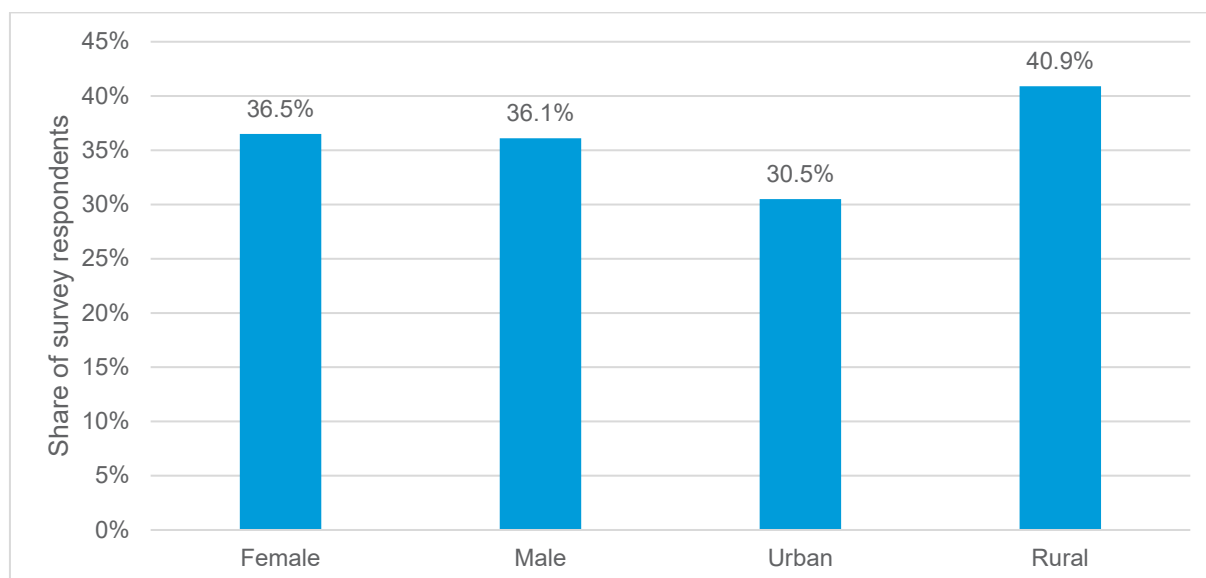
Note: Data for age group 15–29.

Source: Calculations based on Ganta and Shamchiyeva (2016) and ETF (2018).

⁶⁰ See, for instance, NRF C.3.2.

⁶¹ See also NRF A.2.3.

FIGURE 13. SHARE OF SURVEY RESPONDENTS WHO STATE THAT HCD-RELATED PROBLEMS HAVE PREVENTED THEIR TRANSITION TO EMPLOYMENT, BY GENDER AND PLACE OF RESIDENCE (%)



Note: Data for age group 15–29.

Source: Calculations based on data from Ganta and Shamchiyeva (2016) and ETF (2018).

Exclusion from education and training opportunities

Exclusion from employment is not a stand-alone phenomenon. Rather, it is interconnected with a range of other policy-related problems that have an impact on young people. In Moldova, one of these problems is the failure of education and training to provide adequate qualifications.

Evidence from the national report and the ETF database suggests that one of the reasons for this failure is that a considerable proportion of young people under the age of 25, in particular males and those in rural areas, are excluded from education and training opportunities. Although the problem of exclusion from education can manifest itself in a variety of ways⁶², the data available for Moldova permits a proper description of only two of them: exclusion in the form of early school leaving, and exclusion relating to young people who are not in education, employment or training (NEET).

Early school leavers

Eurostat defines early leavers from education as persons aged 18–24 who have not completed more than lower secondary education and who are not involved in further education and training. In 2017 about a fifth of young people in Moldova fell into this category, a high share in terms of international comparison: in the same year the EU average was half that level (Table 12). The pattern of non-participation is also reflected in the data on tertiary attainment, which, despite considerable improvement since 2010, is still low in comparison with the situation in the EU.

⁶² For a comprehensive overview and definitions, see, for instance UNESCO-IBE (2014).

TABLE 12. SELECTED 2020 BENCHMARKS: TERTIARY ATTAINMENT AND EARLY LEAVERS FROM EDUCATION, EU AND MOLDOVA, 2010 AND 2017 (%)

	Moldova		EU		EU target
	2010	2017	2010	2017	2020
Early leavers from education (18–24)	22.1	19.4	13.9	10.6	< 10
Tertiary attainment (30–34)	19.9	29.7	33.8	39.9	≥ 40

Note: Data includes all Moldovan nationals with an active address registration in the country, irrespective of their primary place of residence.

Source: ETF database.

Most of those who drop out seem to do so at the transition point to upper secondary education, after which a substantial share of students discontinue their school attendance in the final two years of compulsory education (Table 13). This effectively deprives them of access to major educational pathways to higher education and the labour market. (For a structural overview of the education system of Moldova, see Annex 2.) Table 12 also shows that the share of early leavers is highest in rural areas⁶³. Other sources point out that boys are more likely than girls to leave school early. Indeed, in 2016 (the latest year for which such data is available), 26% of rural youth and close to 24% of young men left education early. The share of early leavers among young women was considerably lower (16%), while the problem was least common among urban youth (10.9%) (ETF, 2018).

TABLE 13. ENROLMENT IN GENERAL SCHOOLS BY AGE, GRADE AND PLACE OF RESIDENCE, 2017 (%)

Level of education	Grade	Gross enrolment rate (%)		Age (years)
		Urban	Rural	
Primary	1	122.7	74.1	7
	2	124	79.3	8
	3	119	74.5	9
Lower secondary	4	108	77.1	10
	5	112	75.7	11
	6	105	75.7	12
	7	112	76.9	13
	8	104	75.5	14
	9	99	74.9	15
Upper secondary	10	73	11.2	16
	11	67	8.2	17
	12	62	8.1	18

Notes: Data includes all Moldovan nationals with an active address registration in the country, irrespective of their primary place of residence.; 1. The figure in brackets refers to an estimated enrolment rate in vocational schools at upper secondary level by area.

Source: Calculations based on data from the database of the National Bureau of Statistics.

⁶³ Some reports, such as UNICEF (2015), note that the highest exclusion rates are among Roma children, but lack of data prevents a proper comparison and analysis in this chapter.

It appears that the exact mechanisms of exclusion and the reasons why students opt to leave formal schooling have not yet been documented in a systematic way. Some reports suggest that the problem may be due to uneven levels of spending on education between regions of the country (ETF, 2018), while others underline that rural areas and those who live there are coping with a complex set of economic challenges that influence their choices regarding education (Ganta and Shamchiyeva, 2016)⁶⁴.

According to recent research into factors that influence early school leaving globally, the reasons for the problem are usually highly complex. Some are linked to the student as an individual and to his or her family. Others fall within the responsibility of policy-makers and concerned the school and classroom environments (González-Rodríguez et al., 2019).

In Moldova, too, the reasons for early school leaving appear to be complex. Disparities in educational investment and economic development across the country probably play a role, as do other factors such as unsatisfactory conditions and quality of instruction, low motivation of young people to continue learning beyond compulsory education, and gaps in the accessibility of education and training in rural areas.

It would be worth exploring this issue in more detail in a separate analysis. However, even with the limited evidence available for this assessment, it appears that in Moldova the two problems – exclusion from employment and exclusion from education and training – are mutually reinforcing. Young people who see no merit in continuing on an educational path that delivers low quality and that deprives them of a fair chance of gaining employment may decide to quit. In turn, this decision further limits their chances of successful transition, effectively turning their conviction into a self-fulfilling prophecy.

NEETS

A considerable proportion of young people in Moldova who are not in education also struggle to find employment and thus fall into the NEET category. In 2017 NEETs accounted for a fifth of the youth population of the country and in 2018 this proportion was even higher (27.1%)⁶⁵.

According to disaggregated data from 2015 (the latest available year, when 29% of the youth population in Moldova was NEET), some 40% of all NEETs were unskilled early leavers, followed by those with low to medium (30%) and higher skills (15%). Expressed in terms of educational attainment, some 46% of these NEETs had lower secondary education, 30% had upper secondary school, and 15% were higher education graduates⁶⁶.

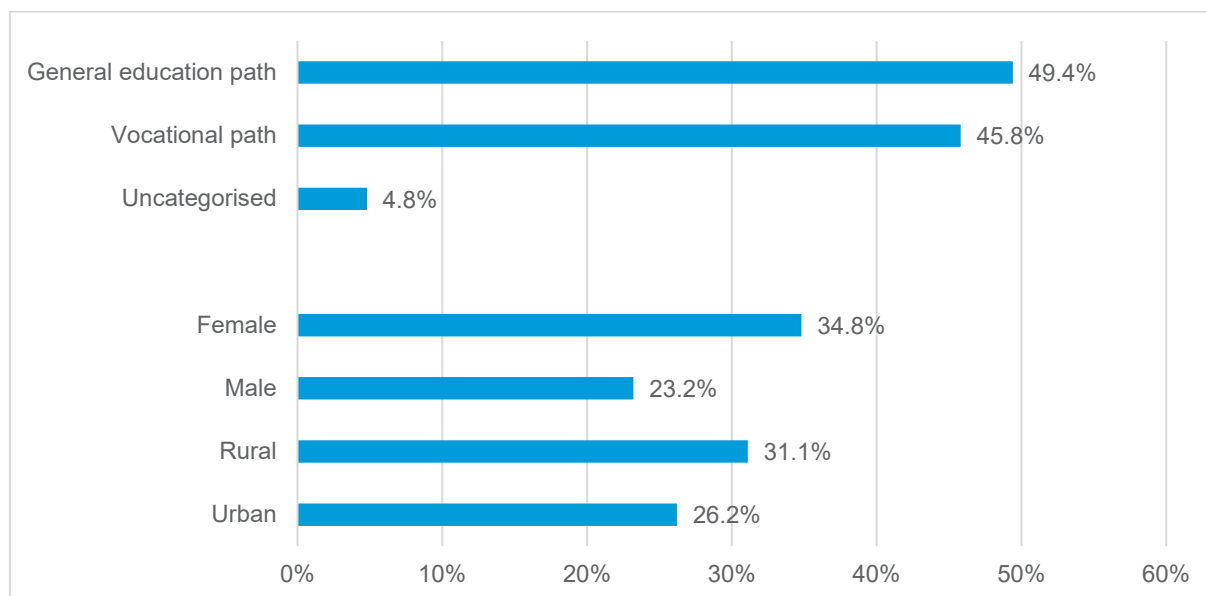
The same dataset suggests that the choice of whether to take a vocational or general education path did not affect the likelihood of becoming a NEET to the same extent as gender and place of residence did. Young women and young people in rural areas were the most numerous in the NEET group (35% and 31%, respectively), followed by urban youth (26%) and young males (23%) (Figure 14).

⁶⁴ See also NRF A.1.1.

⁶⁵ NRF C.3.1.

⁶⁶ The total is less than 100% because of missing information for some of the NEETs.

FIGURE 14. SHARE OF NEETS IN THE YOUTH POPULATION BY TYPE OF EDUCATIONAL PATHWAY (GENERAL OR VOCATIONAL), GENDER AND PLACE OF RESIDENCE, 2015 (%)



Note: Data covers lower and upper secondary education.

Source: Calculations based on data from ETF (2018).

A recent sociological study into the situation of NEETs in Moldova found that the combined effect of exclusion from employment and education is one of the main determinants of NEET status, the others being individual factors, such as age and gender, socioeconomic factors such as place of residence, and institutional factors, such as poor public services (Crismaru et al., 2017).

The exclusionary processes lead to disillusionment, low self-esteem, passiveness and discouragement, which may be further reinforced by family situation (in 2016 over 45% of NEETs were prevented from participation in education or employment because family members were in need of care (Crismaru et al., 2017)), and poor communication and job application skills⁶⁷.

3.2.2. Policy responses

Priorities and effectiveness

Judging by the national report and the background materials to which it refers, policy-makers in Moldova are well aware of the youth exclusion challenge. Their policy responses target the two problems separately, with one package of measures aimed at facilitating participation in employment and another unrelated group of measures in support of better access to education and training.

The only connection appears to be the fact that some of the measures that the national report presents as a response to the exclusion of young people from the labour market are heavily dependent on the proper participation of those same young people in formal education and training-related solutions, such as WBL. This implies that such measures may not be effective for young people at risk as they are usually excluded not only from employment, but also from education and training.

⁶⁷ NRF C.3.1

Policies targeting the risk of labour market exclusion of youth

In terms of more specific actions specifically addressing labour market exclusion, the national report describes several major steps undertaken in the few years preceding this ETF assessment. The one specifically targeting young people is the programme Start for Young People: A Sustainable Home at Home. Launched in 2018, its aim is to promote youth entrepreneurship. Similar to PARE 1+1, which is discussed above, the Start programme provides young people with training, with consultations, with access to information about business service providers and suppliers of material and equipment, and with financing if their business project is innovative⁶⁸.

For young people who are registered job-seekers and would rather take a job than create one, there is a policy package comprising ALMMs. Under the joint heading of Promotion of Labour and Unemployment Insurance⁶⁹, the measures target both prospective job candidates and employers with the aim of reducing disparities in expectations on both sides. The measures for job-seekers include vocational training for the purpose of qualification and requalification, including on-the-job training. The measures for employers include financial incentives in the form of subsidies for those who adapt existing or create new working places for job-seekers from vulnerable groups, such as people with disabilities, people from rural areas and those who are long-term unemployed⁷⁰.

In addition, the National Employment Strategy 2017–2021 commits to annual actions to strengthen the link between the labour market and the VET outcomes of young graduates, as well as to the promotion of job creation through youth entrepreneurship⁷¹. A smaller number of significant measures along these lines are directed at education and training providers with the aim of supporting the successful transition of students to employment. The two most prominent measures at provider level are WBL and career guidance/counselling⁷².

WBL in Moldova takes the form of unpaid internships, which are mandatory in all programmes in upper secondary VET and usually last several months. The receiving companies have formal agreements with the schools, and teachers are supposed to regularly monitor the student's progress during the internship placement. This WBL model has been in place for some years now, as have the problems that come with it, most notably the difficulty of finding internship placements⁷³, which often leads to WBL taking place in the school environment instead of in the workplace, and the weak monitoring of student progress. Another WBL model that has been given high priority⁷⁴ is dual VET, which has led to a high rate of apprenticeship enrolment and to a higher rate of youth employability⁷⁵.

Finally, there are a number of donor-supported but publicly endorsed projects that promote smooth school-to-work transition for young people, including individuals at risk. Some of the more prominent and wide-reaching projects have had a focus on career guidance. One example is Cariera Mea⁷⁶, an online platform for professional guidance and orientation for children and young people. This was launched to address the needs of students between the ages of 11 and 18 and give them the

⁶⁸ See Government Decision No. 973 of 10 October 2018 and NRF B.1.5.

⁶⁹ Law No. 105 of 2018 on Promoting Employment and Unemployment Insurance.

⁷⁰ NRF B.1.6.

⁷¹ National Employment Strategy 2017–2021 and NRF C.3.3.

⁷² See NRF C.3.2 – C.3.4 for details on both.

⁷³ See also NRF D.1.1.

⁷⁴ NRF B.2.1

⁷⁵ NRF C.3.1 and C.3.2.

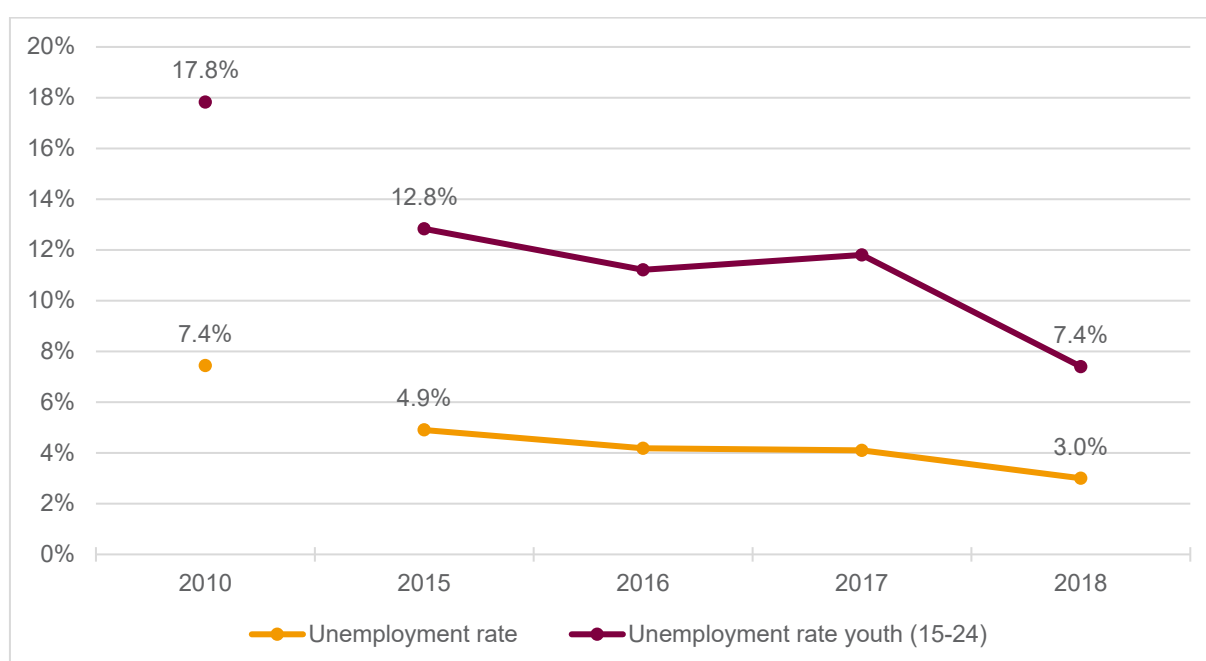
⁷⁶ <http://www.carieramea.com/>

opportunity to make well-informed decisions about their future career paths. Another is the Reconceptualising Professional Orientation and Career Counselling (REVOCC) project, which was funded by the Austrian Development Agency and implemented by several state bodies in support of a number of structural transformations relating to career guidance, such as the opening of regional career guidance centres.

The national report is quite open in its evaluation of such initiatives, on the one hand praising their contribution, but on the other describing their limitations, which are due to the lack of capacity of state institutions and the fragmentation of initiatives because of an absence of coordination mechanisms at national level (see also the section on shortcomings and policy gaps below)⁷⁷. It is also fair to note that some of the key measures described in the national report, such as the Start for Young People and the Labour and Unemployment Insurance programmes, are too recent (2018) for their effectiveness to be assessed.

Nevertheless, the national report is rather optimistic regarding the anticipated overall effectiveness of policies: it notes that past experience with similar interventions has led to a considerable reduction in unemployment over recent years, a statement that seems to be corroborated by the labour market data (Figure 15)⁷⁸. The drop in youth unemployment has been particularly steep: the rate decreased from 17.8% in 2010 to 7.4% in 2018.

FIGURE 15. UNEMPLOYMENT AND YOUTH UNEMPLOYMENT, 2010, 2015–2018, (%)



Notes: Data covers age groups 15+ and 15–24 for youth unemployment, and includes all Moldovan nationals with an active address registration in the country, irrespective of their primary place of residence.

Source: ETF database.

Not all of the reduction in unemployment can be attributed to policy successes: demographic and migration developments also play a significant role. Judging by the rate of youth inactivity, which has been largely stagnating since 2010 (Figure 14), the impact of policies addressing the labour market

⁷⁷ NRF C.3.2.

⁷⁸ NRF B.1.6

exclusion of young people has been uneven, at best. Moreover, it is not clear how much of this fall in unemployment and long-term unemployment has been aided by job creation, and also to what extent job creation has benefited young people.

However, international experience confirms that self-employment can be a successful measure in helping young people to move out of inactivity and unemployment (Halabisky, 2012). Moldova has a rich repository of successful donor-supported projects that are relevant in this context, such as *Cariera Mea* and *REVOCC*, the deliverables and lessons of which may lend themselves to mainstreaming into the package of official, publicly funded policy measures against youth unemployment and inactivity.

Policies targeting youth exclusion from education and training opportunities

Unlike in (many) other countries, where VET is seen as an unattractive option, education and VET are well respected in Moldova⁷⁹ and equality of access is described as a key principle of policy and action in that sector⁸⁰.

This commitment translates into several policy responses. In the first place, the national report highlights the policy of positive discrimination in the form of access quotas for special categories of prospective students, such as individuals with a disability, orphans, those from disadvantaged ethnic minority groups, and children from large families. Students from these categories are also provided with boarding free of charge and with financial support⁸¹. The same principle of equality of access also guides the policies regulating participation in continuing training and training within the framework of ALMMs. Job-seekers (including young people) from vulnerable groups are guaranteed priority access to such educational opportunities as well⁸².

For those who do not fall into any of the special categories, the Education Development Strategy (EDS) and the Strategy for the Development of Technical Vocational Education 2013–2020 envisage the development and implementation of measures to safeguard access to education, irrespective of place of residence, gender and socioeconomic background. This also includes access to lifelong learning opportunities for adults⁸³.

Exclusion from education and training can be due to a multitude of factors, which makes it difficult to assess how well a given policy from the measures described here may be contributing to the resolution of the problem. It is more feasible and reliable to look at the cumulative effect of policy efforts to prevent exclusion, as reflected in the evolution of some basic indicators relating to participation in education and work (Table 13). The time for this seems appropriate, as the ETF assessment (2019) refers to the year prior to the final year (2020) of the EDS and the Strategy for the Development of Technical Vocational Education, which have been undergoing implementation since 2014 and 2013, respectively.

The choice of indicators is similar to or the same as the one used to describe the exclusion problem in this chapter and argue for its urgency. Table 14 shows the rate of early leavers from education,

⁷⁹ NRF C.1.1.

⁸⁰ See NRF C.2.3, Education Development Strategy 2014–2020, Education 2020 (Government Decision No. 944 of 14 November 2014) and Strategy for the Development of Technical Vocational Education 2013–2020 (Government Decision No. 97 of 1 February 2013).

⁸¹ NRF C.1.2. and C.1.3.

⁸² Law No. 102-XV of 13.03.2003 on Employment and Social Protection of Persons Seeking Work.

⁸³ EDS, Section V, Strategic Direction No.1 and Strategy for the Development of Technical Vocational Education 2013–2020, Objective 6.

enrolment rate in VET, NEET rate, graduation rate from VET, and rate of economic inactivity and youth unemployment as indicators relating to the previous section on labour market exclusion. The indicators are presented by latest available value (Column 1) and reference year (Column 2), the historical value at the time of inception of the latest round of education strategies or before (Column 3), the year of the historical reference (Column 4), and the presence or absence of progress on that basis (Column 5).

TABLE 14. POLICY EFFECTIVENESS: TRENDS IN EDUCATION AND EMPLOYMENT PARTICIPATION

	Notes	Latest available value	Year	Value before inception of the strategy	Year	Progress since inception (1)
		(1)	(2)	(3)	(4)	(5)
Economically inactive youth (%)	2	79.2	2018	78.1	2010	No
Youth unemployment rate (%)	3	7.4	2018	17.8	2010	Yes
Early leavers from education (%)		19.4	2017	22.1	2010	No
Enrolment in secondary vocational schools		65 742	2017	65 562	2012	No
NEET rate (%)		17.3	2018	19.6	2010	Yes
Average graduation rate from VET programmes (%)	4	2.9	2017	6.7	2012	No

Notes: 1. For the purpose of the ETF assessment, progress is defined as a positive change of at least five percentage points between the two reference years. 2. Age group 15–24, average for both genders. 3. National average, age group 15–24. 4. Includes 2-year programmes (% of 17-year-olds), 3-year programmes (% of 18-year-olds), and 1-year programmes (% of 19-year-olds).

Sources: ETF database and database of the National Bureau of Statistics.

The data in the table shows that the only progress in terms of indicator values has been on youth unemployment, which fell substantially in the reference period, and the NEET rate, which decreased by close to 2 percentage points between 2010 and 2018. Of course, the positive evolution of these two indicators may also be attributable to factors beyond the policy actions envisaged in the education and training strategies. Nevertheless, progress is evident.

However, the lack of progress and, in fact, the deterioration in the other dimensions covered by the indicators suggest that the exclusion problems persist despite the policy responses of national authorities, and that they are particularly prevalent among indicators relating to education and training. This may be a signal that these responses need to be calibrated or even replaced. This is discussed in some detail in the following section.

Shortcomings and policy gaps

Policy measures neglect the retention and graduation of students as a risk area

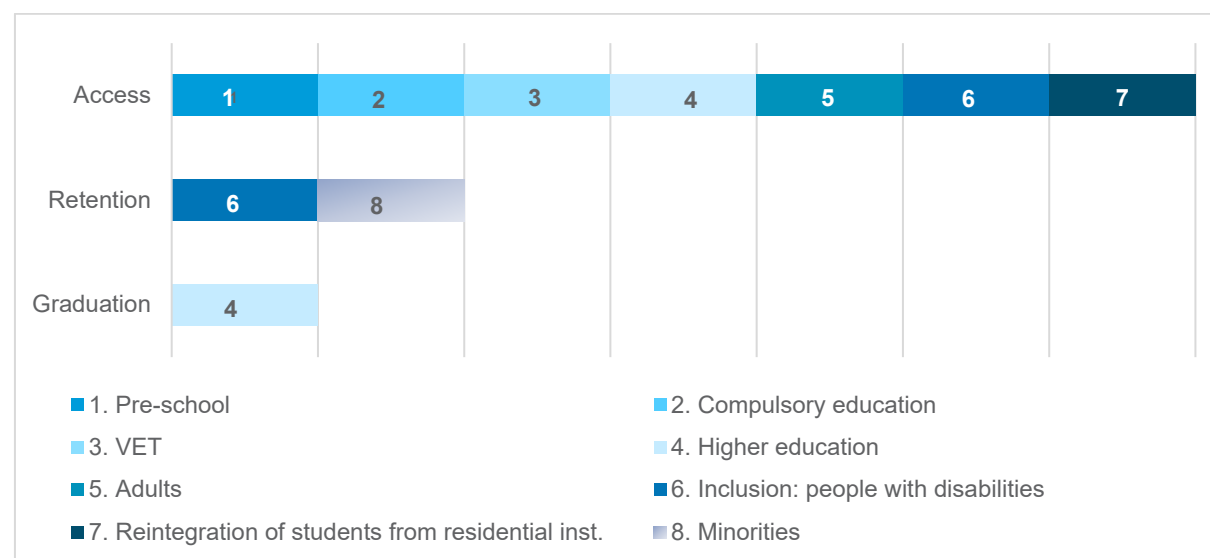
Most policy measures promote first-time access to education and training programmes, but very few support student retention and graduation.

As noted in Chapter 1 of this assessment, one of the key objectives for the development of VET and education more broadly in Moldova is to facilitate participation through better access to education and

training opportunities⁸⁴. The corresponding policies are implemented through priority actions that have positive features, but also some deficiencies.

One positive feature is that the actions cover all levels of education and include a range of high-stakes policy areas that are important for the prevention of exclusion, such as adult education, integration of minorities and students from residential institutions, and inclusive education: this relates to a total of eight policy areas of intervention (Figure 16).

FIGURE 16. AVAILABILITY OF POLICY ACTIONS IN SUPPORT OF STUDENT ACCESS, RETENTION AND GRADUATION, BY LEVEL OF EDUCATION AND POLICY AREA (2014–2020)



Sources: Visualisation on the basis of information provided in the EDS 2014–2020 (Education 2020): Government Decision No. 944 of 14 November 2014, and the Strategy for the Development of Technical Vocational Education 2013–2020: Government Decision No. 97 of 1 February 2013.

However, Figure 18 also shows that most actions are limited to the promotion of (first-time) access to education and training opportunities, although the data and analysis so far suggest that the exclusion challenge is also driven by difficulties in retaining students and in seeing them through to successful graduation. 44

Although there are actions in place to facilitate access in almost all policy areas, there are considerably fewer interventions to support students once they are in education and training. Such interventions are limited to students in inclusive education and students from ethnic minority groups. Actions in support of successful graduation are even rarer, and take place only in higher education (Figure 18).

Policies to promote labour market participation through training do not have a focus on young people
The policy measures promoting labour market participation are designed for the general population irrespective of age, which limits their outreach among unemployed and inactive young people.

If young people in Moldova are most affected by labour market exclusion, it might be expected that a sizeable share of employment-related measures would be devoted to them. Unfortunately, apart from

⁸⁴ See NRF A.2.4, EDS and Strategy for the Development of Technical Vocational Education 2013–2020.

one nascent programme with a focus specifically on young people⁸⁵, all of the other (numerous) measures targeting job-seekers and promoting labour market participation are designed for the general population, irrespective of age.

Young people account for a relatively modest share of the beneficiaries of these programmes⁸⁶, which is not surprising. When it comes to labour market support and ALMMs, the needs and situation of young people are known to require a more customised, higher-intensity approach that may include a stronger focus on counselling and monitoring, the creation of commitment and motivation to persevere and look for a job, and incentives for employers to hire young and less-experienced job-seekers (Tosun et al., 2017).

In 2018 the ETF had already noted the need for more ‘youth-friendly’ services in support of youth employment in Moldova (ETF, 2018). However, at the time of this assessment such services were still largely absent, except for the few good-practice examples of donor-supported actions for career guidance in schools. This gap continues to impede the effectiveness of policy measures that promote the labour market participation of the youth population. Part of the problem is the lack of mechanisms to identify and evaluate successful past projects and initiatives for youth employment with a view to systematising, disseminating and using the experience in the design of new policies.

Lack of diversification hinders policies from addressing the main determinants of youth exclusion

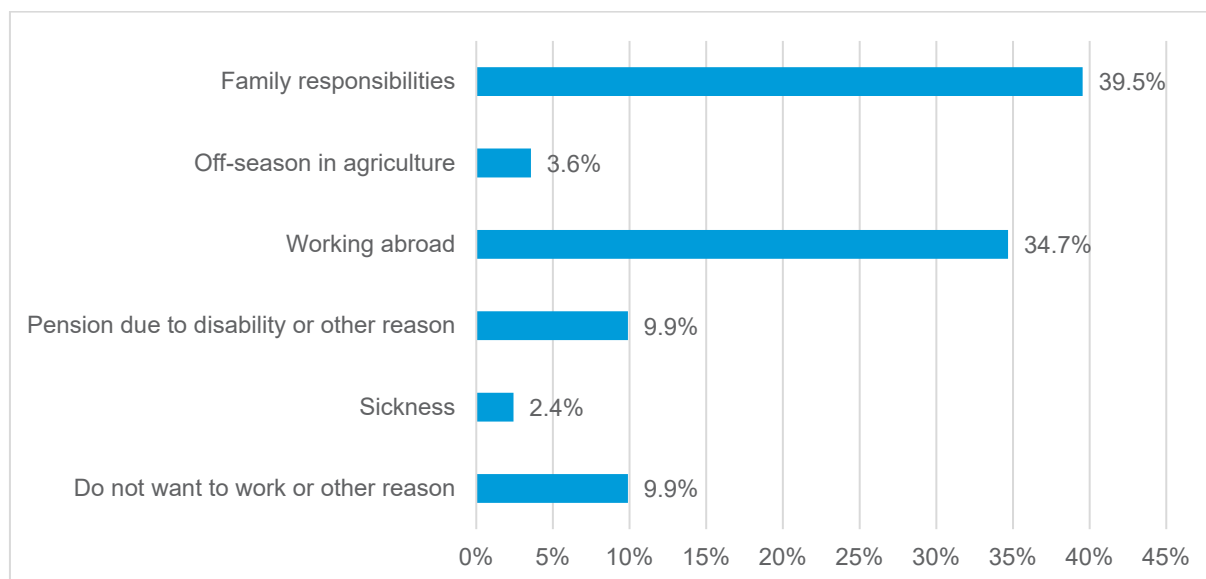
The official policies to tackle the labour market exclusion of young people in Moldova do not seem to take into consideration the diversity of this population segment and do not target the main determinants of exclusion. This limits their credibility and effectiveness.

As a group, young people in Moldova who are looking for employment or who are economically inactive are rather diverse in terms of their socioeconomic contexts, expectations and reasons for unemployment or inactivity. For instance, a considerable share (39.5%) of young people under 25 who were neither employed nor looking for a job in 2018 had family responsibilities that prevented them from participating in the labour market. Close to 10% had a special status that granted them a social benefit (thus disincentivising them to work), and another 10% did not want to work or preferred not to give a reason for their inactivity (Figure 17).

⁸⁵ Start for Young People, described above.

⁸⁶ NRF B.1.7 and also Government Decision No. 973 of 2018 on the approval of the Start for Young People programme (<http://www.legis.md/cautare/rezultate/109155>).

FIGURE 17. INACTIVE POPULATION AGED 15–24 BY MAIN REASON FOR NOT WORKING, 2018 (%)



Source: Calculations based on data from the database of the National Bureau of Statistics.

Behind this diversity of explanations there is also a diversity of potential beneficiaries – such as school leavers, young people with disabilities, rural/poor youth, (single) mothers with small children, and job-seekers without qualifications – whose needs may differ and call for diverse support solutions. For example, young mothers may require a package of measures that include flexible hours for training, access to day-care services for their children, and the willingness of employers to adapt their working conditions (e.g. by allowing for flexible working hours). Young people who do not want to work may need solutions with a strong element of proactive outreach and incentive-creation, while those who are considering emigrating or who have already left the country may need stand-by access to reintegration support (including training and recognition of qualifications) as a stimulus in case they return.

Unlike the multitude of largely uncoordinated donor-supported projects, the official policies against labour market exclusion in Moldova are rather generic and do not yet seem to take this diversity into consideration, for instance by prioritising the more prominent determinants of youth exclusion, such as place of residence (the majority of young people live in rural areas), level of education and gender.

Capacity and resource shortages in service delivery

The state bodies and training providers in charge of implementing policies to support youth participation in employment and education are plagued by shortages of capacity and financial resources.

The national report describes how over the past few years, policy measures and donor-driven initiatives to support labour market participation have led to the creation or reshuffling of a number of state bodies and subordinate institutions and the adoption of an array of new regulations⁸⁷. In 2018 alone, Moldova adopted 12 new laws, government decisions, or regulations concerning VET, more than half of which focused on the facilitation of employment through vocational training and the recognition of professional qualifications.

⁸⁷ See, for example, NRF A.2.4.

In parallel, the authorities embarked on a wide-reaching public administration reform⁸⁸ that reduced the number of line ministries from 16 to 9 and the number of staff in the civil service by over 40%⁸⁹. The measure is expected to lead to higher wages, but also to more responsibilities for fewer people. At the time of this assessment, the next step was a reduction of staff in subordinate institutions, some of which, such as the National Employment Agency, the Labour Market Observatory and the Centre for Vocational Education and Training, play a central role in the implementation of the policies described in this section.

The combined effect of these changes – reduction of staff, increase of workload and responsibility, and a changing regulatory environment – are a potential source of risk, as many of these institutions are already plagued by capacity and resources shortages and are struggling to deliver to expectations as it is⁹⁰. For example, the national report quotes a 2017 ILO assessment establishing that the National Employment Agency has a lack of capacity to implement all measures to support those who are unemployed⁹¹, while the public VET providers lack the financial resources and staff competences to comply with their obligations to ensure equal opportunities for all⁹².

From an HCD perspective, this last observation is particularly concerning. Part of the problem is the overstaffing in the education and training providers, where the number of professional staff has remained constant despite sharply declining enrolments. As a consequence, most of the financial resources are absorbed by wage expenses⁹³, leaving little room for anything else, such as investment in professional development for teachers or the creation of better learning conditions.

Shortages of capacity and staff also hinder the work of a range of other institutions that are involved in promoting participation in education, training and the labour market, including the centres of excellence, the methodological centre and the Labour Market Observatory.

Weak partnerships between the worlds of work and training hamper support at the provider level

Moldova has put in place a number of bodies to coordinate activities and cooperation between employers, education and training (VET) providers and the state bodies responsible for labour market and HCD policies. These include representatives of the social partners, such as employers' organisations and trade unions, the newly formed sector skills councils (there were six at the time of this assessment), the Organisation for Small and Medium-Sized Enterprise Development (ODIMM), business associations, the National Employment Agency, the Chamber of Commerce and Industry, the Council of Technical and Vocational Education and Training (TVET) Students, and line ministries. The authorities had already created the National Coordination Council (Committee) for TVET in 2014 in order to foster stronger synergies between all these players, TVET, the labour market and the national economy.

Despite these arrangements, the national report notes that there is a considerable deficit in the involvement of employers in VET, partially because the National Coordination Council does not have sufficient capacity to facilitate stakeholder involvement, but also because the sector skills councils are

⁸⁸ For more official information, see <https://cancelaria.gov.md/en/apc/public-administration-reform>

⁸⁹ NRF A.1.1.

⁹⁰ NRF C.3.2.

⁹¹ NRF C.3.2.

⁹² NRF C.2.3

⁹³ NRF A.2.2.

too new⁹⁴. An even more challenging problem is that beyond these bodies that are now in place, there is no formal mechanism and process for dialogue, cooperation and incentive provision at the lower, more technical level of interaction between the world of work and VET providers. This is a problem because it is at this level that decisions are taken and opportunities are forged when it comes to WBL, internship opportunities and locally owned partnerships between providers and local businesses.

3.2.3 Recommendations

R.5 Improve quality and provide support for the retention and graduation of students

The ETF recommends complementing the existing actions that promote access to education and training opportunities with a package of measures that support students to stay in education by preventing early leaving and promoting continuation beyond lower secondary education and into VET.

The ETF assessment found that most policy measures are promoting first-time access to education and training programmes, but that few measures support student retention and graduation, both of which are a challenge in the Moldovan context. Nevertheless, a year before the completion of the current education strategy cycle in 2020, Moldova is in a good position to reassess the priorities and action plans concerning HCD in this respect.

The ETF recommends a more balanced approach in the next strategic cycle, which should cover all points at which young people may be at risk of exclusion from education and training, and supplement existing measures with efforts to raise the quality and attractiveness of options available through VET. This means complementing the existing actions promoting access to education and training opportunities with a package of measures that also support students to stay in education by preventing early leaving and promoting continuation beyond lower secondary education and into VET.

While it is up to the national authorities and stakeholders in Moldova to decide on the specific actions towards that end, it is important that the measures provide opportunities for the student to be actively involved and to agree with the process of support provision, and that progress is monitored objectively.

R.6 Introduce more youth-friendly services and training offers in support of labour market participation

The ETF recommends adjusting policy and project planning in support of labour market participation so that it routinely includes services and training offers that are more user-friendly and appealing for young people, thus making the focus on youth an integral part of Moldova's mainstream labour market policy.

At the time of this assessment, Moldova is lacking in policy measures that specifically promote labour market participation of young people, thus limiting the effectiveness of actions in this area among young people who are unemployed or inactive.

At any given time, a significant amount of policy and project planning is taking place in Moldova to support labour market participation. There is no reason why this planning cannot be fine-tuned to include services and training offers that are more user-friendly and appealing for young people, while still remaining an integral part of the mainstream labour market policy of the country. The ETF recommends undertaking such an adjustment as soon as possible. This can provide a good basis for

⁹⁴ NRF E.2.1.

outreach, especially to vulnerable young people who have not previously benefited from opportunities and support in this area.

It is also important to reiterate that refocusing measures that promote labour market participation so that they are more relevant to young people cannot be a task for a single state body. As noted in a previous ETF recommendation, it will require effective cooperation and a solid referral system between a variety of institutions that are important for the transition from school or unemployment to employment, such as education and training providers, employers and employment services, youth centres and municipal authorities (ETF, 2018).

R.7 Diversify the policy measures so that they target the main determinants of youth exclusion from education and employment and focus on the needs of inactive youth

The ETF recommends diversifying programmes that support the inclusion of young people in education and employment so that they are more in line with the needs of specific, high-priority groups of young people at risk and address the main determinants of exclusion of these groups.

The official policies addressing the labour market exclusion of young people in Moldova do not seem to take the diversity of this population segment into consideration and do not target the main determinants of exclusion, which limits their credibility and effectiveness. At the same time, the youth population, and especially those who are inactive, have a very diverse set of reasons for exclusion from employment and education (see Figure 19).

To cater for this diversity, the ETF recommends diversifying programmes that support the inclusion of young people in education and employment so that they are more in line with the needs of specific, high-priority groups of young people at risk and address the main determinants of exclusion. As authorities and stakeholders in Moldova continue to work on new policy plans for the future, there are ample opportunities to adjust and introduce more specific priorities and instruments that address the needs of young people excluded from the domestic labour market according to the reason for their exclusion.

There seems to be an acute need for actions that are tailored specifically to the requirements of inactive young people, those in rural areas, those with low levels of educational attainment, those taking care of family members (e.g. young mothers), and those from vulnerable socioeconomic backgrounds.

Measures to reach out to these groups of young people and to activate them should go hand in hand with the creation of opportunities for decent jobs and the provision of training to prepare prospective candidates for these jobs. Actions in this respect could commence with the identification of particular economic strengths in rural regions, the inclusion of stakeholders in this identification process, and the mobilisation of these strengths through a discussion of local business opportunities and entrepreneurship activities (smart specialisation).

R.8 Reinforce capacity-building measures for staff in institutions of importance for employment and youth policies

The ETF recommends considering ways of providing more and better capacity building for staff in institutions of importance for employment and youth policies and designing a system of incentives for staff to participate in capacity building and professional training.

This assessment refers to the shortage of capacity and resources in key institutions charged with the implementation of policies in support of youth participation in employment and education. The reasons

include an ambitious policy agenda, an ongoing public administration reform that leads to substantial changes in human resource capacity in these institutions, and a shortage of funding in education and training providers for anything beyond wages of staff.

The ETF recommends considering ways of providing more and better capacity building for staff in institutions of importance in this policy area and designing a system of incentives for staff to participate in capacity building and professional training. In doing so, Moldova will be following and mainstreaming the experience and ongoing efforts of the donor community, which has already prioritised this area of intervention and is investing in capacity building in the civil service and the education and training system⁹⁵.

⁹⁵ See NRF A.3.5, Table 10.

4. CONCLUSIONS

This assessment discusses the strategic context and recent developments in relation to human capital in Moldova. It describes the strategic context and presents key data of significance for the interpretation of that context. The assessment identifies a number of challenges for HCD that require attention and that may require the revision of some HCD-related policies to make them more targeted and effective. These challenges include inefficiencies in the allocation and use of financial resources in VET, skills shortages and the underutilisation of human capital potential in the area of digital development.

The assessment analyses two challenges in greater detail, namely the problem of depletion of human capital as a result of (youth) emigration and the wastage of human capital owing to the exclusion of young people from education and employment opportunities. The report establishes that Moldova is already doing a great deal to remedy the negative impact of both problems, but also that the effectiveness of policies and commitment efforts is hampered by the interplay between three major shortcomings: insufficient focus on the specific situation and needs of young people; financial sustainability risks as a result of the heavy reliance on donor support and – even more importantly – donor initiative; and lack of capacity on the part of institutions and their personnel to implement the policy commitments and plans for which they are responsible.

However, the main message and conclusion of this report is not one of deficits and gaps. On the contrary, there is ample evidence that Moldova is in a good position to make rapid progress with most of its strategic priorities concerning the development and use of human capital. It has the necessary network of national institutions and international partners, a remarkable pool of successful projects and good practice within most of them, and a labour market that is ready to absorb a significant number of specialists in future-proof domains such as ICT, eco-friendly agriculture, goods and services. The recommendations in this assessment describe some of the ways in which the ETF considers that Moldova could capitalise on this situation and make tangible progress with its policy commitments.

ANNEX 1. SUMMARY OF RECOMMENDATIONS

Problem with Human Capital Development and Use (HCDU)	Recommendations		
	No.	Action	Description
Depletion of human capital due to migration	R.1	Improve the financial sustainability of HCD policies targeting migration	Migration-related projects in Moldova traditionally depend on external financial support. However, without alternative, domestically owned schemes and sources of funding, the sustainability of their achievements is at risk. The ETF recommends optimising the cost of interventions that involve HCD by making better use of the existing network of public VET providers, which appear to have surplus capacity in terms of human resources and infrastructure.
	R.2	Prioritise the development of circular migration schemes with a focus on validation	The ETF recommends stepping up the creation of conditions for circular migration, notably by opening opportunities for cross-border education and through the mutual recognition of professional qualifications and educational credentials. To that end, Moldova has already entered bilateral agreements with a number of host countries. The ETF recommends expanding the practice of concluding such agreements and prioritising education and training as key elements within them.
	R.3	Mobilise education and training more extensively and effectively, while improving employment conditions at home	The ETF recommends integrating HCD as a priority in actions targeting all phases of migration. This can be a gradual process, and although the development of training courses must be driven by stakeholder needs, the training should be sufficiently diverse to be accessible for both beginners and advanced participants, and the facilitation of participation should become an integral part of migration policy. The stronger involvement of domestic actors, such as state institutions, NGOs and public providers, can thereby have a positive impact on the attitudes of migrants towards their home country and open opportunities for cooperation on cross-border skills programmes between institutions from both countries. Finally, these actions must be implemented in parallel, through a joint effort with employers, to set minimum standards of decent employment across sectors of the economy. Such actions should address the main deficiencies, such as precarious working conditions, etc.
	R.4	Improve coordination among donors, implementing institutions and stakeholders	Consideration should be given to organising or pooling together the numerous externally supported projects into a limited number of high-priority, complementary strands of strategic action under the leadership of a state body or a group of state bodies. The ETF recommends that the authorities agree on a number of priority areas for strategic action with respect to migration policy and associate each project with one of these areas according to its potential contribution to achieving the goals within this area.
Exclusion of young people from employment and educational opportunities	R.5	Improve quality and provide support for the retention and graduation of students	The ETF recommends complementing the existing actions that promote access to education and training opportunities with a package of measures that support students to stay in education by preventing early leaving and promoting continuation beyond lower secondary education and into VET.
	R.6	Introduce more youth-friendly services and training offers in support of labour market participation	The ETF recommends adjusting policy and project planning in support of labour market participation so that it routinely includes services and training offers that are more user-friendly and appealing for young people, thus making the focus on youth an integral part of Moldova's mainstream labour market policy.
	R.7	Diversify the policy measures to target the main determinants of youth exclusion from education and	The ETF recommends diversifying programmes that support the inclusion of young people in education and employment so that they are more in line with the needs of specific, high-priority groups of young people at risk and address the main determinants of their exclusion. There seems to be an acute need

		employment, and focus on the needs of inactive youth	for actions that specifically support young people in rural areas, those with low levels of educational attainment, those taking care of family members (e.g. young mothers), and those coming from vulnerable socioeconomic backgrounds. Measures to reach out to these groups of young people and to activate them should go hand in hand with the creation of opportunities for decent jobs and the provision of training to prepare prospective candidates for these jobs.
	R.8	Reinforce capacity-building measures for staff in institutions of importance for employment and youth policies	The ETF recommends considering ways of providing more and better capacity building for staff in institutions of importance for employment and youth policies and designing a system of incentives for staff to participate in capacity building and professional training.

FIGURE 21. THE EDUCATION SYSTEM OF MOLDOVA



Structure and basic data

Education in Moldova is structured according to the ISCED 2011 classification, as follows (Figure 21):

- early childhood education (ISCED levels 1 and 2, age 2 to 6), which comprises nursery (age 2 to 3) and pre-school (age 4 to 6);
- primary education (ISCED level 1, grades 1 to 4, age 7 to 9);
- lower secondary education, also called cycle I secondary education (ISCED level 2, grades 5 to 9, age 10 to 15), provided in gymnasiums;
- upper secondary education, also called cycle II secondary education (ISCED level 3, grades 10 to 12, age 16 to 18), provided in lyceums;
- secondary VET (ISCED level 3, age 16 to 18), provided in professional schools;
- post-secondary VET (ISCED level 4, age 16 to 19), provided in colleges;
- post-secondary, non-tertiary TVET (ISCED level 5, age 19 and up), provided in colleges;
- higher education, first Bologna cycle – Bachelor (ISCED level 6), second Bologna cycle – Master's (ISCED level 7), and third Bologna cycle – PhD (ISCED level 8).

ISCED levels 1 to 3 are compulsory. In the academic year 2018/19 there were 349 465 students enrolled at these levels of education, 5 976 of whom were in private institutions. They were taught by 29 422 teachers, 663 of whom were employed by private providers (Table 14). Moldova has no significant gender imbalance in participation in education, although vocational programmes tend to attract considerably more male than female students, while at higher levels of education (post-secondary and tertiary) the pattern is reversed, as female students outnumber male students by a factor of 1.2 and 1.4, respectively.

TABLE 15. ENROLMENT BY GENDER, LEVEL AND TYPE OF EDUCATION (2018)

	Male students	Female students	Ratio of female to male
General schools	171 496	162 663	0.9
Secondary vocational schools	11 110	4 196	0.4
Post-secondary vocational schools	13 411	15 631	1.2
Higher education institutions	25 517	35 091	1.4

Source: Database of the National Bureau of Statistics.

In the academic year 2018/19 the vast majority of providers were public and catered for the educational needs of some 421 000 students. In the same year private education institutions enrolled 17 826 students, more than half of them in higher education. Although it is one of the smallest segments of education by enrolment, vocational education employs the most teachers in relative terms. The student to teacher ratio in VET was 8.8, which was less than in general and higher education (12 students per teacher) and is high in international comparison. The capacity load in terms of average number of students per provider was also highest in VET (522 students per school in secondary and post-secondary VET), suggesting that although there are fewer VET institutions, they are considerably larger in terms of average enrolment per school than the general education providers (268 students per school) (Table 15).

TABLE 16. EDUCATIONAL INSTITUTIONS BY TYPE OF OWNERSHIP AND NUMBER, TYPE OF OWNERSHIP, STAFF AND STUDENTS (2018)

Institutions	In public ownership	In private ownership
General schools	1 224	22
Secondary vocational schools	44	0
Post-secondary vocational schools	39	6
Higher education institutions	19	10
Pedagogical staff	In public institutions	In private institutions
General schools	27 028	663
Secondary vocational schools	1 731	0
Post-secondary vocational schools	2 205	133
Higher education institutions	4 087	458
Students	In public institutions	In private institutions
General schools	328 183	5 976
Secondary vocational schools	15 306	0
Post-secondary vocational schools	27 180	1 862
Higher education institutions	50 620	9 988

Source: Database of the National Bureau of Statistics.

Responsibilities and governance⁹⁶

The main actor for VET governance and policy making is the Ministry of Education, which exercises its responsibilities with the help of several subordinate bodies and agencies. These include the Directorate of Technical, Vocational and Secondary Specialised Education; the Vocational Education Development Centre; and the National Agency for Quality Assurance in Professional Education. There is also involvement from other line ministries, namely the Ministry of Labour, Social Protection and Family and the Ministry of Finance. The VET governance arrangements also involve social partners.

Moldova has recently established sectoral committees, which are in charge of reviewing existing occupational standards and developing new ones. The National Employment Agency coordinates annual labour market forecasts and organises courses offering qualifications and skills development for unemployed people. The Moldovan Organisation for Small and Medium-sized Enterprise Development (ODIMM) is also active in VET policy implementation. It develops projects and programmes around entrepreneurial skills and training. International stakeholders support and fund a range of VET-related projects and pilot reform initiatives.

⁹⁶ This subsection is based on ETF (2017).

ACRONYMS

ALMM	Active labour market measure
CVET	Continuing vocational education and training
EaP	Eastern Partnership
ETF	European Training Foundation
EU	European Union
GDP	Gross domestic product
HCD	Human capital development
ICT	Information and communication technology
ILO	International Labour Organization
ISCED	International Standard Classification of Education
IT	Information technology
MDL	Moldovan leu
NDS	National Development Strategy
NEET	Not in employment, education or training
NGO	Non-governmental organisation
NRF	National Reporting Framework
ODIMM	Organisation for Development of Small and Medium-Sized Enterprises
OECD	Organisation for Economic Co-operation and Development
PARE	Programme for Attracting Remittances to the Economy
PISA	Programme for International Student Assessment
REVOCC	Reconceptualising Professional Orientation and Career Counselling
SME	Small and medium-sized enterprise
TVET	Technical and vocational education and training
USD	United States dollar
VET	Vocational education and training
WBL	Work-based learning
WEF	World Economic Forum

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