

EFFECTIVENESS AND INNOVATION POTENTIAL IN THE AREA OF ACTIVE LABOUR MARKET POLICIES IN MOLDOVA

Working paper



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PREFACE

The present report is part of a wider study commissioned by the ETF and led by Fondazione Giacomo Brodolini on the topic of Active Labour Market Policies (ALMPs), labour market transition and skills development in the ETF partner countries, in the context of the Covid-19 crisis.

Since the Covid-19 outbreak, the ETF has launched several new work strands to seize on the immediate developments and provide targeted advice or the sharing of innovative solutions in response to the impact of the pandemic. One strand covers socio-economic dynamics and the impact of the Covid-19 pandemic on the labour market and policy responses in terms of the crisis, post crisis and recovery phases, with a focus on the role of ALMPs including skills development programmes.

The working assumptions are that (i) the economic downturn and pandemic have induced sectoral changes requiring a change in career paths, reskilling and upskilling for people without jobs or at risk of losing them; and (ii) approaches to active labour market policies and programmes may need adjustments to fit current and foreseeable socio-economic conditions, technological advancement etc.

In this regard, the following report is dedicated to analysing the pre-conditions and measures to boost the efforts of public employment services and other stakeholders to address the post Covid-19 era in Moldova¹. The report includes concrete/actionable policy advice and measures to help respective PES and stakeholders prepare for the recovery period with activation and upskilling measures or other types of interventions, well grounded into the country's socio-economic realities and delivery capacities. The conclusions and policy advice can inform the planning of EU and external support and country priorities for building up ALMP delivery and continuous training, in pursuit of a transition agenda towards more agile economies and workforce.

The report was written between December 2020 and March 2021 by Alic Birca with the support of Eamonn Davern.

The ETF's Iwona Ganko, Eva Jansova, Cristina Mereuta and Filippo Del Ninno reviewed the report and provided comments and suggestions.

¹ Hereinafter 'Moldova'.

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EXECUTIVE SUMMARY

Prior to the Covid-19 pandemic, Moldova had experienced modest but steady growth. This period of growth was driven by construction, the wholesale and retail trade, transport and hospitality. It followed an economic crisis in 2015 caused by a massive banking fraud that severely depleted the reserves of the domestic banking sector.

The Covid-19 pandemic has reversed recent positive trends with a severe contraction in the economy across all sectors, a reduction in the employment rate, and a sharp decline in the number of job vacancies.

In the aftermath of the 2008 global economic crisis, the Moldovan government introduced some measures to encourage business activity, notably reducing bureaucracy and administrative burdens in the tax system and removing some business registration requirements. Labour market measures included some enhancement of information and counselling services for the unemployed, increasing the scope of training provision, and expanding temporary public work schemes.

In response to the Covid-19 pandemic, the rates and coverage of unemployment benefit were increased. Active labour market measures included further expansion of vocational training measures and on-the-job training, internships, programmes to encourage entrepreneurship, and schemes to support the employment of disabled people. Business support measures have included reductions in employment taxes and VAT, reduced state control over enterprises to reduce checks and simplify administrative procedures, relaxing employers' tax deadlines, reducing employment taxes, and state support for preferential loans from commercial banks.

The public employment service (PES) considerably reduced face-to-face engagement at the start of the pandemic, with telephone contact being the main channel replacing office interviews. This was due to low levels of digital access and skills. Outreach was found to be insufficient and has consequently been increased through a pilot. PES staff, in conjunction with social workers from local public authorities, now assist in providing support for the most vulnerable jobseekers, especially in rural areas.

Agriculture continues to be the main employer, and nearly a quarter of employment is estimated to be in a growing informal sector. Low levels of entrepreneurship have been attributed to aspects of the taxation system, bureaucracy, and legacies of the socialist system.

Both the overall and working-age populations have decreased in recent years, driven in particular by migration, especially to EU Member States.

Public employment services are provided by the National Employment Agency (NEA). This is a public institution subordinate to the Ministry of Health, Labour and Social Protection. The PES has a mandate to increase employment and reduce unemployment. Its mission is to increase employment opportunities for jobseekers and to support employers in identifying skilled workers and creating new jobs.

The NEA provides input to the formulation of employment policies following tripartite discussions with social partners. It defines and commissions active labour market programme measures, provides career guidance, collects and analyses labour market information and, together with the National

Social Insurance House (NSIH), administers unemployment benefit and collects and analyses labour market information.

The remit for delivering active labour market policies has been expanded following legal changes in 2018. However, difficulties with practical implementation remain. Reductions in overall PES staffing and shortfalls from a lack of experienced employees have contributed to this, with some problems in translating revised legal frameworks into new operational mandates.

The framework for delivering employment policy is provided by a National Employment Strategy. The current (2017–21) iteration has the objectives of promoting formal employment, fostering equal opportunities, orienting the educational system towards meeting labour market requirements, capitalising on the potential from migration to support sustainable development, and improving labour market monitoring and the evidence basis to assess policy impact.

Long-term objectives remain strengthening growth and increasing competitiveness, and harmonising labour legislation with the EU to enable compliance with the objectives and standards established through the European employment strategy.

Moldova is not predicting a return to pre-Covid growth levels before 2024. This has implications for the PES, especially in terms of its ability to assist jobseekers in managing the transitions generated by labour market restructuring. Reduced PES staffing levels risk compounding already significant challenges. These include difficulties in attracting interest from training providers reluctant to bid under-unattractive contract offers and communicating the availability of support programmes to potential employer beneficiaries reluctant to recruit people from disadvantaged groups. A lack of cross-governmental cohesion in policy development and insufficient inter-organisational collaboration also present problems and barriers to progressing a recovery agenda.

The PES should review its internal management systems, especially the links between the Centre and local delivery units. This can support the exploration of why registration rates remain low, especially amongst disadvantaged people.

An internal review and focus on improving dialogue with social partners, especially through emphasising employers' requirements when designing integration measures, can ensure that untapped potential within the VET sector can be utilised.

If possible, these enhancements in PES support should be conducted in tandem with measures to encourage both employer and worker transitions from the informal to the formal sector, and further reforms to expand and reform social protection coverage, especially for the self-employed.

INTRODUCTION

The following report has been drafted as part of a research project led by Fondazione Giacomo Brodolini for the European Training Foundation (ETF) on the topic of effectiveness and innovation potential in the area of active labour market policies (ALMPs), with a focus on ETF partner countries. Two forthcoming reports from the same project focus on the effectiveness of ALMPs in crisis contexts and innovations in ALMPs following the Covid-19 crisis, respectively. The final stage of the project involves a series of studies analysing the conditions for post-Covid recovery and the role of ALMPs in three ETF partner countries: North Macedonia, Jordan, and Moldova, the latter being the subject of this report.

The body of the report is structured as follows. After outlining the research methodology used to build the analysis, we look at the main contextual factors determining the situation in Moldova. This includes the socio-economic and labour market context pre-Covid, the impact of the 2008 crisis and responses to the crisis, the current state of the public employment services' (PES) institutional setting, and the social protection system.

We then look at how the Covid -19 crisis affected the country and how institutions responded in terms of policies. This section covers the macro-economic impact of the crisis, changes to the provision of ALMPs in response to the crisis, as well as changes in the PES delivery model and policy priorities, and includes a critical perspective on the readiness of the ALMP system to build towards recovery. The following chapter takes a more forward-looking perspective through a section dedicated to pathways to recovery.

Finally, after synthesising the main findings of the case study, we provide some recommendations for reforms in regard to the ALMP system, both in the specific context of the Covid -19 crisis and the wider state of affairs in the country.

The purpose of this research is to assess the legal and institutional framework of the labour market in Moldova, as well as to analyse the situation of active employment policies. Several more specific objectives are:

- analysing the legal framework of the labour market and active employment policies;
- evaluating the institutional framework for the implementation of active employment policies;
- analysing indicators that characterise the labour market;
- assessing the impact of the Covid-19 pandemic crisis on the further development of the national economy and the labour market;
- evaluating the effectiveness of active employment policies;
- drawing up a set of recommendations leading to the improvement of employment in Moldova.

The research itself was split into three phases.

The first stage was dedicated to analysing Moldovan literature and legal framework in on the labour market and employment policies. At this stage, we analysed national and international literature on the labour market and employment policies, as well as national legislation regulating the labour market and employment policies.

In the second stage, we gathered information on the labour market in Moldova and on employment policies, using both quantitative and qualitative research methods. Quantitative methods were used to

process statistical data provided by the National Bureau of Statistics of the Republic of Moldova (NBS), including data from the Labour Force Survey. Quantitative methods were also used to process the information in the NEA's Monthly and Annual Statistical Reports. Descriptive and analytical information provided by the Ministry of Economy and Infrastructure (MEI), the Ministry of Health, Labour and Social Protection (MHLSP), as well as other government institutions was also used.

Interviews and consultations with relevant people holding important positions in this field were used as qualitative methods. Six interviews in all were held, with the following persons:

- Director of the National Employment Agency;
- Head of Directorate for Occupational Policies and Migration Regulation at the Ministry of Health, Labour and Social Protection;
- Head of the Economic Policies Division of the Ministry of Economy and Infrastructure;
- Vice-President of the National Confederation of Trade Unions of Moldova;
- representative of ILO in ;
- World Bank national expert in Moldova.

The final stage involved the analysis of several statistical indicators on the labour market in Moldova, as well as indicators that reflect the NEA's activities. The study concludes with recommendations for active employment policies that would contribute to the improvement of the labour market situation in Moldova.

1. COUNTRY CONTEXT

1.1 Socio-economic and labour market context

Since the economic downturn in 2015, caused mostly by the theft of USD 1 billion in the banking sector, the Moldovan economy has grown steadily but modestly. Between 2016 and 2019, GDP growth rates were, on average, almost 4%. In 2019, the economic growth rate was 3.6% (Table 1.1).

TABLE 0.1 GROSS DOMESTIC PRODUCT IN MOLDOVA, 2015–19

| Indicators | Year | | | | |
|---|-------|-------|-------|-------|-------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Gross domestic product (GDP), MDL billions | 145.7 | 160.8 | 178.9 | 192.5 | 210.4 |
| Gross domestic product in comparable prices over the previous year, % | 99.7 | 104.4 | 104.7 | 104.3 | 103.6 |

Source: National Bureau of Statistics²

Gross value added in the construction sector had the greatest influence on economic growth, accounting for 35% of GDP growth, followed by the wholesale and retail trade, transport and storage, and hotels and restaurants (34% – the fields of activity most affected by the Covid-19 pandemic crisis in 2020), information and communications (12%), and industry (11%)³.

Moldova's demographic potential is continuously reducing. In the period 2015–19, the population Moldova decreased by over 170 000.

The population under the working age (0-15) decreased by about 18 000. At the same time, there was a slight increase in the population above the working age. The working-age population has decreased the most – by over 160 000. In the last five years, the annual population growth rate has been negative, at about -1.8%. This situation is driven by a process, both natural and migratory, in which many Moldovan citizens choose to emigrate in order to find a job. Moldovan citizens emigrate individually, by signing an employment contract with the beneficiary or through private recruitment agencies.⁴

Moldova is not an economically attractive country for migrants. Between 2015 and 2019, 21 077 migrants arrived in Moldova was 21 077. 28.5% of all migrants arrived in order to work in Moldova. In 2019, they made up 41.6% of all migrants. The most common countries of origin of migrants were Ukraine, Romania, Russia, Turkey, Israel, the United States, Italy and Azerbaijan. More information on the number of migrants in Moldova is presented in Table 8 of the Annexes.

In recent years, a high number of Moldovan citizens have gone abroad in search of employment. Higher remuneration in EU Member States has made it an attractive destination for the local labour

² https://statbank.statistica.md/PxWeb/pxweb/ro/40%20Statistica%20economica/40%20Statistica%20economica_13%20CNT_SCN2008_CNT010_Resurse/CNT010066.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774 (last accessed 11 December 2019)

³ https://mei.gov.md/sites/default/files/document/attachments/nota_prognostica_macro-noiembrie_2020-site.pdf

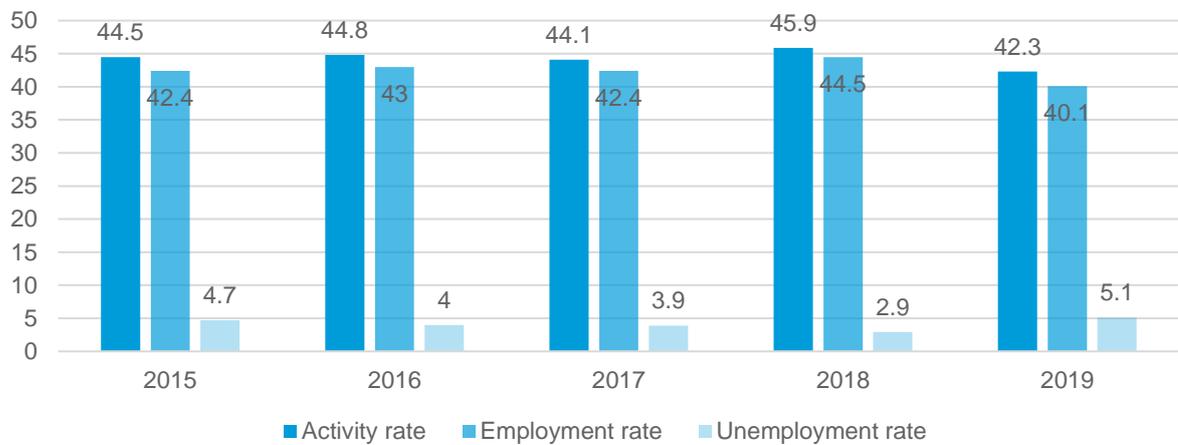
⁴ Interviewees

force, leading to an increase in the number of people leaving the country. Secondly, acquiring Romanian citizenship confers many rights, including the legal right to work in the EU.

1.2 Labour market information

Analysing the evolutions on the labour market in Moldova from the last five years, a continuous decrease in the main occupational indicators is observed. The Labour Force Survey (LFS), conducted by the NBS, attests to a decrease in both the size of the workforce and the employed population. In the last five years, the Moldovan workforce has decreased by over 118 000.⁵ The situation is the same for the employed population. The activity rate decreased from 44.5% in 2015 to 42.3% in 2019 (Figure 1.1).

FIGURE 0.1 ACTIVITY, EMPLOYMENT AND UNEMPLOYMENT RATES, 2015–19 (%)



Source: National Bureau of Statistics⁶

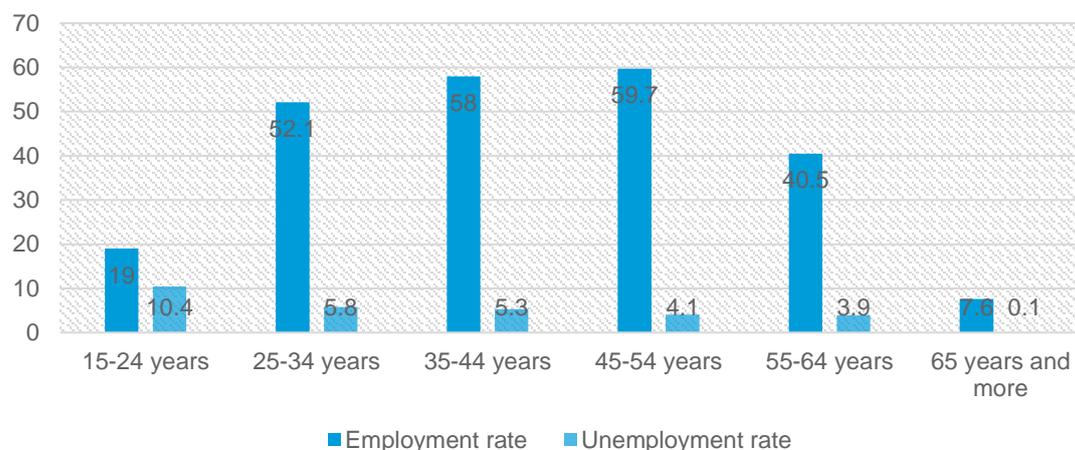
In 2019, the activity rate among the male population was 47.0%, compared to 38.2% for the female population. The employment rate followed the same trends as the activity rate, decreasing from 42.4% (2015) to 40.1% (2019). In terms of gender, the employment rate among men was 44.2% in 2019, compared to only 36.6% for women. The highest employment rate by age group in 2019 was for the employed population aged 45–54 (59.7%) (Figure 1.2)⁷.

⁵https://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN2019_MUN010/MUN110300.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

⁶https://statbank.statistica.md/PxWeb/pxweb/ro/40%20Statistica%20economica/40%20Statistica%20economica_13%20CNT_SCN2008_CNT010_Resurse/CNT010066.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774 (last accessed 11 December 2019)

⁷https://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN2019_MUN010/MUN110300.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

FIGURE 0.2 EMPLOYMENT AND UNEMPLOYMENT RATE BY AGE GROUP IN 2019 (%)



Source: National Bureau of Statistics⁸

At the same time, the lowest employment rate was among the employed population aged 15–24, at 19.0% in 2019. This age group also had the highest unemployment rate (10.4%) in 2019. More than 50% of all unemployed people are those with secondary and primary education as their highest educational level.

Employees represent the largest share in relation to the other categories of labour. More information on changes in the employed population by professional status is presented in the Annex. While in 2015, the share of employees was less than 2/3 of the total employed population, decreasing until 2018, it increased to 77.8% in 2019. This increase is due to methodological changes made by National Bureau of Statistics in 2019.⁹ Self-employed workers represent the second largest share in the total employed population, reducing from 31.7% (2015) to 17.6% (2019). The considerable reduction in self-employed workers in 2019 compared to 2018 is due to a change made to the way in which the employed population is calculated. Unpaid family workers are another category of the employed population that did not change substantially during the period analysed. The low share of employers in the total employed population (0.4% in 2019) is also related to the history Moldova, a country that left a socialist system where individual entrepreneurial activity practically did not exist. In addition, the lack of entrepreneurial education, as well as the possibility of accessing loans on advantageous terms, ensures that less of the labour force create their own business.

The sector employing the largest percentage of the employed population is the agricultural sector, accounting for 21% of the total employed population in 2019. Trade, hotels and restaurants are the second largest area of activity, employing 18.8% of the employed population in 2019, while the

⁸ Available at: statbank.statistica.md/PxWeb/pxweb/ro/40%20Statistica%20economica/40%20Statistica%20economica_13%20CNT_SCN2008_CNT010_Resurse/CNT010066.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774 Accessed on 11 December 2019.

⁹ In 2019, the NBS made several changes to the way in which LFS indicators were calculated. According to the new standard of labour statistics, the employed population includes only persons who carry out activities involving the production of goods or the provision of services for payment or profit. Starting from 2019, the employed population excluded 'persons employed in auxiliary households with the production of agricultural products for the household's own consumption', who were included in employment until 2018 inclusive.

industrial sector comes third, with 14.7% of the total employed population. Regarding the population employed in other fields of activity, the information is presented in the Annex.

Informal employment in Moldova is at a relatively high level (see Annex). In 2015, 361 900 people were in informal employment. 157 700 people were workers in informal sector, or 15.9% out of total employed. In 2015, most people in informal employment were self-employed (73.4%), followed by employees (15.6%). In 2019, people employed in the informal sector made up 23.1% of the total employed population. At the same time, 2019 saw an increase in the share of employees in the total population employed in the informal sector. Even though the number of employees working in the informal sector decreased by almost 4 000 during the period analysed, their share increased by over 10 percentage points as a proportion of the total population employed in the informal sector.

Those not in employment, education or training (NEET) represent a large share of young people. In the period 2015–19, the NEET group aged 15–24 decreased by almost 50%, from 107 800 (2015) to 56 200 (2019) (see Annex). The reduction in the NEET population is due both to the falling population aged 15–24 and the fact that many of them emigrated during this period.¹⁰ Regarding the NEET group aged 15–29, the same trend has been maintained. In 2019, the NEET group aged 15–29 consisted of 131 500 people, almost 100 000 fewer than in 2015. In other words, in 2015 the share of the NEET group aged 15–29 was 36.3%, in 2019, it decreased to 27.4%.

1.3 PES institutional setting

Moldova's institutional system in the employment field includes:

1. institutions involved in elaborating, coordinating, approving and controlling the implementation of the labour market policy: the government and the Ministry of Health, Labour and Social Protection (MHLSP);
2. the National Employment Agency (NEA) – the institution involved in implementing employment policy;
3. local public authorities, social partners, non-profit organisations and employers.

The Moldovan government promotes employment at national level, integrates the needs of the labour market into the country's socio-economic development policy, and provides the funding required to implement employment policies. The Ministry of Health, Labour and Social Protection (MHLSP) carries out several activities: developing and promoting normative acts and policies in the employment field; coordinating, analysing and evaluating employment policies; planning and distributing financial resources for employment; and coordinating, monitoring and controlling the NEA's activities. All employment-related activities within the MHLSP are coordinated by a Minister of State and the Directorate for Employment Policy and Migration Regulation.

The NEA is the public institution subordinate to the MHLSP, and is responsible for implementing employment policies. The NEA's mission is to increase employment opportunities for jobseekers and to support employers in identifying skilled workers and creating new jobs. Starting from that mission, the NEA carries out several activities:

- contributing to drawing up employment policies;
- monitoring the labour market and forecasting its changes at national level;

¹⁰ Interviewees

- ensuring that employment measures are implemented;
- assessing the impact of employment measures;
- formulating proposals for measures aimed at reducing unemployment and increasing employment;
- monitoring the labour market and forecasting its changes at national level;
- developing and managing the information system of the labour market, etc.

According to the Regulation on organisation and functioning approved by Government Decision No 990 of 10 October 2018, the NEA performs the following tasks: establishing procedures and coordinating activities in the field of employment, labour migration and social protection in the event of unemployment; researching, monitoring and forecasting the supply and demand of the labour force at national level; establishing the annual objectives regarding the implementation of the services and the active employment measures for the territorial subdivisions and evaluating their accomplishment; assessing the impact of active employment measures in order to establish their effectiveness; ensuring the involvement of the social partners in the implementation of the employment policy by establishing the Tripartite Council within the NEA; issuing proposals to reduce unemployment and increase the level of employment; etc.¹¹

In the implementation process for employment policies, tripartite councils are set up at both national and local levels. At national level, the tripartite council is made up of representatives of the government and employers' and trade union organisations. At local level, tripartite councils include representatives of the territorial employment agency, representatives of local public authorities, and representatives of trade unions and employers' organisations.

In order to determine the needs of professions and professional skills on the labour market in Moldova, the Labour Market Observatory (LMO) was created within the NEA. The purpose of the LMO is to collect, systematise and analyse statistical data produced by the territorial subdivisions of the NEA and other public institutions; develop analytical studies on the labour market; question company representatives about future workforce and professional skills needs; forecast the supply and demand of labour both quantitatively and qualitatively; etc.

Aware of the importance of the employment issue for the country's development prospects since Moldova's independence, public authorities, are making colossal efforts to improve the situation on the labour market. Thus, several employment policy documents have been developed and launched – employment programmes, strategies, action plans, etc. – which are intended to improve the labour market situation and raise employment. The issue of employment is also present in the main sectoral and national development strategies, such as the Economic Growth and Poverty Reduction Strategy (2004–06), the National Development Strategy (2008–11), the Moldova 2020 Strategy, the National Strategy on Employment Policies (2007–15) and the National Employment Strategy (2017–21).

¹¹ www.legis.md/cautare/getResults?doc_id=119144&lang=ro

The National Strategy on Employment Policies (2007–15) was developed taking into account the recommendations of the Council of Europe and the International Labour Organization. The strategy sets out four main long-term objectives:

- strengthening long-term economic growth and creating new jobs, and applying poverty reduction mechanisms by enhancing social cohesion and solidarity in the field of employment policies and the efficient and transparent management of available resources;
- increasing the Moldova's competitiveness on the international market, from the perspective of labour costs, mobility, professional qualifications and the capacity to adapt human resources to the imperatives of a flexible labour market;
- harmonising Moldova's labour legislation with that of the European Union, aligning with European economic and human development standards, and ensuring that the state offers minimum guarantees to the country's citizens in accordance with the ratified conventions;
- adjusting the national legislative framework in the field of labour regulation in accordance with the objectives and standards of the revised European employment strategy^{12,13}.

The objectives of the National Employment Strategy 2017–21 are:

- promoting formal employment and a favourable environment for the development of competitive enterprises;
- creating equal employment opportunities as a result of the implementation of non-discriminatory employment policies on the labour market;
- correlating the educational system with the requirements of the labour market for better qualifications and skills;
- capitalising on the potential offered by the migration phenomenon for sustainable development;
- promoting better governance of the labour market, in particular through efficient mechanisms for developing, implementing, monitoring and evaluating policies with an impact on the labour market¹⁴.

The implementation of the National Employment Strategy for 2017–21 is carried out in accordance with the Annual Action Plan, based on the general objective, specific objectives and directions of action identified in the strategy. The purpose of the annual plan is to ensure a coherent and complex framework for carrying out the planned actions at all levels (national, branch/sectoral, territorial unit). The plan includes the actions that will be implemented during a calendar year, having as reference the General Matrix of actions for 2017–21¹⁵.

NEA carries out its activities across Moldova through the territorial subdivisions for employment. 35 territorial subdivisions currently operate. According to legislation, there are 250 staff, of whom 50 work at central level and 200 at the level of territorial subdivisions. At the end of 2019, the NEA had 227 employees. In 2019, staff turnover at the NEA level was 28%. In the last five years, the number of NEA employees has been continuously decreasing (see Annex). In 2019, approximately 50% of NEA employees were under 45 years old (see Annex). The work intensity of NEA employees can be reflected by the number of registered unemployed people, but also by other indicators such as the number of employees, the employed population and the working-age population. In 2019, the ratio of

¹² <http://lex.justice.md/md/324604/>

¹³ Birca and Gutu (2017)

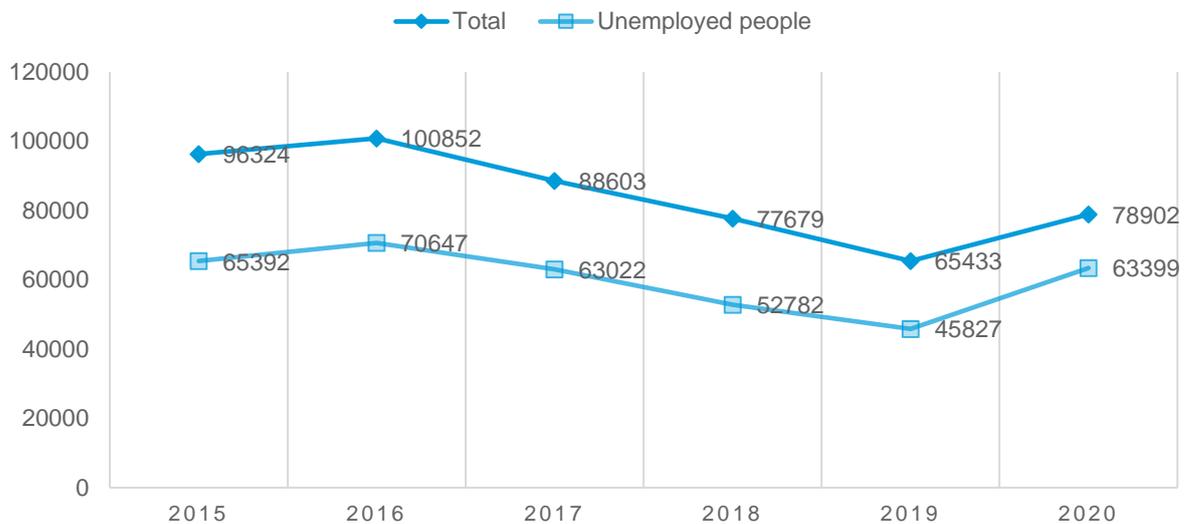
¹⁴ https://gov.md/sites/default/files/document/attachments/intr20_65.pdf

¹⁵ Interviewers

NEA employees to registered unemployed people was 1:139 (see Annex). Work intensity can also be analysed by the number of customer visits to the NEA. For the first nine months of 2020, the number of customer visits to NEA was higher compared to the same period of 2019 (see Annex). The NEA's budget, it has increased slightly over the last five years. In 2020, the NEA budget was over EUR 200 000 higher than in 2016. Staff expenditure accounted for most of the NEA's budget (see Annex).

The NEA provides several services aimed at increasing the employment level, such as labour intermediation, career guidance and, pre-dismissal services. Over the last six years, the beneficiaries of information services have been both unemployed and other categories of people (Figure 1.3).

FIGURE 0.3 BENEFICIARIES OF PROFESSIONAL COUNSELLING AND INFORMATION SERVICES

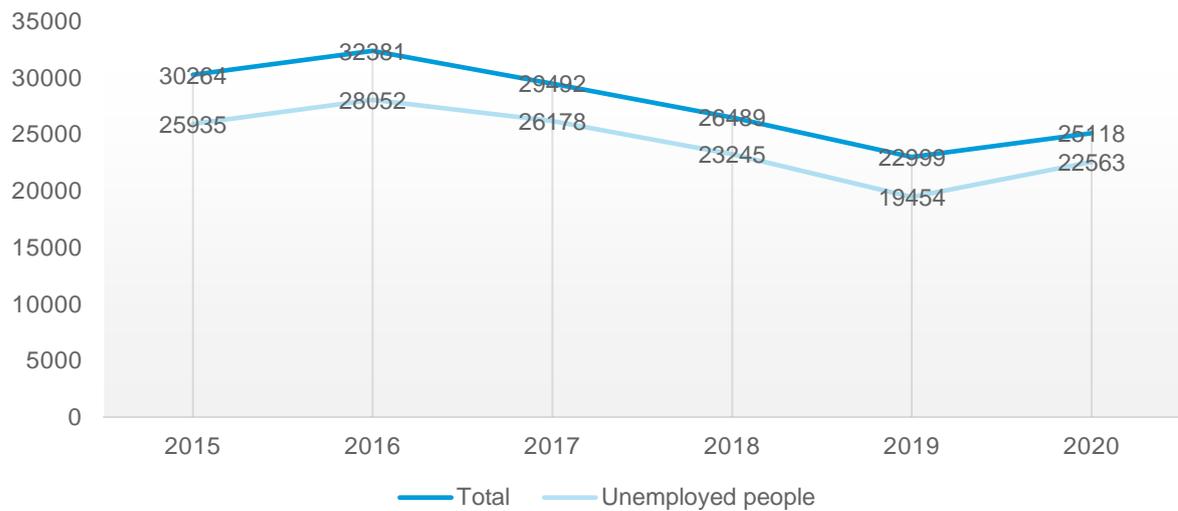


Source: NEA's annual reports

Analysing the information in Figure 1.3, we notice that until 2019 there was a continuous decrease in the number of beneficiaries of information and professional counselling services, before this number increased in 2020, with over 13 000 more beneficiaries than in 2019. At the same time, the share of unemployed people registered with the NEA as a proportion of all beneficiaries of this service increased. While the share of unemployed people as a proportion of all beneficiaries was about 70% between 2015 and 2020, this share increased to 80% in 2020.

Labour intermediation services are also widely applied by the NEA. The same trend in the number of beneficiaries is the same as for professional counselling and information services (Figure 1.4).

FIGURE 0.4 BENEFICIARIES OF LABOUR INTERMEDIATION SERVICES

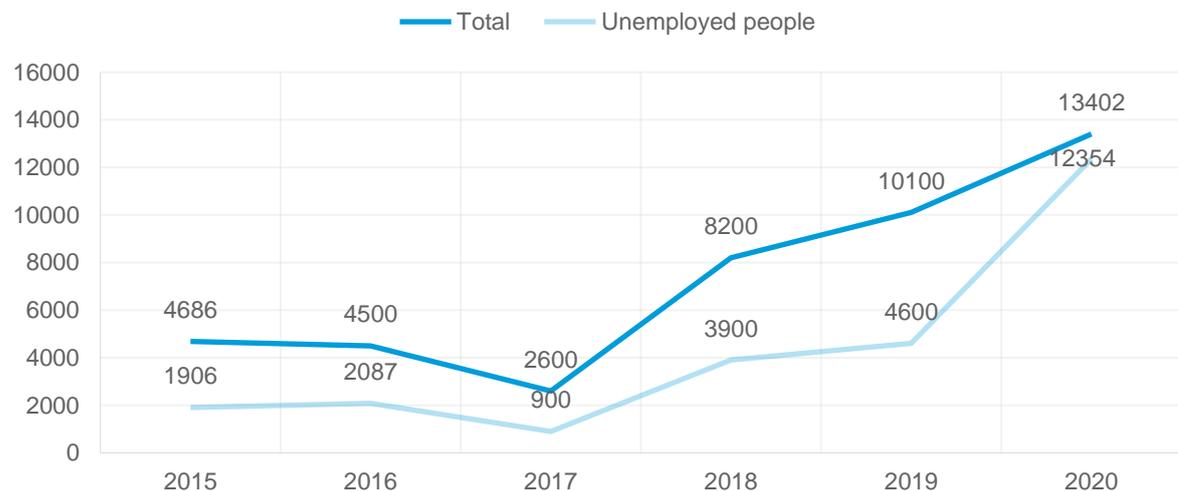


Source: NEA's annual reports

As shown in Figure 1.4, the number of beneficiaries of labour intermediation services was decreasing until 2019. In 2020, the number of people benefiting from intermediation services increased by over 2 000. At the same time, the share of unemployed people registered with the NEA in proportion to all beneficiaries of the labour intermediation service was 90% in 2020.

Unlike intermediation services, career guidance services has seen its number of beneficiaries grow in the last six years (Figure 1.5).

FIGURE 0.5 BENEFICIARIES OF CAREER GUIDANCE SERVICES

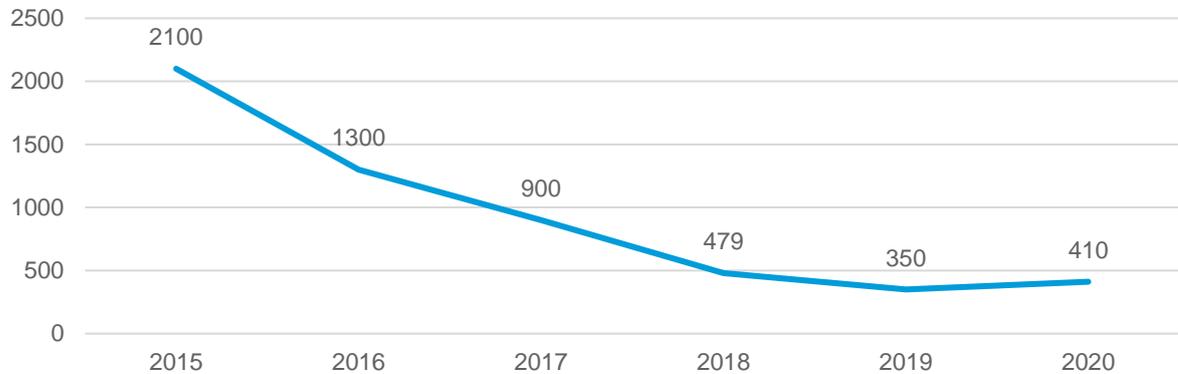


Source: NEA's annual reports

The number of beneficiaries of career guidance services more than doubled between 2015 and 2019, while for unemployed people, this increase is even higher, at about 2.4 times. 2020 saw a significant increase in the share of unemployed people as a proportion of all beneficiaries of career guidance services, growing from less than 50% in 2019 to 90% in 2020.

The number of beneficiaries of pre-dismissal services have decreased considerably in the last six years (Figure 1.6).

FIGURE 0.6 BENEFICIARIES OF PRE-DISMISSAL SERVICES

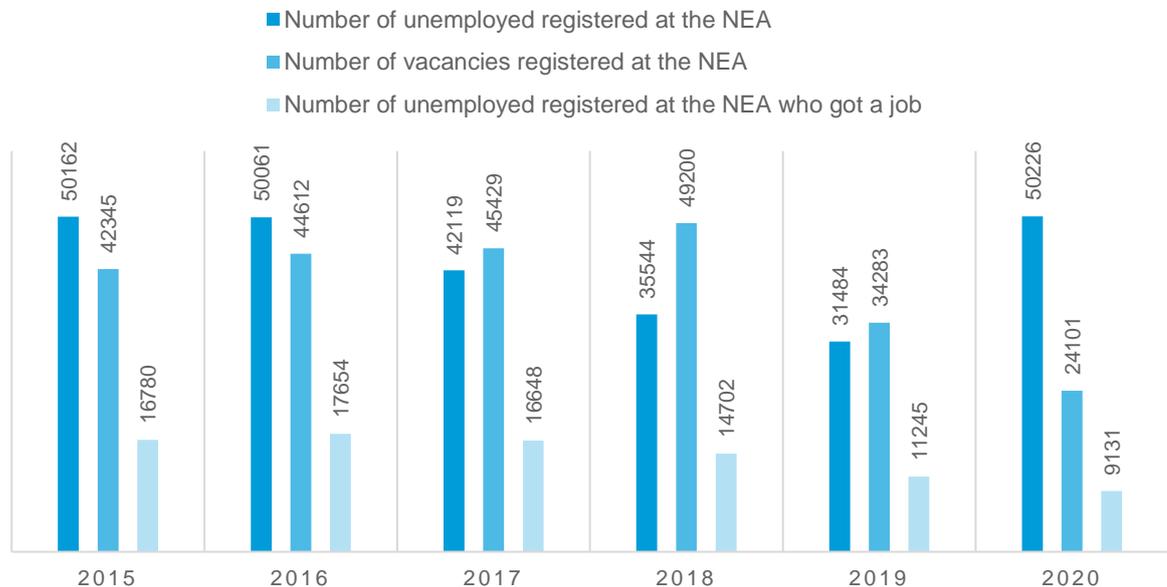


Source: NEA's annual reports

From its peak in 2015, the number of beneficiaries of pre-dismissal services decreased approximately fivefold up to 2019. Only in 2020 did this number increase year on year.

The efficiency of PES activities can be expressed by several indicators, including the number of registered unemployed people, the number of registered vacancies and the number of unemployed people who gained employment (Figure 1.7).

FIGURE 0.7 CHANGES IN CERTAIN INDICATORS REFLECTING THE EFFICIENCY OF THE NEA'S ACTIVITIES



Source: NEA's annual reports

Figure 1.7 shows that the number of unemployed people registered with the NEA fell continuously until 2019. The pandemic crisis led to many people losing their jobs, which led to a significant increase in the number of unemployed people in 2020. The number of vacancies registered with the NEA,

exceeded the number of registered unemployed people between 2017 and 2019. However, in 2020, the number of vacancies registered with the NEA was more than twice as low as the number of registered unemployed people. The share of vacancies that were filled by unemployed people registered with the NEA varied between 30% and 40% during the period analysed. Even in 2020, this indicator was only 37.9%. Because of low wages, many unemployed people registered with the NEA refuse to be employed in those positions.¹⁶

Active employment policies are aimed at both unemployed people and employers, as evidenced through vocational training, job subsidies, support for the creation or adaptation of jobs, stimulating workforce mobility, providing advice and support for starting businesses, and supporting local initiative projects. Some active labour market measures have become standard, having been implemented for several years, while others are just beginning to be delivered, which requires greater attention being paid to the process and implementation mechanism. Vocational training programmes have already proven their effectiveness, as more than 85% of their graduates have been employed, except in 2020 (Table 1.2).

TABLE 0.2 BENEFICIARIES OF VOCATIONAL TRAINING COURSES

| Indicator | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------|-------|-------|-------|------|------|
| Unemployed number, beneficiaries of vocational training courses | 2 979 | 2 992 | 2 600 | 2 200 | 868 | 692 |
| Hiring rate of graduates of vocational training courses, % | 76.6 | 89.5 | 85.0 | 91.0 | 99.1 | 57.1 |

Source: NEA's annual reports

Although the vocational training courses proved to be effective due to the large number of graduates employed in the respective fields, the number of beneficiaries decreased by 4.3 times between 2015 and 2020. The pandemic crisis also influenced the proportion of graduates of vocational training courses who gained employment: this figure was about 57% in 2020. The fact that many companies have stopped or discontinued their activity has been the cause of hiring a smaller number of graduates of vocational training courses.

The Private Employment Agencies, 1997 (No 181), was ratified on 28 September 2001.¹⁷ Private agencies must have a licence to carry out the activities of recruiting and placing the workforce, both in the country and abroad. The NEA monitors the activities of private employment agencies by registering individual employment contracts and collaboration agreements with foreign intermediaries/employers, which they present for coordination and registration.¹⁸ In 2020, the NEA examined 112 collaboration agreements and draft individual employment contracts submitted by economic agents wishing to obtain a job placement licence abroad. In 2020, 5 758 individual employment contracts of Moldovan citizens employed through private recruitment agencies were registered with the NEA.

¹⁶ Interviewees

¹⁷ www.old.mmpsf.gov.md/file/ilo/conventia_181_md.pdf

¹⁸ www.anofm.md/files/elfinder/Buletin%20Informativ%20AE%20Private%202017%20final.pdf

The social protection system for unemployed people is administered by two institutions: the NEA and the National Social Insurance House (NSIH). Decisions on granting unemployment benefits are made by the NEA.

The NSIH calculates the amount of the unemployment benefits. This amount is determined by the circumstances in which the person ceased work. The monthly amount of unemployment benefits may not exceed the average monthly wage in the sector for the year preceding the date on which the right to unemployment benefits was established. The length of the period for paying unemployment benefits depends on how long the jobseeker has been paying social security contributions:

- 5 calendar months for a contribution period of least 12 months and up to 10 years;
- 7 calendar months for a contribution period of between 10 and 15 years;
- 9 calendar months for a contribution period of over 15 years.

Most unemployed people registered with the NEA do not meet the criteria to receive unemployment benefits. The share of unemployment benefit beneficiaries as a proportion of all unemployed people registered with the NEA is relatively small, except for 2020 (Table 1.3).

TABLE 0.3 SHARE OF UNEMPLOYMENT BENEFIT BENEFICIARIES AS A PROPORTION OF ALL REGISTERED UNEMPLOYED PEOPLE (%)

| Indicator | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|--------|--------|--------|--------|--------|--------|
| Number of unemployed people registered during the year | 50 612 | 50 061 | 42 119 | 35 544 | 31 484 | 50 226 |
| Number of unemployment benefit beneficiaries | 5 200 | 5 804 | 4 454 | 3 283 | 3 566 | 9 480 |
| Share of unemployment benefit recipients as a proportion of all registered unemployed people (%) | 10.3 | 11.6 | 10.6 | 9.2 | 11.3 | 18.9 |

Source: NEA's annual reports

Note: In addition to the 9 480 people who received unemployment benefits according to the legislation in force, 14 886 people received a single unemployment benefit, amounting to MDL 2 775, based on the Decision of the National Commission for Exceptional Situations of 10 April 2020.

The National Social Insurance House transfers the unemployment benefit monthly, from the state social insurance budget. The NEA ensures that any information regarding changes in an unemployed person's situation and status is transmitted to the NSIH.

Social security in the event of unemployment

- Unemployed people receiving unemployment benefits are insured under the public social insurance system. The institution responsible for social security for unemployed people is the National Social Insurance House of the Republic of Moldova.
- Registered unemployed people are insured under the compulsory health insurance system. During medical leave, the payment of unemployment benefits is suspended.

2. POLICY AND INSTITUTIONAL RESPONSE TO THE COVID-19 CRISIS

2.1 The macro-economic impact of the Covid-19 crisis

The Covid-19 pandemic crisis has had a significant impact on the socio-economic system of Moldova. It has affected all sectors of the national economy, with a negative impact on GDP. Thus, in the first nine months of 2020, the GDP amounted to MDL 150.034 billion lei (at current prices), decreasing (in real terms) by 8.2% compared to January–September 2019¹⁹. The industrial sector remains on a negative trend, being further affected by the pandemic crisis. The industrial production volume decreased by 6.8% between January and September 2020, including by 7.9% in September.²⁰ Unfavourable climatic conditions have led to a significant decrease in the volume of agricultural production, which decreased by 25.3% (amounting to about MDL 21 billion) between January and September 2020.²¹ Similarly, the construction sector has been in decline: investment in construction fell by 1.5%, amounting to about MDL 8.1 billion. Between January and September 2020, passenger transport decreased by 48.1%, and freight transport by 14.1%.²² In the same period, retail trade increased by 1.4% (at comparable prices), while other areas of domestic trade have been declining. The Covid-19 pandemic has produced dramatic effects for the tourism industry. Travel agencies and tour operators provided services to 82 100 tourists and hikers between January and September 2020, almost 4 times fewer than the same period in 2019.²³ All this has had a direct impact on economic growth. According to the Ministry of Economy and Infrastructure (MEI), economic growth was expected to contract by -6.5% compared to 2019²⁴.

The employment rate in the first three quarters of 2020 decreased compared to the same period in 2019. It decreased the most in the second quarter (from 41.4% in 2019 to 38.2% in 2020). This is also due to the fact that 45 days in the second quarter coincided with the state of emergency in Moldova. Compared to the first quarter of 2019, the unemployment rate decreased by 3.4 p.p. in the same period in 2020 (from 7.5% to 4.1%). The second quarter of 2020 saw a decrease of 0.3 p.p., while the drop was 0.6 p.p. in the third quarter, compared to the same periods in 2019. Although the LFS shows a decrease in the unemployment rate in the first nine months of 2020 compared to the same period in 2019, the information provided by the NEA shows that in the first nine months of 2020, the number of registered unemployed people increased by 1.8 times compared to the same period in 2019. In the first nine months of 2020, the number of unemployed people registered with NEA was almost twice as high as in the same period in 2019. The effects of the Covid-19 crisis began to be felt in April 2020, which led to the number of unemployed people registered that month increasing by 48% compared to the previous month.

The impact of the Covid-19 pandemic was also strongly felt in the number of vacancies in the national economy. In the first nine months of 2020, the number of vacancies registered with the NEA was under half the number of registered unemployed people. At the beginning of 2020, more than 34 000

¹⁹ https://mei.gov.md/sites/default/files/document/attachments/nota_proгноza_macro-noiembrie_2020-site.pdf

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

²³ Ibid.

²⁴ Ibid.

vacancies were registered with the NEA, while at the end of September 2020, this number was about 8 000. Compared to the first nine months of 2019, the number of vacancies at the end of this period in 2020 was almost 3.5 times lower.

2.2 Changes to the provision of ALMPs in response to the Covid pandemic

In order to mitigate the impact of the crisis caused by Covid-19, the Moldovan government has approved a set of short-term economic measures to support both the workforce and the business environment.

Workforce

The main measure to directly support the workforce was the increase in the unemployment benefit amount to MDL 2 775 per month during the state of emergency (equivalent to the minimum wage in the real sector of the economy). The state of emergency ended on 15 May 2020. Similarly, the categories of people who could claim unemployment benefit were extended, including people returning from abroad²⁵. A state of emergency in public health was established from 15 May 2020 and continues today. Numerous types of organisations from different fields of activity were gradually permitted to resume their activities, either partially or totally; consequently the unemployment benefit in the amount of MDL 2 775 was discontinued. As a social protection measure, the MDL 2 775 unemployment benefit was granted only to the beneficiaries.

Business

- Taxes and fees on salaries were reimbursed either 60% or 100%, depending on the degree to which each company was affected by the restrictions imposed and whether it had to implement structural unemployment interrupt its activities.
- A moratorium on state controls was introduced until 1 June 2020. These controls refer to: fiscal and financial control, quality control of products and/or services, and control of occupational safety rules.
- The deadline for paying both the income tax from entrepreneurial activity and local taxes was extended, as was the deadline for filing tax returns
- Companies that contracted bank loans between 1 May and 31 December 2020 were granted interest-rate subsidies up to a maximum amount equivalent to the cumulative amount of salary payments from December 2019 to February 2020.
- The VAT rate was reduced from 20% to 15% for public catering companies, hotels and restaurants.
- Preferential loans were granted, through commercial banks, from the loan provided by the Council of Europe Development Bank²⁶.

Besides this, the Moldovan government approved the National Action Plan for 2020 in order to implement the National Employment Strategy (2017–20)²⁷. The planned actions also have implications for mitigating the consequences of the pandemic crisis. The action plan provides for several measures grouped into two priorities. The actions included in the first priority group are presented in Table 2.1,

²⁵ https://expert-grup.org/media/k2/attachments/Raportul_de_Stare_a_ulrii_2020_ro.pdf

²⁶ Ibid.

²⁷ www.legis.md/cautare/getResults?doc_id=121513&lang=ro

and those in the second priority group are shown in Table 2.2. Several government institutions are involved in carrying out actions in the first priority group, while the NEA is responsible for carrying out the actions in the second priority group.

In the first priority group – Creating opportunities for formal, non-discriminatory and productive employment – several actions are planned with the aim of creating new jobs.

TABLE 0.4 CREATING OPPORTUNITIES FOR FORMAL, NON-DISCRIMINATORY AND PRODUCTIVE EMPLOYMENT

| Action | Responsible entity | Partners | Indicators and results |
|---|---|---|---|
| Develop and implement incentive policies for job creation at central and local level | | | |
| Increasing the involvement of SMEs in the value chain | Ministry of Economy and Infrastructure Organization for Small and Medium Enterprises Sector Development | Chamber of Commerce and Industry National Confederation of Employers | Number of jobs created |
| Implementing the 'Start for young people' programme | | | Number of businesses funded |
| Increasing the number of SMEs involved in business development on priority value chains | Ministry of Agriculture, Regional Development and Environment | | 4 grants for producer groups; number of small and medium-sized enterprises that have benefited from financial sources to develop value chains |
| Implementing new instruments to support women in business in agriculture | Ministry of Agriculture, Regional Development and Environment | | 70 female beneficiaries |
| Facilitating young people's access to financial resources, including through agricultural entrepreneurship programmes | Ministry of Agriculture, Regional Development and Environment | | 8 young beneficiaries; number of jobs created |
| Job creation in rural areas and small towns | | | |
| Creating jobs in rural areas by implementing the subsidy policy | Ministry of Agriculture, Regional Development and Environment | Intervention and Payments Agency for Agriculture | 2 000 new jobs |
| Issuing grants in advance for start-up projects from the National Fund for the Development of Agriculture and Rural Environment | Ministry of Agriculture, Regional Development and Environment | Intervention and Payments Agency for Agriculture | 100 newly created businesses |

The allocated financial resources are not broken down by activity.

Source: www.legis.md/cautare/getResults?doc_id=121513&lang=ro

The actions under the second priority group – Developing human capital for increased employment opportunities – aim to increase employment opportunities for the workforce. Table 2.2 shows the

actions to be taken by the NEA, as well as the result indicators, for 2020. These actions will be extended for the coming years.

TABLE 0.5 DEVELOPING HUMAN CAPITAL FOR INCREASED EMPLOYMENT OPPORTUNITIES

| Action | Responsible entity | Indicators and results |
|--|--------------------|--|
| Implement training programmes for the unemployed, including those who have lost their jobs as a result of the pandemic crisis (Covid-19) | NEA | 1 650 graduates of vocational training programmes |
| On-the-job training for the unemployed, including those who have lost their jobs as a result of the crisis caused by the coronavirus pandemic (Covid-19), in collaboration with educational institutions and employers | NEA | 350 unemployed people trained at work |
| Increasing employment opportunities for the unemployed without work experience through their involvement in professional internships | NEA | 950 unemployed beneficiaries of a professional internship |
| Subsidising the employment of unemployed people who need additional support in the labour market | NEA | 1 000 subsidies granted to employers |
| Subsidising employers to create or adapt jobs for unemployed people with disabilities to reduce the effects of the pandemic crisis (Covid-19) | NEA | 45 subsidies granted to employers |
| Granting measures to stimulate labour mobility | NEA | 100 unemployed people employed through measures to stimulate labour mobility |

Source: www.legis.md/cautare/getResults?doc_id=121513&lang=ro

2.3 Changes to policy priorities

Taking into account the new trends on the labour market in Moldova, as well as the impact of the crisis caused by Covid-19, the NEA has reoriented its activities by expanding and diversifying active measures on the labour market, namely: vocational training, job subsidies, providing financial support for job creation or adaptation, and stimulating labour mobility. Unemployed people receive vocational training through vocational training programmes at educational institutions, and on-the-job training within organisations and professional internships. Job subsidies are organised for unemployed people who need additional support in the labour market to facilitate their employment. Financial support for adapting or creating jobs is provided to employers or unemployed people for: adapting jobs to employ people with disabilities, assisting them to start their own business, and local initiative projects. A programme to stimulate workforce mobility grants a single employment allowance, equal to an average monthly wage in the sector for the previous year.

In response to both the Covid-19 pandemic crisis and the implementation of the Law on the Promotion of Employment and Unemployment Insurance, the NEA has developed a logistical framework for two active employment measures: financial support for business and financial support for local initiative projects²⁸.

²⁸ Interviewees

The NEA's activities, through the territorial subdivisions, is increasingly oriented towards new target groups (migrants, dismissed workers, the rural workforce, and young people aged between 16 and 29). Given that these categories of the labour force are considered vulnerable in the labour market, they will remain a priority for the NEA post-Covid-19.

Migrants are a target group for the NEA because their number increases from year to year. In 2019, 1 029 unemployed people returning to the country registered with the NEA, of whom: 60% were from rural areas, 20% were women, and 42% whose highest educational level was primary or secondary school education. In 2019, 392 returning migrants benefited from intermediation services, most of whom were from rural areas (52%). 215 returnees (21% of returned migrants) were hired²⁹. Unlike in 2019, the number of migrants registered as unemployed by the NEA has increased to 1 605. In 2020, the share of registered unemployed migrants with primary/secondary school education as their highest educational level increased to 55%. In addition, 526 returned migrants benefited from brokerage services, most of whom were from rural areas (55%), while 168 people (11% of returned migrants) received employment assistance from the NEA³⁰.

Workers liable to dismissal are another target group for territorial employment agencies. In this regard, several pre-dismissal services are provided, consisting of informing people about registered job vacancies, and training on job search procedures, vocational training and how to obtain unemployment benefits. In 2019, 1 283 employees were approved for job loss, of whom 46.5% were women, 7.2% were young people aged 16–29 years, and 1.2% had disabilities. In 2019, the NEA provided pre-dismissal services for 25% of all persons included in this group³¹. In 2020, 1 157 people received information about dismissal –126 fewer than in 2019. Out all people informed about dismissal, 618 (or 53.4%) were women, and 9.0% were young people aged between 16 and 29 years. At the same time, 35% benefited from pre-dismissal services³².

The rural workforce is the largest target group of all those who use NEA services. The share of unemployed people among the rural population was approximately 67% in 2019. At the same time, vacancies in rural areas accounted for only 15% of all registered vacancies.³³ In 2020, the share of unemployed people in rural areas was 61.2%. The number of unemployed people in rural areas registered by the NEA was almost equal to the total number of unemployed people registered in 2019. The number of unemployed people in rural areas increased by more than 30% between 2019 and 2020³⁴.

Young people aged between 16 and 29 represent a fairly large share in the total number of registered unemployed people. In 2019, the number of young unemployed people aged 16–29 was 6 786, or 21.5% of all registered unemployed people. Of all young people aged 16–29 registered as unemployed, 70% had no profession³⁵. The NEA hired 2 931 young unemployed people, or 43.2% of the total number of registered young people. The number of unemployed people registered at the NEA aged 16–29 increased by over 2 200 between 2019 and 2020. At the same time, their share in

²⁹ https://anofm.md/view_document?nid=19387

³⁰ https://anofm.md/view_document?nid=19608

³¹ https://anofm.md/view_document?nid=19387

³² https://anofm.md/view_document?nid=19608

³³ https://anofm.md/view_document?nid=19387

³⁴ https://anofm.md/view_document?nid=19608

³⁵ https://anofm.md/view_document?nid=19387

proportion to the total number of registered unemployed people was 17.8%, almost 4 percentage points lower than in 2019³⁶.

2.4 Critical perspective on ALMPs in the country

The NEA, through the territorial subdivisions, performs many activities included in different programmes, the purpose of which is to increase the employment level and reduce the unemployment rate. Beneficiaries of the services offered by the NEA include both the labour force (jobseekers and employees) and the inactive population (pupils, students, people with disabilities, etc.). Labour market information activities are mostly promoted by the NEA, with unemployed people being the main beneficiaries (70% of all beneficiaries), 2/3 of whom are from rural areas. Although the NEA, through its subdivisions, carries out a multitude of information campaigns on the development and prospects of labour supply and demand in different professions, as well as the benefits that unemployed people may obtain if they gain employment in certain circumstances, the information does not always reach the people who need it, especially unemployed people in rural areas. Career guidance is another service offered by the NEA with the aim of supporting jobseekers by identifying educational and professional opportunities.

People with disabilities represent a category of clients to whom the NEA pays special attention. Annually, the NEA organises a number of activities dedicated to the social inclusion of people with disabilities, aiming to increase the outreach level of the services provided by territorial employment agencies, increase the opportunities for professional integration and raise awareness among employers to hire people with disabilities. In order to increase the employment level among people with disabilities, the NEA offers information and intermediation services, as well as training and retraining programmes. The employment rate of people with disabilities is much lower compared to that of people without disabilities. In 2019, the employment rate of people with disabilities was only 16.5%. One third of people with disabilities were employed in agriculture³⁷. This is further proof of employers' reluctance to hire people with disabilities. In order to increase the level of employment among people with disabilities, the NEA can financially support their professional rehabilitation, carried out in specialist institutions. The beneficiaries of the professional rehabilitation programmes are unemployed people with disabilities registered with the NEA who can be employed, in accordance with the Decision of the National Council for Determining Disability and Work Capacity³⁸.

Ex-prisoners are beneficiaries of various support programmes from the NEA, of which the most frequently solicited are information on employment opportunities and training. Information activities are carried out in penitentiary institutions before release, while the ex-prisoners do not receive training until they register as unemployed. Out of the total number of ex-prisoners requesting help from the NEA, only 25% are employed. The low share of people released from detention who are employed is compounded by the fact that about 70% have no profession and only primary, lower secondary or upper secondary education. Only a very small number of people released from detention participate in vocational training programmes (under 5%), which also reduces employment opportunities³⁹.

³⁶ https://anofm.md/view_document?nid=19608

³⁷ <https://statistica.gov.md/libview.php?l=ro&idc=168&id=6827>

³⁸ www.legis.md/cautare/getResults?doc_id=112484&lang=ro

³⁹ <https://anofm.md/page/rapoarte1>

The NEA, through the territorial subdivisions, carries out several active measures for several groups of beneficiaries.

Vocational training of the unemployed is an active measure that aims to increase employment opportunities by developing the knowledge and key skills required in the labour market. Priority on vocational training programmes is given to unemployed people who do not have a professional qualification or have are long-term unemployed (i.e. for more than 12 months). Training courses are offered by public and private educational service providers selected yearly by the NEA. Vocational training for the unemployed has proved to be effective, with a high employment rate among people who participated in the training programmes (over 85%) in the period analysed, except in 2020. However, there is little interest among educational service providers in training the unemployed. Due to selection criteria, many educational service providers do not want to participate in the selection process. Alternatively, educational service providers are selected in accordance with public procurement legislation, and the winning bidder is the institution that offers the lowest price. In these circumstances, the distance between the beneficiaries of vocational training programmes and the providers of educational services should be a criterion in the selection process, to make vocational training programmes accessible to all jobseekers.

The labour market forecast and the Barometer of professions drawn up by the NEA contribute to identifying the professions for which professional training courses are organised. In 2020, the Covid-19 pandemic crisis had a direct impact on the organisation and provision of vocational training courses. Therefore, in 2020, there were fewer graduates of vocational training courses. Two major causes influenced this indicator. Firstly, educational service providers were unprepared, from a logistical point of view, to carry out distance learning. Secondly, the potential beneficiaries of vocational training courses did not have the necessary equipment and internet access to attend the courses. For this reason, the NEA failed to capitalise on all the financial resources allocated for this purpose⁴⁰.

On-the-job training has recently been introduced as part of vocational training for unemployed people in Moldova. The on-the-job training programme is developed by the educational service provider jointly with the employer. The theoretical component of the training is carried out by the educational service provider, while the practical training is provided by the employer. No more than 20% of the training programme is theoretical, while practical training accounts for at least 80% of the total number of hours allocated. Employers that participate in such programmes benefit from a subsidy equal to 30% of the average monthly wage in the economy for the previous year, paid throughout the training. Given that this active measure has only recently been introduced in Moldova, it needs to be promoted by the NEA to inform employers about this opportunity to fill vacancies and obtain financial support to benefit their organisations. It is also important to identify those employers that have the necessary infrastructure for training and are located conveniently for potential beneficiaries. In 2020, 6 educational institutions providing professional training services were contracted for on-the-job training, offering training for 3 professions. were concluded with 14 organizations on on-the-job training in 2020, and 32 grants were awarded⁴¹.

Professional internships are another way to increase the employability of unemployed people. They are organised for unemployed people without work experience, and last up to four months during

⁴⁰ Interviewees

⁴¹ https://anofm.md/view_document?nid=19608

which these people can acquire practical skills. Employer that offers a professional internship for unemployed trainees receive a subsidy equal to 30% of the average monthly salary in the economy for the previous year, paid throughout the internship. Professional internships have only recently been introduced as an active measure in Moldova, along with on-the-job training. Therefore, an information campaign from the NEA is required to reach potential beneficiaries. In 2020, 80 contracts were concluded for professional internships, with the parties to these contracts being 80 unemployed people and 36 business. Some 46.9% of beneficiaries of professional internships had a secondary school education and 34.3% had a vocational secondary education⁴².

Job subsidies are a measure applied to unemployed people who need additional support in the labour market, such as people with disabilities, the long-term unemployed, people aged 50 and over, people released from detention, human trafficking victims, domestic violence victims, etc. Employers that employ unemployed people in the above categories for an indefinite period receive monthly subsidies in the amount of 30% of the average monthly salary in the economy for the previous year, for a period of six months for each unemployed person hired. In 2020, 116 employers benefited from subsidies, most of which were SMEs. Within these 116 companies, 250 people were employed, including 114 women (45.6%). Most employees were in the age group of 50 years and over. Also, 47 unemployed (18.8%) of employees had disabilities, of whom 18 people (38.3%) had a severe disability and 29 (61.7%) had a medium disability⁴³.

Subsidies for creating or adapting jobs for people with disabilities are granted to employers that create jobs or adapt existing jobs and hire unemployed people with disabilities. The NEA compensates 50% of the costs incurred by the employer for the creation or adaptation of the job, and the amount of the subsidy cannot exceed 10 average monthly salaries in the economy for the previous year for each job created or adapted. According to the legislation, the employer must keep the job created or adapted for at least 36 months. Unlike the previous subsidy, it requires additional expenses on the part of the employer to create or adapt the job according to the disability of the unemployed people. The decision on the type of equipment and assistive devices that are subsidised for the creation of new jobs or the adaptation of existing jobs is made by the multidisciplinary commission. In 2020, 2 employers benefited from this subsidy, as a result of which 4 people with disabilities were employed⁴⁴.

Labour force mobility incentives. The beneficiaries of this measure are unemployed people who are hired in another locality selected by the NEA, at a distance of more than 20 km from their place of residence. They receive an employment allowance equal to the average monthly salary in the economy for the previous year. In addition, unemployed people can benefit from an allowance equal to five average monthly salaries in the economy for the previous year if they decide to relocate to the area where the work is. In 2020, 101 unemployed people were employed and benefited from allowances for stimulating labour mobility. 48 of these beneficiaries received an employment allowance equal to the average monthly wage in the economy for the previous year, while 53 receive an installation allowance equal to five average monthly wages in the economy for the previous year⁴⁵.

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ Ibid.

Financial support for starting a business is an active measure that can benefit unemployed people who want to start a business. Beneficiaries of the grant are people who are aged 18 years or over and are registered as unemployed with the NEA. These persons benefit from:

- consultancy and assistance for starting a business; and
- a subsidy to cover the expenses necessary to initiate entrepreneurial activity.

The grant decision is made by a committee, following an evaluation of the business plan. In this case, the NEA subsidises the business by compensating 50% of the estimated expenses of the unemployed person up to an amount not exceeding 10 average monthly wages in the economy for the previous year. The average monthly wage in the economy is set annually by government decision. In 2020, the average wage in the economy was set at MDL 7 953 (approximately EUR 400)⁴⁶, while this amount is MDL 8 716 (approximately EUR 417) for 2021⁴⁷.

In order to increase confidence among unemployed people in starting their own businesses, the partnership between the NEA and the Organization for Small and Medium Enterprises Sector Development (ODIMM) under the Ministry of Economy and Infrastructure needs to be strengthened. ODIMM currently manages several business financing and co-financing programmes initiated or developed by young people, women and migrants. Developing and expanding partnerships between the NEA and external development partners that financially support various business start-up projects, especially among young people, would be another opportunity for the targeted workforce.

Supporting local initiative projects is an active measure, developed on the labour market, whose purpose is to stimulate job creation and reduce unemployment in rural areas. Grants are awarded to businesses in rural areas that create jobs and employ unemployed people. Subsidies are granted provided that the beneficiary company covers 35% of project costs, and the overall amount of the subsidy cannot exceed 65% of project expenditure or 10 average monthly salaries in the economy for the previous year. Local initiative projects are implemented in rural localities with a high level of unemployment. A more efficient cooperation between the NEA and ODIMM by informing customers about business financing opportunities in rural areas would lead them to expand their business, and therefore to create new jobs. It would also make it possible to change a company's category, from micro-enterprise to small enterprise or from small enterprise to medium-sized enterprise. 70% of all investment projects applied through different national programmes and financially supported by ODIMM are from rural areas. ODIMM can also provide financial guarantees for loans requested by small and medium-sized enterprises. Local public authorities, in turn, could support individuals or companies wishing to start or expand their business by providing facilities for renting business premises.

Active labour market policies in Moldova are implemented in accordance with the Law on the Promotion of Employment and Unemployment Insurance, adopted in 2018. Both foreign experts and development partners contributed to drawing up this law. There are also several government decisions that contribute to the better implementation of active labour market policies. Measures and policies on the labour market are implemented through territorial employment agencies that cover the entire territory of Moldova. The development and implementation of employment policies is carried out through tripartite councils set up at both national and local level. At national level, the tripartite council is made up of representatives of the government and employers' and trade unions organisations.

⁴⁶ www.legis.md/cautare/getResults?doc_id=112063&lang=ro

⁴⁷ www.legis.md/cautare/getResults?doc_id=119703&lang=ru

At local level, tripartite councils include representatives of the territorial employment agency, local public authorities, trade unions and employers' organisations. Although there is mature and effective social dialogue between stakeholders at national level, this could be improved at the local tier in terms of the mechanism and effectiveness of social dialogue. The members of local tripartite commissions also require training to improve the promotion and implementation of active employment measures.

3. PATHWAYS TO RECOVERY

3.1 Projections for the post-Covid impact

The Covid-19 crisis will have an impact on the further development of the national economy. For the next three years, the MEI forecasts economic growth of over 4%, though this will depend to a large extent on the successful vaccination of the population, which is not yet widespread at the time of writing (Table 3.1).

TABLE 0.6 MAIN INDICATORS OF ECONOMIC DEVELOPMENT, 2021–23 (PROGNOSIS), COORDINATED BY THE IMF

| Indicator | 2021 | 2022 | 2023 |
|--|-------|-------|-------|
| GDP (MDL billions) | 221.4 | 241.7 | 264.5 |
| Industrial production (MDL billions) | 60.6 | 64.5 | 68.2 |
| Agricultural production (MDL billions) | 32.6 | 35.0 | 36.2 |
| Exports (USD millions) | 2 725 | 3 000 | 3 275 |
| Imports (UDS millions) | 6 075 | 6 475 | 6 885 |
| Real GDP growth (%) | 4.7 | 4.0 | 4.2 |

Source: Moldovan government⁴⁸

Economic growth, as forecast for the next three years, could be difficult to achieve, as it has been calculated in an optimistic scenario with reference to the repercussions of the pandemic on economic activity. Moldova is currently facing the second wave of the pandemic, which is much more aggressive than the first. Given that the start of the national vaccination plan has encountered difficulties, with many vaccines obtained through donations, it is difficult to anticipate the diminishing effects of the pandemic crisis on the national economy. This means that organisations in some sectors of the national economy continue to operate only partially.

The economic crisis, caused by the Covid-19 pandemic, will have a lasting impact on the labour market. Labour demand will not recover to pre-crisis levels until at least 2024⁴⁹ 50. The economic crisis will have a significant and negative impact on the structure of labour supply. Due to the decrease in labour demand, many people will become discouraged and economically inactive in the coming years. The economically inactive population increased in 2020 and will not return to pre-crisis levels until at least 2023⁵¹. Both the impact of the economic crisis and the demographic processes of the population will influence changes in the economically inactive population. The crisis caused by Covid-19 will lead to an increase in the inactive population in the age group of 25–60 years, i.e. those who can potentially have high rates of participation in the labour market. The partial return of Moldovan

⁴⁸ https://mei.gov.md/sites/default/files/document/attachments/nota_proгноza_macro-noiembrie_2020-site.pdf (last accessed 20 January 2020)

⁴⁹ https://mei.gov.md/sites/default/files/document/attachments/studiu_piata_muncii_md_.pdf

⁵⁰ Interviewees

⁵¹ https://mei.gov.md/sites/default/files/document/attachments/studiu_piata_muncii_md_.pdf

migrants will have a direct impact on the increase in the number of inactive people. In 2020, 44% of returning migrants registered with the NEA were aged 35–49, 60% were from rural areas⁵².

Most industries will register workforce surpluses in 2021 and 2022. The Covid-19 pandemic crisis, as well as the severe drought of 2020, has led to a significant decrease in the population employed in agriculture, forestry and fishing⁵³. This will lead to the supply of labour remaining the same but the demand for it decreasing strongly. However, the relaunch of agriculture will lead to a rapid increase in labour demand, and in 2022 it is anticipated that there will be a labour shortage. Pre-crisis employment levels may be reached in 2023⁵⁴. Following a significant decrease in labour demand in the manufacturing industry in 2020, it is expected to improve in the coming years. The sales volume is forecast to increase in 2021 and 2022, which will lead to an increase in workforce demand. However, the workforce excess in industry will remain until 2023⁵⁵. Following the decline in 2020, employment levels will return faster in some sectors of industry, while in others the recovery will be slower. In the construction sector, the decrease in workforce demand was much higher than expected. This decrease was caused by the significant reduction in sales volume in 2020. The faster decline in demand relative to supply will generate an excess of workforce in construction in the medium term. It is likely that the number of employees working in construction in 2019 will not be reached in 2025⁵⁶. Trade was the sector most affected by the Covid-19 crisis, leading to a significant decrease in employment. The corresponding decrease in workforce demand will lead to an excess of workforce in trade between 2020 and 2024. A workforce shortage in trade is not forecast to appear until 2025⁵⁷. In the field of transport and storage, a slow increase in workforce supply is expected in the future. In 2020, due to the reduction in sales, the demand for workforce decreased. This will lead to an excess of workforce in this sector. The relaunch of economic activity will lead to an increase in workforce demand, and by 2025 there will be a deficit in this field of activity⁵⁸.

3.2 Main findings

As a result of the research conducted, we find that legislation regarding employment policies is well harmonised in Moldova. The new Law on the Promotion of Employment and Unemployment Insurance, which was approved in 2018 and entered into force on 1 January 2019, expanded the spectrum of active employment policies. In order to implement these new policies, a mechanism and legal procedures had to be developed and NEA staff trained. This has caused some active employment policies being implemented later, starting in 2020 or even 2021. The decrease in the number of NEA employees has led to an increase in work intensity, with each employee having a greater number of tasks to perform. At the same time, we find that the process of implementing ALMPs has become more difficult due to lack of knowledge and experience among NEA employees. The NEA does not have a training centre where employees can regularly attend vocational training courses.

⁵² https://anofm.md/view_document?nid=19608

⁵³ https://mei.gov.md/sites/default/files/document/attachments/studiu_piata_muncii_md_.pdf

⁵⁴ Ibid.

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Ibid.

⁵⁸ Ibid.

In Moldova, there is an institutional framework (the NEA) to implement employment policies at both central and local level. There are 35 subdivisions across the country that ensure the implementation of employment policies and measures at local level. At the same time, the territorial employment subdivisions lack their own headquarters, which creates difficulties in working with employers and unemployed people, especially those with disabilities due to the lack of adaptations for their access. Also, there is no logistical infrastructure within the territorial employment subdivisions, making it difficult to achieve the objectives and tasks of the work.

Furthermore, there is a very close collaboration between the Ministry of Health, Labour and Social Protection and the NEA, in order to develop and promote both legal initiatives and operational actions needed on the labour market. There is also a well-developed social dialogue between the NEA and stakeholders (the National Trade Union Confederation of Moldova and the National Confederation of Employers of the Republic of Moldova).

In order to increase employment and reduce the effects of the Covid-19 pandemic crisis on labour market developments, several active measures have been implemented, such as continuing vocational training, on-the-job training, vocational internship, job subsidies, stimulating labour mobility, and subsidies for creating or adapting jobs for people with disabilities. Some measures – supporting local initiative projects and financial support for starting a business – are yet to be implemented, starting in 2021. While some active measures are aimed at supporting all jobseekers, others are targeted at the categories of people considered vulnerable in the labour market, who face more difficulties in employment.

The study highlighted that the Covid-19 pandemic has had a major impact on the labour market in Moldova, requiring a prompt response from the state to mitigate its consequences. The channels through which the economic shock caused by Covid-19 has propagated have many similarities with the crisis of 2008 (see Annex), which can facilitate the process of devising and implementing adequate policies. At the same time, there are differences, such as entire sectors of the economy being closed to stop the spread of the virus.

To mitigate the impact of the crisis, the Moldovan government has approved a set of short-term economic measures, including those related to the labour market. Among the main measures are the increase in the amount of the unemployment benefit to MDL 2 775 per month during the state of emergency, as well as the extension of the categories of beneficiaries, including people returning from abroad.

The NEA's information system does not meet current requirements, being outdated both physically and morally. Thus, certain obstacles are created in the process of implementing new employment measures and policies in Moldova.

The volume of financial resources allocated for implementing ALMPs is very small. This reduces the number of beneficiaries of employment programmes and measures.

Following the research, a SWOT analysis was developed on the labour market situation and active employment policies in Moldova (Table 3.2).

TABLE 0.7 SWOT ANALYSIS

| Strengths | Weaknesses |
|--|---|
| <p>Updated legal and regulatory framework that provides a variety of active employment measures. Institutional framework (NEA) in order to implement employment policies both at central and local level. System of procedures necessary for planning, implementing and monitoring employment measures.</p> <p>Social dialogue at both central and local level regarding the implementation of employment policies.</p> <p>Active cooperation between NEA and public institutions, employers, trade unions, non-governmental organisations, etc.</p> <p>Relatively young staff, flexible and adaptable to change.</p> <p>Permanent communication system to promote employment policies.</p> <p>Availability of external development partners for logistical and financial support for developing and implementing employment policies.</p> | <p>Inadequate professional knowledge and skills for implementing new employment measures.</p> <p>Large number of work tasks per NEA employee, as a result of staff downsizing and the increase in the number and division of responsibilities.</p> <p>Lack of own headquarters for territorial employment subdivisions, which creates difficulties in working with employers and the unemployed, especially those with disabilities due to the lack of adaptations for their access.</p> <p>Lack of a logistical infrastructure within the territorial employment subdivisions, making it difficult to achieve the objectives and tasks of the work.</p> <p>Physically and morally outdated labour market information system.</p> <p>At local level, stakeholders (representatives of local public authorities, representatives of unions and employers' representatives that are part of local tripartite commissions) do not have the necessary professional knowledge and skills in the field of employment.</p> |
| Opportunities | Threats |
| <p>Availability of MHLSP on developing and adjusting, if necessary, the legal and regulatory framework on employment policies.</p> <p>Technical assistance provided by external development partners in order to support the achievement of NEA objectives on employment policies (UNDP, WB, ETF, ILO, etc.).</p> <p>Availability of several institutions and non-governmental organisations to participate in the implementation of employment policies.</p> <p>Allocation of financial resources, through annual budget planning, in order to implement employment measures.</p> | <p>Reduced capacity to implement employment measures due to inadequate professional knowledge and skills.</p> <p>Difficulties in achieving the expected objectives and tasks, due to the increase in employee workload and the large staff turnover at the NEA.</p> <p>Reduction in the number of unemployed people with employment potential, as a result of labour migration abroad in search of employment.</p> <p>Maintaining the imbalance on the labour market regarding employment in both rural and urban areas; labour supply and demand; the need for professional skills.</p> <p>High share of people employed in the informal sector.</p> <p>Insufficient financial resources for implementing active employment measures.</p> |

4. RECOMMENDATIONS

The labour market in Moldova is in a process of continuous development that requires certain controls to ensure its proper functioning. During the almost three decades of the country's independence, the legal and institutional framework of the modern labour market has been developed. Likewise, many strategies and policies in the field of employment have been developed and implemented. Both previous economic crises and the current one, caused by the Covid-19 pandemic, have highlighted certain weaknesses in the labour market, which requires permanent adaptation to various economic shocks by adjusting the regulatory framework and active employment policies. In these circumstances, knowledge of international practices in the field of employment, as well as the recommendations of specialist international organisations, is useful for decision makers in Moldova in order to overcome the economic shock and employment problems caused by the Covid-19 pandemic crisis. Following the investigation, we will continue to make the following recommendations related to the labour market and active employment policies.

Attracting the NEET group in the labour market. In 2019, the NEET group constituted more than 130 000. It is a category of labour force that, in the longer term, could cover the labour shortage in Moldova. In these circumstances, closer collaboration is needed between the NEA and youth organisations, as well as local public authorities, in order to identify them and inform them of labour market opportunities. A mechanism must also be developed to persuade employers to hire people from the NEET group. These mechanisms could involve compensating companies for the costs of young people's apprenticeships and internships. International practice shows that the mechanisms for subsidising young people and apprenticeship/internship programmes within companies have a positive impact⁵⁹.

Attracting Moldovan migrant workers to the labour market. Due to the lack of time spent in the country, many Moldovan migrants are unaware of the reality and opportunities for integrating into the labour market. Under these conditions, the NEA needs to develop a special information programme for this category of labour force that would increase their chances of employment in the labour market and for those who want to start a business to be able to benefit from financial support through various programmes. In this context, there is a need for increased collaboration between the NEA and other government institutions that provide financial support for business start-ups.

Financial support for the rural workforce. In 2020, over 60% of the unemployed people registered with the NEA were from rural areas. In these circumstances, the volume of funding for projects and programmes aimed at employing people in rural areas should be increased, namely subsidising job creation in rural areas, subsidising local initiative projects, and providing incentives for labour mobility.

Attracting the workforce from the informal to the formal sector. People working in the informal sector were most affected by the Covid-19 crisis. In 2019, approximately 23% of the employed population worked in the informal sector. Self-employed workers are the category of labour force most affected in times of crisis, because they do not have social security coverage and have limited savings to meet challenges. During the state of emergency, a very large number of self-employed people, in most cases in the informal sector, did not receive any state financial support. Most of them worked in the

⁵⁹ https://read.oecd-ilibrary.org/social-issues-migration-health/society-at-a-glance-2016_9789264261488-en#page1

field of trade, and this sector of the economy was, and continues to be, the most affected by the pandemic crisis. In this case, the NEA, by developing an information and awareness campaign on the risks to which the population employed in the informal sector is exposed, as well as the opportunities on the labour market, can encourage more people to work within a legal framework.

Developing digital knowledge and skills in the labour market. A rapid increase in the number of digitised jobs is expected in the future. The same applies for the digitisation of business. In these circumstances, training programmes, which could be financially supported by both government institutions and employers, should be developed that are focused on the boosting digital skills. As a priority, access to these programmes should be for unemployed people up to the age of 29, as well as people in the NEET group.

Ensuring a higher degree of inclusion in the labour market for socially vulnerable groups (people with disabilities, ex-prisoners, people over 50 years of age, the long-term unemployed, etc.). Ensuring greater inclusion in the labour market among socially vulnerable groups will help to integrate these groups into the labour market and reduce the labour shortage. Developing joint programmes between the NEA and specialist government institutions, NGOs, specialist associations, etc. would contribute to increasing the level of employment among these categories of people. Such programmes should be extended not only at central level, but also at local level, so that the services provided are as close as possible to these people.

Increasing the NEA budget to finance active measures on the labour market. In 2019, the NEA's budget for active measures was EUR 559 180, or 0.05% of GDP. This is far from covering the need for financial resources to successfully implement all active employment measures, and therefore to meet the needs of all customers.

Increasing the number of NEA employees. Over the years, the number of NEA employees has been steadily declining. With the approval of the new Law on the Promotion of Employment and Unemployment Insurance, the workload has increased while the number of employees has reduced. This has resulted in the number of tasks per employee increasing.

Improving the professional knowledge and skills of NEA employees and local stakeholders. Implementing active employment measures requires new knowledge and professional skills for both NEA employees and other people involved in this process. Continuously updating professional knowledge and skills will lead to process of implementing employment policies being streamlined at both national and local levels. Moreover, the activities of NEA employees with some categories of workforce (NEET group, ex-migrants, etc.) requires additional professional knowledge to ensure efficiency in working with them.

Improving the quality of digital services provided by the NEA. The current information system operating within the NEA is outdated under the new requirements. Under these conditions, an information system should be implemented that would ensure greater access for customers to all categories of services provided by the NEA.

Improving the NEA infrastructure. At local level, the NEA does not have its own offices in which to carry out its activities. The current spaces in which the NEA operates do not meet the requirements for providing quality services to customers. Moreover, the current inadequate infrastructure limits the access of people with disabilities.

5. CONCLUSIONS

The Covid-19 crisis will have long-term economic implications. A return to pre-pandemic growth is not envisaged before 2024, presenting significant labour market challenges including increased inactivity, rising unemployment, and structural changes with expected surpluses in key sectors, particularly construction, necessitating retraining of surplus labour.

Covid has drawn attention to particular issues that require attention to enable a robust institutional response to address recovery challenges. The PES has invested in providing information to increase awareness of programmes amongst potential beneficiaries, but communication needs to be improved, especially to people in rural areas. Provision of some PES services is also far from uniform with some, such as careers advice, not delivered from certain locations. Reductions in PES staffing levels have been a major obstacle to optimising the potential to benefit from changes in ALMP policy, especially delivering measures introduced to deal with the pandemic. The scope of the impact evaluation of existing ALMP measures also needs to broaden as part of the process to determine which future policy developments are most likely to be successful during the post-Covid recovery.

Despite efforts being made to provide programmes, including subsidies, to increase the hiring of disabled people, overall employment levels remain low. This suggests that more efforts are needed to challenge negative employer perceptions.

There has been some success in VET provision, however particular challenges remain. Educational institutions that could conceivably provide good quality products have been reluctant to bid for contracts, possibly deterred by the process and a tendency for competition to be mostly price-based, with the lowest-priced tenders being successful.

Communication and publicising measures continue to be a problem. Recently introduced initiatives, including on-the-job training and professional internships, need to be more widely promoted among employers to attract greater interest.

Programmes could also benefit from improved cross-governmental coordination in delivery and design. As an example, schemes introduced at the PES to support entrepreneurship could be improved through working more closely with the Ministry of Economy and Infrastructure, which could identify synergies with parallel funding streams. Similarly, improved coordination could improve the financing, targeting and results of activities to address rural unemployment. Encouragement for social enterprises could assist rural and disadvantaged groups, however so far, a lack of inter-agency coordination has prevented progress despite legal provisions allowing for such a development.

Notwithstanding the success of VET provision, there is considerable scope for improving the implementation of ALMPs, particularly through improved social dialogue at local level to ensure both that agreed programmes are comprehensively delivered and specific local circumstances are taken into account to enable effective delivery on the ground. Amendments to the legal provisions delivering ALMPs provide a framework within which the PES and other players can enhance efforts to raise the employment rate. However, to succeed, these activities must be accompanied by a more efficient system for operationalising policy decisions, with increased investment in recruiting and upskilling PES staff essential for significant progress to proceed.

The PES internal management structure, with very limited intermediation between the national headquarters and local delivery units, provides insufficient scope for dialogue on the ground to ensure

that programmes can be effectively and rapidly implemented, taking into account operational issues. This also prevents some important messages being fed back to those at the centre responsible for overall programme management and design.

In particular, employment programmes should prioritise support for SMEs, people from vulnerable groups (particularly youth, with a focus on NEETs), and especially the rural population. The institutional PES establishment and delivery system needs to be evaluated to assess why the number of at-risk people registered is low, with proposals developed to encourage greater participation in support programmes for these groups. Cooperation between the employment and education sectors is limited, which contributes to problems, with curricula design not meeting labour market needs and employers' requirements, and untapped potential for educational institutions to contribute to furthering the success of VET activities. In this regard, a significant increase in digital skills training is an absolute priority. Similarly, further reforms to the social protection system are necessary to redress issues amplified by the Covid, crisis including the lack of cover for self-employed people.

The continuing scale of undeclared work continues to be a problem; again, combatting this is compromised by a lack of collaboration between the employment and labour regulation authorities. The key to reducing the size of the unofficial economy may lie in effective communication from government, persuading both employers and employees of the disadvantages of continuing to operate illegally.

Investing in employment service infrastructure will be key to realising the benefits from policy initiatives and developing the potential of prospective service beneficiaries.

ANNEXES

Annex 1. Statistical tables

FIGURE 1. FOREIGN MIGRANTS IN MOLDOVA BY COUNTRY OF ORIGIN, 2015–19

| Country | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|-----------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|------------|--------------|--------------|
| | Total | To work | Total | To work | Total | To work | Total | To work | Total | To work |
| Total | 4 209 | 1 201 | 4 080 | 1 052 | 3 708 | 829 | 4 223 | 899 | 4 857 | 2 023 |
| Ukraine | 754 | 145 | 734 | 138 | 681 | 106 | 752 | 113 | 919 | 286 |
| Tukey | 347 | 191 | 293 | 144 | 245 | 104 | 430 | 265 | 760 | 643 |
| Russia | 567 | 55 | 705 | 44 | 685 | 39 | 683 | 29 | 739 | 66 |
| Romania | 646 | 370 | 464 | 250 | 427 | 228 | 450 | 200 | 459 | 242 |
| India | 37 | 3 | 80 | 12 | 84 | 18 | 128 | 10 | 333 | 16 |
| Azerbaijan | 65 | 38 | 61 | 35 | 80 | 44 | 171 | 67 | 256 | 211 |
| USA | 209 | 14 | 192 | 14 | 206 | 16 | 211 | 4 | 224 | 33 |
| Uzbekistan | 37 | 4 | 24 | 0 | 27 | 1 | 41 | 7 | 204 | 179 |
| Italy | 180 | 93 | 170 | 108 | 139 | 64 | 130 | 28 | 118 | 48 |
| Israel | 548 | 7 | 594 | 8 | 456 | 4 | 489 | 8 | 83 | 3 |
| Belarus | 45 | 11 | 36 | 7 | 27 | 4 | 42 | 4 | 48 | 4 |
| Tajikistan | 16 | 1 | 15 | 2 | 20 | 1 | 26 | 0 | 47 | 14 |
| France | 43 | 17 | 29 | 14 | 41 | 15 | 33 | 1 | 43 | 10 |
| Kazakhstan | 25 | 5 | 42 | 2 | 33 | 4 | 22 | 4 | 37 | 7 |
| Armenia | 29 | 4 | 33 | 5 | 32 | 4 | 31 | 4 | 35 | 14 |
| China | 28 | 20 | 36 | 20 | 24 | 14 | 27 | 6 | 35 | 21 |
| Germany | 40 | 11 | 47 | 18 | 41 | 14 | 41 | 9 | 32 | 12 |
| Georgia | 31 | 20 | 24 | 10 | 24 | 8 | 22 | 10 | 30 | 17 |
| Kyrgyzstan | 23 | 0 | 14 | 1 | 13 | 1 | 23 | 3 | 27 | 5 |
| UK | 19 | 5 | 10 | 3 | 28 | 3 | 23 | 3 | 25 | 10 |
| Other countries | 520 | 187 | 477 | 217 | 395 | 136 | 448 | 124 | 403 | 182 |

Source: National Bureau of Statistics

Last accessed 30 December 2020 at:

https://statbank.statistica.md/PxWeb/pxweb/ro/20%20Populatia%20si%20procesele%20demografice/20%20Populatia%20si%20procesele%20demografice_POPrec_POP070/POP070300rcl.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

FIGURE 2. EMPLOYED POPULATION BY PROFESSIONAL STATUS, 2015–19 (IN THOUSANDS)

| Professional status | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|-----------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| | Number | % |
| Employees | 629.9 | 63.7 | 606.2 | 61.0 | 604.2 | 62.9 | 589.2 | 59.6 | 678.4 | 77.8 |
| Self-employed | 313.8 | 31.7 | 333.1 | 33.5 | 314.2 | 32.7 | 353.1 | 35.7 | 153.4 | 17.6 |
| Unpaid family workers | 39.8 | 4.0 | 48.8 | 4.9 | 39.2 | 4.1 | 43.3 | 4.4 | 36.9 | 4.2 |
| Employers | 5.6 | 0.6 | 5.5 | 0.6 | 3.2 | 0.3 | 2.8 | 0.3 | 3.6 | 0.4 |
| Total | 989.1 | 100 | 993.7 | 100 | 960.8 | 100 | 988.5 | 100 | 872.4 | 100 |

Source: National Bureau of Statistics

Last accessed 30 December 2020 at:

https://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN2019_MUN020/MUN120500.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

FIGURE 3. EMPLOYED POPULATION BY ECONOMIC ACTIVITY, 2015–19 (IN THOUSANDS)

| Field of activity | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------------|--------------|--------------|--------------|--------------|
| Agriculture, forestry and fishing | 338.3 | 363.4 | 341.4 | 388.6 | 182.8 |
| Industry | 116.6 | 114.6 | 107.3 | 108.4 | 128.0 |
| Construction | 52.7 | 48.3 | 43.4 | 45.7 | 61.4 |
| Wholesale and retail trade, accommodation and public catering activities | 145.3 | 150.3 | 154.3 | 143.3 | 163.8 |
| Transport and storage. Information and communications | 60.9 | 59.7 | 55.3 | 54.4 | 59.9 |
| Public administration, education, health and social work | 190.8 | 178.8 | 182.6 | 176.0 | 197.5 |
| Other activities | 84.1 | 78.6 | 76.5 | 72.1 | 78.8 |
| Total | 989.1 | 993.7 | 960.8 | 988.5 | 872.4 |

Source: National Bureau of Statistics

Last accessed 30 December 2020 at:

https://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN2019_MUN020/MUN120200.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

FIGURE 4. POPULATION IN INFORMAL EMPLOYMENT, 2015–19 (IN THOUSANDS)

| Professional status | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|-----------------------|--------|------|--------|------|--------|------|--------|------|--------|------|
| | Number | % |
| Employees | 56.3 | 15.6 | 50.1 | 13.1 | 44.4 | 12.5 | 44.8 | 11.4 | 52.4 | 26.0 |
| Self-employed | 265.7 | 73.4 | 281.6 | 74.0 | 272.0 | 76.5 | 304.5 | 77.6 | 112.2 | 55.6 |
| Unpaid family workers | 39.8 | 11.0 | 48.8 | 12.8 | 39.1 | 11.0 | 43.3 | 11.0 | 36.9 | 18.3 |
| Employers | 0 | 0 | 0.1 | 0.1 | 0 | 0 | 0 | 0 | 0.2 | 0.1 |
| Total | 361.9 | 100 | 380.6 | 100 | 355.5 | 100 | 392.6 | 100 | 201.8 | 100 |

Source: National Bureau of Statistics

Last accessed 29 December 2020 at:

https://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN2019_MUN040/MUN140300.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

FIGURE 5. NEET GROUP, 2015–19 (IN THOUSANDS)

| Indicator | Years | | | | |
|-----------------------------------|-------|-------|-------|-------|-------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Population aged 15–24 (thousands) | 389.3 | 362.5 | 333.8 | 308.3 | 288.3 |
| Population aged 15–29 (thousands) | 633.8 | 596.2 | 552.6 | 513.3 | 479.8 |
| NEET group aged 15–24, (%) | 27.7 | 26.8 | 19.4 | 16.2 | 19.5 |
| NEET group aged 15–29 (%) | 36.3 | 35.0 | 26.4 | 23.9 | 27.4 |
| NEET group aged 15–24 (thousands) | 107.8 | 97.1 | 64.8 | 49.9 | 56.2 |
| NEET group aged 15–29 (thousands) | 230.0 | 208.7 | 145.9 | 122.7 | 131.5 |

Source: National Bureau of Statistics

Last accessed 29 December 2020 at:

https://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN2019_MUN010/MUN111100reg.px/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

FIGURE 6. MAIN ECONOMIC DEVELOPMENT AND LABOUR MARKET INDICATORS, 2008–14

| Indicator | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|---------|----------|----------|----------|----------|----------|----------|
| GDP (MDL millions) | 62 922 | 60 430 | 71 885 | 82 349 | 87 847 | 100 312 | 111 501 |
| Gross domestic product in comparable prices over the previous year (%) | 107.8 | 94.0 | 107.1 | 106.8 | 99.2 | 108.9 | 104.6 |
| Industrial production (MDL millions) | 2 988.4 | 22 643.9 | 28 140.1 | 34 194.4 | 35 975.0 | 39 024.3 | 43 548.0 |
| Agricultural production (MDL millions) | 16 503 | 13 300 | 19 873 | 22 619 | 20 263 | 23 814 | 27 071 |
| Exports (USD millions) | 1 591.1 | 1 283.0 | 1 541.5 | 2 216.8 | 2 161.8 | 2 428.3 | 2 339.5 |
| Imports (USD millions) | 4 898.8 | 3 278.3 | 3 855.3 | 5 191.3 | 5 213.1 | 5 492.2 | 5 317.0 |
| Activity rate (%) | 44.3 | 42.8 | 41.6 | 41.6 | 40.7 | 41.4 | 41.2 |
| Employment rate (%) | 42.5 | 40.0 | 38.5 | 38.5 | 38.4 | 39.3 | 39.6 |
| Unemployment rate according to the ILO (%) | 4.0 | 6.4 | 7.4 | 5.1 | 5.6 | 5.1 | 3.9 |

Source: National Bureau of Statistics

Last accessed 5 January 2021 at:

https://statbank.statistica.md/PxWeb/pxweb/ro/30%20Statistica%20sociala/30%20Statistica%20sociala_03%20FM_03%20MUN2000_MUN010/MUN010200.px/table/tableViewLayout1/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774

FIGURE 7. NEA HEADCOUNT, 2015–20

| Indicator | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------|------|------|------|------|------|------|
| Employees at the end of the year | 305 | 301 | 280 | 213 | 227 | 231 |
| Job coverage level within the NEA (%) | 91 | 90 | 84 | 85 | 91 | 92 |

Source: NEA's annual reports

Last accessed 26 January 2021 at: <https://anofm.md/page/rapoarte1>

FIGURE 8. DATA ON NEA STAFF, 2019

| | Managers | Specialists | Technical staff | Total |
|--------------------------|----------|-------------|-----------------|-------|
| Age | | | | |
| <25 years | - | 2 | - | 2 |
| 25–35 years | 5 | 63 | - | 68 |
| 35–45 years | 10 | 43 | - | 53 |
| 45–55 years | 13 | 34 | 1 | 48 |
| >55 years | 26 | 29 | 1 | 56 |
| Retired | 9 | 16 | - | 25 |
| Length of service | | | | |
| <2 years | 1 | 26 | - | 27 |
| 2–7 years | 4 | 47 | - | 51 |
| 7–15 years | 6 | 42 | - | 48 |
| >15 years | 33 | 56 | - | 89 |
| Gender | | | | |
| Female | 42 | 164 | - | 206 |
| Male | 12 | 7 | 2 | 21 |

Source: NEA's annual reports

Last accessed 6 January 2021 at: <https://anofm.md/page/rapoarte1>

FIGURE 9. STAFF/LABOUR FORCE RATIO

| Indicator | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Number | Ratio |
| Total NEA employees | 305 | | 301 | | 280 | | 213 | | 227 | |
| Total number of registered unemployed people | 50 600 | 1/166 | 50 100 | 1/166 | 42 100 | 1/150 | 35 544 | 1/167 | 31 484 | 1/139 |
| Total employed population (thousands) | 989.1 | 1/3 243 | 993.7 | 1/3 301 | 960.8 | 1/3 431 | 988.5 | 1/4 641 | 872.4 | 1/3 843 |
| Total working age population (thousands) | 1 740.6 | 1/5 707 | 1 697.6 | 1/5 640 | 1 640.8 | 1/5 860 | 1 627.1 | 1/7 639 | 1 580.3 | 1/6 962 |

Source: Processed by the author based on data provided by the National Bureau of Statistics and the NEA's annual reports. Last accessed 6 January 2021 at: <https://anofm.md/page/rapoarte1>

FIGURE 10. STAFF/CLIENT RATIO

| Indicator | Number | Number of clients per NEA employee |
|--|---------|------------------------------------|
| Number of employees in 2019 | 227 | |
| Number of customer visits to the NEA subdivisions (January–September 2019) | 146 953 | 647.4 |
| Number of NEA employees in 2020 | 231 | |
| Visits by unemployed people to NEA subdivisions (January–September 2020) | 201 800 | 873.6 |

Source: Processed by the author based on data provided by the National Bureau of Statistics and the NEA's annual reports. Last accessed 16 January 2021 at: <https://anofm.md/page/rapoarte1>

FIGURE 11. NEA BUDGET, 2016–20

| Years | Total (EUR thousands) | Staff expenditure (%) | Maintenance and operational expenses (%) |
|-------|-----------------------|-----------------------|--|
| 2016 | 1 521.2 | 88.0 | 12.0 |
| 2017 | 1 620.9 | 81.0 | 9.0 |
| 2018 | 1 613.7 | 80.0 | 20.0 |
| 2019 | 1 695.5 | 79.0 | 21.0 |
| 2020 | 1 761.2 | 76 | 24 |

Source: National Bureau of Statistics and the NEA's annual reports. Last accessed 16 January 2021 at: <https://anofm.md/page/rapoarte1>

Annex 2. Interviewees

| No | Institution/organisation | Position held |
|----|---|---|
| 1. | National Employment Agency | Director |
| 2. | Ministry of Health, Labour and Social Protection | Head of Directorate, Occupational Policies and Migration Regulation |
| 3. | Ministry of Economy and Infrastructure | Head of Directorate, Economic Policy and Business Environment |
| 4. | National Confederation of Trade Unions of Moldova | Vice-president |
| 5. | ILO in Moldova | Representative |
| 6. | World Bank | National expert |

ACRONYMS

| | |
|-------|--|
| ALMPs | Active Labour Market Policies |
| ETF | European Training Foundation |
| EU | European Union |
| GDP | Gross Domestic Product |
| ILO | International Labour Organization |
| LMO | Labour Market Observatory |
| MDL | Moldovan Leu |
| MEI | Ministry of Economy and Infrastructure |
| MHLSP | Ministry of Health, Labour and Social Protection |
| NBS | National Bureau of Statistics of the Republic of Moldova |
| NEA | National Employment Agency |
| NEET | Not in Employment, Education or Training |
| NGOs | Non-Governmental Organisations |
| NSIH | National Social Insurance House |
| ODIMM | Organization for Small and Medium Enterprises Sector Development |
| PES | Public Employment Service |
| SMEs | Small and Medium Enterprises |
| UNDP | United Nations Development Programme |
| VAT | Value-added tax |
| VET | Vocational Education and Training |
| WB | World Bank |

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