

KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT – MOLDOVA 2022

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EXECUTIVE SUMMARY

Following a period of political instability, the pro-European Party of Action and Solidarity (PAS) won the 2021 parliamentary elections, obtaining 52.8% of the vote with a solid parliamentary majority. The new government, supported by President Sandu from the same party, is expected to set out a reform agenda and build strong ties with Europe.

On 23 June 2022, the European Council granted candidate status to Moldova. This radically changes Moldova's political and economic development trajectory, opening up opportunities and putting pressure on the government to implement structured reforms.

The positive political outlook is counterbalanced by the pressure of multidimensional shocks caused by the impacts of the COVID-19 pandemic, the war in Ukraine, the refugee crisis and energy crisis. All these have the potential to negatively affect recent positive progress in terms of human development.

The Russian invasion of Ukraine has heavily impacted Moldova, which has had to deal with political tension, realistic concerns of being dragged into the conflict and the responsibility of dealing with a high volume of refugees compared to its population. Following a period of uncertainty, the frontline stabilised far from Odesa, reducing the risk of Moldova becoming involved. This alleviated concerns regarding military implication, but did nothing to stem the flow of refugees.

Since the start of the war around 500 000 Ukrainians have crossed the Moldovan border, of which slightly less than 20% (90 000) remained in the country. Many of them have been hosted by the Moldovan population, demonstrating a strong commitment in supporting refugees. Out of this population, almost 50 000 were school-aged children, of which only 1 800 are currently enrolled in Moldova's education system. Language barriers and the expectation of going back to Ukraine soon are the main reasons for such low enrolment.

The energy crisis caused by the war in Ukraine has also affected Moldova, with two major aggravating factors. The first is that Moldova is entirely dependent on Russian gas and has no alternative solutions should the Russian gas conglomerate Gazprom decide to unilaterally terminate the contract. The second factor is the impossibility for citizens and businesses in Moldova, the poorest country in Europe, to cope with the new gas prices.

The new Education Development Strategy (EDS) 2020-2030 and its action plan have been under discussion for more than a year. Their current status is not yet formally approved, but it is considered a finalised version. The new strategy is no longer structured by sub-sector (primary, secondary, VET) but it has a number of transversal objectives for the whole sector. The new National Employment Programme (NEP) 2022-2026 is also under development.

Educational reforms are progressing. The Centres of Excellence have started to become stronger players in the education sector, establishing relationships with affiliated VET schools and expanding their services beyond initial education. Dual education is still a priority for the Ministry, which is seeking to increase the share of students in Dual education, but the reform looks solidly embedded in the system.

In the field of employment policies, the Ministry of Labour and the National Employment Agency have been trying to expand the spectrum of active employment measures to effectively respond to labour market needs. There is a clear effort of the government to strengthen this policy area, also in view of the COVID-19 pandemic putting pressure on the labour market. While further adjustment and the introduction of new measures were necessary, the implementation faces challenges related to limited financial and human resources. New measures related to start-up support and on-the-job training call for more partnerships with employers and the business community. Several active measures have been implemented, although some with a modest number of beneficiaries. Furthermore, the labour market information system does not fully comply with the new requirements, as both the NEA and the Labour Market Observatory face similar capacity challenges. Therefore, further methodological developments and capacity building are on the way, including with ETF support.

1. KEY POLITICAL, DEMOGRAPHIC, ECONOMIC AND SOCIAL CHARACTERISTICS

Political developments

Following a period of political instability, the pro-European Party of Action and Solidarity (PAS) won the 2021 parliamentary elections, obtaining 52.8% of the vote with a solid parliamentary majority. The new government, supported by President Sandu from the same party, is expected to set out a reform agenda and build strong ties with Europe. The new government has restructured the Ministry of Education, Culture and Research, creating two different Ministries (the Ministry of Education and Research and the Ministry of Culture). The same was done for the Ministry of Labour, Health and Social Protection, which was divided into the Ministry of Labour and Social Protection and the Ministry of Health.

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The energy crisis caused by the war in Ukraine has also affected Moldova, with two major aggravating factors. The first is that Moldova is 100% dependent on Russian gas and has no alternative solutions should Gazprom decide to unilaterally stop the contract. The second factor is the impossibility for citizens and businesses in Moldova, the poorest country in Europe, to cope with the new gas prices.

The COVID-19 crisis isn't over in Moldova. Similarly to other former Soviet Union countries, Moldova has faced difficulties in achieving high COVID-19 vaccination rates (40.9% in September 2022). This has resulted in a longer and stronger impact of the virus on the country's society and economy compared to EU countries. In January 2022, the Ministry of Health was still discussing the closing of schools and other strict policies to limit the spread of the virus. With the coming winter of 2022, the risk of new peaks of contagion remains high.

The Ministries of Education and Labour have continued to implement the key reforms started in the context of the Education Strategy 2014-2020 and the Employment Strategy 2016-2020. Some progress has been made in this respect: the implementation of dual education has continued; the number of students enrolled is increasing; Centres of Excellence have been increasingly taking on their new responsibilities; the LMO (Labour Market Observatory) is delivering evidence-based policy advice on a more regular basis.

Demographics

The two main factors shaping the population structure and demographic change in Moldova are ageing and migration. In addition, more than half of the population lives in rural areas, giving Moldova one of the lowest levels of urbanisation in Europe.

According to the National Bureau of Statistics, the official total population of Moldova in 2021 was 2.5 million, with a clear long-term negative trend. In 2021, there were almost 300 000 people fewer than in 2010 and 46 000 fewer than in 2020.

Migration is probably the most significant socioeconomic trend for Moldova, a country with one of the highest total emigration rates in the world. Migration has a strong impact on several aspects of Moldovan society, including the population age structure, the economy, and skills availability.

As of 2020, Moldovan international migrants numbered more than 1 150 000, a significant share of the total population. Taking into account the corresponding depopulation linked to low fertility rates, the share of international migrants has increased by 2-3% every 5 years (and 6.3% in the past 5 years), while the COVID-19 pandemic seems to have increased this trend. The reasons for leaving are similar to those in other countries with strong net emigration profiles (lack of job opportunities, very low salaries, prospects of a better future for children). In addition, Moldova possesses a unique combination of legal opportunities and informal connections that further facilitates migration. Over 1 million Moldovans have Romanian nationality, which allows them to work in other EU countries without restrictions, even though the visa liberalisation by the EU that Moldova was expecting after the signature of the Mobility Partnership in 2008 has not materialised. Additionally, the intensity of past migration has created a strong, well-connected diaspora network that makes migration easier. Given the impossibility of scaling down the population and skills drain, government policies have endeavoured to support the establishment of circular migration, with the attempt to set up a policy framework in which migrants create development opportunities for Moldova through economic investments and an upskilled returning workforce.

In terms of direct economic impact, in 2020 remittances represented 16.3% of the gross domestic product (GDP), significantly contributing to keeping a large proportion of the mostly rural population above the poverty line. This percentage has halved since 2005 as a result of the strong economic growth during this period (see Statistical Annex). However, a quarter of Moldovan households still receive remittances, and for half of these households, remittances constitute more than 50% of their disposable income. Without remittances, 23.4% of households would fall below the poverty line (IOM, 2020).

On the negative side, high emigration rates have had a direct impact on the population dynamics and age structure, particularly in rural areas, which suffer from higher dependency ratios and ageing, thus furthering the rural exodus to cities. Since 2014, Moldova has experienced a demographic regression, with mortality rates exceeding birth rates. Even more damaging is the impact of migration on the availability of people in specific occupations, specifically in the health and education sectors.

Key economic developments

Moldova is a small, lower middle-income economy, with agriculture accounting for a relatively high share of its economy and employment. It also has an uneven territorial distribution of economic opportunities and growth, with the capital city of Chisinau generating more than half of the country's GDP. The main economic drivers of GDP are manufacturing, trade, agriculture, construction, transportation, information and communication technology, and services.

Over the past years, Moldova's economic performance has fluctuated. Following the 2015 recession (which was due, not least, to large-scale banking fraud), the country's economy recovered in 2017 with GDP growth of 4.7%, which decreased slightly in 2018 but remained at 4.0%. Even before the COVID-19 crisis, however, the economy had slowed sharply in the last quarter of 2019. Growth in 2019, at 3.6%, was underpinned by strong domestic demand, led by wage increases, remittances,

credit expansion and rising public spending. Inevitably, growth declined in 2020 (-6%) as the country's economy was hit hard by the effects of the pandemic, due to the country's high dependency on migrant remittances. In 2021, the country's economy bounced back, with GDP growth reaching 14% and the country looking on track for a period of sustained growth. However, the war in Ukraine and the energy crisis reversed this trend. In August 2022, the Moldovan government revised its 2022 economic growth forecast to zero from its previous forecast of 0.3%. In parallel, the inflation forecast for 2022 rocketed to 29.5%. The local currency (leu) also lost value over the whole of 2022.

However, the perspective is less bleak considering the benefits that should come from becoming a candidate country.

The National Development Strategy, which is known as Moldova 2030, presents the government's overall strategic vision for 2020-2030. This multi-sectoral strategy focuses on the following development priorities: (a) sustainable and inclusive economy (increased revenue from sustainable sources and mitigation of economic inequality; expanding people's access to utilities and living conditions; and improving working conditions and reducing informal employment); and (b) healthy environment (ensuring the fundamental right to a healthy environment and environmental security).

Key social issues

Moldova is considered one of the poorest countries in Europe. Several vulnerable groups can be identified. The rural population is more vulnerable to poverty than the urban population. The quality of services and access to resources are more constrained. Poor infrastructure and road quality further limit access to services. Emigration and dependence on remittances are also more striking. The proportion of the population living below the poverty line is more than four times higher in rural as compared to urban areas. Young Moldovans face multiple and interconnected challenges, most notably in employment and health. Many young people do not have the right skills for the local labour market and young professionals often have difficulties finding employment in their field of work. About one-third of the population has emigrated during the past two decades. Historically, it was low-skilled labour that emigrated (mainly to Russia, Israel and the European Union), but today it is increasingly the educated middle class, the young professionals that migrate in search of better opportunities. The level of salaries in the country is very low. 'In Moldova, in particular, the wage gap with the EU-15 remains very big: the wage level -15 level'. This has created a shortage of skilled labour in many sectors, which seriously affects economic development. People with disabilities are often subject to stigma and limitations in exercising their rights. They have limited access to education, health as well as political representation. Legal institutions often have poor knowledge of the rights of people with mental and/or physical disabilities. Children of migrant workers: A fifth of all children have at least one parent working abroad and 10% stay with grandparents as both parents work abroad. A large proportion of children of migrant workers live in rural areas. Poor quality education, malnutrition and poor access to safe water and sanitation is more frequent among this group of children. In Moldova, tolerance towards LGBTIQI community is extremely low and they often face stigma and discrimination. Freedom of assembly and expression are in many ways restricted. Many political groups as well as the Orthodox Church express strong intolerance and hate speech in the media is commonplace. Stigma towards the Roma community in society is also widespread¹.

¹ Multidimensional Poverty Analysis (MDPA), Embassy of Sweden, July 2020.

2. EDUCATION AND TRAINING

2.1 Trends and challenges

Education strategy and legal framework for education

The main goal of the 'Moldova 2030' strategy is a noticeable improvement in the quality of life of the people of the Republic of Moldova. Such an approach also implies poverty eradication in all relevant aspects of this phenomenon, not exclusively in monetary terms, as it involves not only the level of income, but also equal and undeniable access to qualitative public and private goods and services.

The new Education Development Strategy (EDS) 2020-2030 and its action plan have been under discussion for more than a year. Their current status is not yet formally approved, but it is generally considered a finalised version. The draft strategy is not structured around education sub-sectors but defines nine transversal strategic objectives (SO):

- SO1: Quality education versus sustainable labour market development;
- SO2: Inclusive school versus inclusive society;
- SO3: Quality of teaching staff – quality of education – quality of human resources – quality of the economy;
- SO4: Society, community, family versus quality of education;
- SO5: Safe, formative, inclusive learning environments;
- SO6: Digitalisation versus the quality and functionality of the education system;
- SO7: Lifelong learning versus the quality of adult learning and education;
- SO8: Scientific research versus the source of innovation and changes in education;
- SO9: Good governance versus quality of education.

An action plan is also under development parallel to the strategy. Several specific objectives have been formulated for each strategic objective and these have been split into a number of different action points. The action plan is set out in detail and includes a medium-term budgetary framework.

In terms of legislative framework, the main expected change is the revision of the NQF Law which is currently being discussed.

Education expenditure

Over the past decade, Moldova has spent a high percentage of its GDP on education (around 6%). After a negative trend from 2014 (6.27%) to 2018 (5.44%), the indicator bounced back to 6.39% in 2020.

Access, participation and early school leaving

The relatively high levels of educational expenditure have paid off, judging by the relatively high levels of educational attainment among the active population (aged 15+). In 2021, 52.5% of the adult population had a medium level of education, 18.4% a high level and 29.1% a low level. There is also a slight but continuous positive trend, with an increasing proportion of the population with a high level of education (+0.3% since 2019 and +3.8% since 2010). The rate of early leavers (% aged 18-24) from education has bounced back to 19.6% in line with the historical trend, after a positive decrease (16.9%) in 2020. Additionally, efforts to raise the population's educational attainment level and to reduce the number of early leavers from education might have negatively affected the quality of

education, as demonstrated by the country's poor performance in the Programme for International Student Assessment (PISA) (see below).

Moldova has relatively low enrolment rates in primary and secondary education: in 2018 net enrolment rates were 90.62% and 86.91% respectively. In the same year, the gross enrolment ratio in higher education was relatively high at 39.82%. VET is well represented at the upper secondary level and enrolment in vocational programmes is increasing, reaching 46.6% in 2018, up from 37.1% in 2013. Moldova has a significant problem with early leavers from education. (European Training Foundation, Torino Process 2018, National Reporting Framework). Although the number of early leavers has decreased slightly, it remains very high. One in five 18–24-year-olds leaves education early, which is one of the highest rates in Europe.

PISA results

As noted earlier, the quality of education is a concern. Although the country's PISA results have improved since the previous report, they remain below the Organisation for Economic Co-operation and Development (OECD) average. Moldova ranked 51st out of 77 countries in 2018. This is in line with its 2015 ranking, but shows a steady improvement in educational outcomes for science, reading and mathematics compared with PISA 2009. Nevertheless, the proportion of the lowest-level achievers is still quite high for 15-year-old students in Moldova, standing at 41.9% for reading, 42.3% for science and 50.3% for mathematics. Furthermore, almost one-third demonstrated insufficient basic skills to be able to fully integrate into professional and social life. Low performance can indicate a lack of efficiency and quality in education, inadequate curricula, outdated learning materials and poorly trained teachers, which are some of the main barriers to education quality.

Young people not in employment, education or training (NEET)

The share of young people not in employment, education or training (NEETs), has fluctuated over the years and was still high in 2021, reaching 17.2% of 15 to 24-year-olds. The outcome had improved by 2.3 percentage points from 2019, which is also consistent with the high early school leaving and the employment outcomes. The youth unemployment rate (15 to 24-year-olds) fell consistently from 12.3% in 2015 to 9.2% in 2021. However, the decline of both indicators may have reflected not only improved employment prospects, but also a shrinking young population, limited readiness to work or a reliance on remittances. An increase in inactivity has also been observed across many countries as an effect of the COVID-19 pandemic. In the case of youth unemployment, although gender differences were not markedly high, in 2021 the NEET rate among women was 6.3 percentage points higher (20.4%) than that of men (14.1%).

2.2 Initial VET and adult learning

Strategic and legal framework for initial VET and adult learning

The VET strategic framework is now integrated in the new EDS 2020-2030. The Ministry does not foresee developing sectoral strategies for the different education sub-sectors. Operational planning documents which extrapolate VET information from the overall action plan could be developed within the VET department for organisational purposes. Adult Learning is an area of natural cooperation between the EDS and the new National Employment Programme (NEP) 2022-2026. MER should set up reforms to ensure that graduates develop strong key competencies allowing for continuous learning throughout their life (this is well covered in the EDS) and ensure the provision of continuing training for different target groups. MHLSP and NEA have the responsibility for reaching out to inactive people and providing active labour market measures for the unemployed, as well as the responsibility for calculating and anticipating skill needs. The NEP provides a clear and sound programme for strengthening ALMPs to an extended group of stakeholders (with a special focus on NEETs), while the EDS places emphasis on municipal involvement. Together, both documents show a willingness to strengthen the government's capacity to reach out to people in need of re-training, but the documents do not appear to be coordinated.

VET governance and financing arrangements

Several important decisions have shaped the governance of the VET system, including the Law on Sector Skills Committees (2017); Government Decision No 201/2018 on the organisation and functioning of the National Agency for Quality Assurance in Education and Research; and Government Decision No 1234/2018 on remuneration conditions of the staff of educational institutions operating under a financial and economic self-management regime. The approval of the Law on Sector Skills Committees created a high level of optimism that the private sector would play a stronger role in VET and human capital development. Over the past two years, however, reality has demonstrated that defining a broad legislative framework is a necessary step, but that it is not sufficient to ensure the effective operationalisation of the sector committees. The committees are currently active but face several challenges in the implementation of their ambitious mandate. The ETF is supporting the development of the sector committees, particularly in their capacity to implement new functions, such as the development of occupational standards for their respective sectors.

The MoER has started cooperating effectively with other relevant ministries, sector committees, VET institutions, businesses and other social partners. Sector skills committees and working groups have thus far contributed to the development of 33 occupational standards and 43 qualifications (out of 200). In 2018, a total of MDL 300 000 (around EUR 15 000) was allocated for occupational standards. Despite all of these achievements in terms of regulatory framework, however, the National Qualifications Department of the MoER has had difficulty keeping up with the ambitious work plan. In 2019, the EU started to support the department through a twinning programme and the ETF has continued to provide its complementary expertise.

The MoER has expressed interest in becoming one of the first countries outside the current remit of the EQF to have the opportunity to be referenced according to the meta-framework. Discussions are ongoing and Moldova may be invited to join the EQF expansion pilot phase in 2023.

In the context of VET reform, efforts have also been made to improve the efficiency and effectiveness of the financial management of VET institutions. As of 1 October 2018, VET institutions are financially and economically self-managed. They receive allocations from the state budget for the execution of the state order, their financing is based on a service contract and they are allowed to generate additional funds. It is too early to assess the impact of this historic reform. Schools have initially faced some difficulties in managing this degree of autonomy and in coping with the necessity of generating additional income. The new education financing law also allows the Ministry of Education a discretionary amount equal to 3% of its budget for ad hoc projects and activities. The VET directorate is planning to use this money to fund Centres of Excellence to take over as coordinators of affiliated VET institutions.

Qualifications, validation and recognition

Moldova has a legislated National Qualification Framework. The Ministry, through the NQF department, is putting a lot of effort into the operationalisation of the network. The Moldovan Register of Qualifications is currently under development. The decision to provide Moldova with candidate status has opened significant opportunities for networking and peer learning for the NQF department, which should join EQF by the end of 2022.

Moldova has developed and legislated a solid system for the validation of non-formal and informal learning. Several Centres of Excellence have been accredited as VNFIL providers, and with the financial support of international projects have achieved relevant numbers of people receiving a qualification through VNFIL. The financing of the model remains its weak point. Requiring potential applicants to cover the costs of the process reduces the attractiveness and potential added value of the system.

Quality and quality assurance

Quality assurance is the responsibility of the MoER and the ANACEC, which was established in 2014. The latter is responsible for the creation of national reference and accreditation standards, curricula

evaluation methodology, educational processes and school results. The ANACEC also manages the external quality evaluation which is carried out in both initial and continuous VET institutions every 5 years.

Key documents setting out the legal basis for quality assurance in Moldova include:

- Government Decision No.201/2018 on the organisation and functioning of the National Agency for Quality Assurance in Education and Research;
- External quality evaluation methodology, defining external quality evaluation criteria, accreditations standards and performance indicators;
- External Evaluation Guide for Vocational Training Programmes in Technical Vocational Education, defining evaluation standards.

The above-mentioned documents describe the status, objectives, tasks and functions of the ANACEC as well as the methodological and procedural framework for quality assurance.

Overall, the education quality is low and the PISA results have clearly demonstrated this (see above section).

Work-based learning arrangements

The adoption of the Regulation on the Organisation of VET Programmes for Dual VET (2018) and the Regulation on the Framework Curriculum for Dual Secondary VET (2018) has completed the process of formally establishing dual education, which started in 2014. The number of enrolled apprentices doubled from 2016/2017 to 2017/2018 and the state order provides that the share of students in dual technical vocational education for the academic year 2020/2021 will be 9.8%. At present, 78 companies are taking part in dual VET. In terms of the regulatory framework, the MoER is at an advanced stage of finalising the draft law on dual education, which will soon be presented to the authorities for consultation. However, the teaching and learning environment, as well as the apprentices' degree of satisfaction, differs widely from one case to the next. Dual VET requires investments and shared responsibilities between companies and VET institutions. It also depends on the desire and readiness of companies to assume a high level of responsibility, and on their technical and human capacity. Thus, regardless of a strong recognition of the importance of work-based learning (WBL), VET institutions still face difficulties in establishing long-term relations with companies and the companies do not yet have appropriate mechanisms to ensure the quality of WBL. In particular, WBL remains underdeveloped in the agri-food area owing to the shortage of large companies and the fact that small businesses and individual farms are neither motivated nor fully prepared to provide WBL.

Moldova joined the European Alliance for Apprenticeship in 2022. This should provide ample opportunities for networking and peer learning.

Digital education and skills

There is no standalone legal act on the digitalisation of general education and VET in the Republic of Moldova. Issues related to digitalisation are regulated and provided for within the following legal documents:

The Strategic Framework: Moldova Education 2020[1] provides a strategic directorate exclusively for the Integration of ICT in education at all levels. Another strategy specifically for the VET sector, called the Strategy for the Development of Technical Vocational Education for the Years 2013-2020 (VET Strategy[2]), stipulates the need for activities related to the continuous promotion of modern teaching technologies using ICT. In this context, some standards were developed to support the strategic initiatives. New approaches are in development now that the Strategy implementation period has ended. In addition, in accordance with the provisions of the Education Code, key competencies include digital competencies.

Under Objective No 4, 'Guaranteeing quality education for all and promoting lifelong learning opportunities', the Draft Education Strategy 2021-2030 contains axis No 5, related to 'information and communication technologies in education - a factor in ensuring the quality and functionality of the learning system'. The action plan should bring understanding to the way this axis will be implemented, presumably also developing a larger legal framework for digitalisation of the education system.

The digital competence standards for teachers in general education were approved by Order 862/2015 of the Ministry of Education. These standards are also valid for VET teachers. It is important to mention that the standards are only relevant to the general disciplines studied in TVET. At the same time, there is no way to verify and to ensure that teaching staff are using ICT methods in the classroom.

The minimum standards for ICT equipment for Vocational Education institutions were approved by Order 1043/2015 of the Ministry of Education. The standards stipulate the minimum equipment necessary for Technical Vocational Education institutions.

All VET schools have implemented the SELFIE self-assessment in 2021. The results have been analysed and discussed with the Ministry of Education. In 2022, all general schools are implementing the SELFIE self-assessment. The results are expected in January 2023.

Statistics on education and training

Education statistics are collected by the Ministry of Education through the different departments overseeing the education sub-sectors. A new Education Management Information System (EMIS) has been implemented and should reinforce data collection. Tracer studies have been piloted but they have been put on hold pending integration into the new EMIS.

3. LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges

Labour market characteristics

The employment scene in Moldova is complex and challenging, with insufficient, poor-quality jobs, low productivity, persistent informal arrangements and inequalities. One of the underlying aspects is the declining size of the Moldovan working-age population, decreasing by over 160 000 people from 2015 to 2019.

The activity rate is very low in the Republic of Moldova. It decreased from 2019, reaching a low of 40.3% in 2020, before increasing slightly in 2021 to 41.1%. There are substantial gender differences, with the activity rate among the male population standing at 46.5% in 2021, compared to 36.4% for the female population. The employment rate followed a similar trend, decreasing from 40.1% in 2019 to 39.8% in 2021. A substantial gender gap remains within the employed population, with the employment rate among men reaching 44.7% in 2021, compared to only 35.4% for women, representing a gap of 9.3 percentage points. Educational attainment plays a crucial role in employment prospects, with the employment rate of persons with tertiary education reaching 60.4%. Although the employment rate among the low-skilled population has increased since 2019, reaching 25.6% in 2021, it remains low, also when compared with the outcomes of medium-skilled workers (40.4%).

The service sector employs the largest share of the labour force (56.4% in 2021) with a sizeable role played by trade, hotels and restaurants, employing 18.8% of the labour force. The industry sector has been expanding gradually in recent years, reaching an employment share of 22.1% in 2021, and has overtaken the agricultural sector, which accounted for 21.5% of the total employed population. As a reference, in 2015 the agricultural sector employed 34.2% of the population, representing a 17 percentage point gap over the industrial sector.

Informality remains a serious challenge in the Moldovan labour market. In 2021, 16.9% of the employed population remained in the informal sector, including 23.8% being employees. In the non-agricultural sector, the share of informal employment was 11.3% in 2021. The highest share of informally employed persons was registered in construction. In 2021, 65.1% of all people employed in construction were in the informal sector².

The impact of the Ukraine war is not yet evident, but it will be inevitable considering the 14% fall in GDP growth caused by the war and the incoming potential energy crisis (Moldova is 100% dependent on Russia for gas).

There are substantial imbalances between supply and demand in the labour market. Public employment services register a growing number of vacancies that cannot be filled by available jobseekers. This suggests a high incidence of skills mismatch, and the occupational mismatch indicator points to over-qualification in the labour market (European Training Foundation, Youth transition to work in Moldova, 2018). For example, the share of the active population having completed tertiary education working in semi-skilled occupations increased from 20.4% in 2012 to 23% in 2017. There could be a number of reasons for this increase, such as a problem with labour demand for highly skilled workers (a lower demand or an uneven territorial distribution of employment opportunities for university graduates); inadequate university education outcomes in terms of skills and abilities for high-skilled jobs; or a lack of practical experience (individuals take jobs not matched to their education level as a strategy to gain work experience and open up new avenues to potential jobs) (skills mismatch measurement Moldova, ETF, 2019).

² <https://statistica.gov.md/newsview.php?l=ro&idc=168&id=7347>

Another factor severely affecting the labour market is the very high level of inactivity (58.9% in 2021, which has remained constant over the last 10 years), which is due to a combination of factors, including low salaries and dependence on remittances.

Labour market and employment statistics

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 a national level, integrates the needs of the labour market into the country's socioeconomic 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 a public institution under 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.

Many institutions in Moldova are involved in producing information on labour market skills needs, and a significant amount of data has been gathered. However, the analysis, management, and access to the information for the relevant stakeholders were reported to be challenging. Therefore, the Labour Market Observatory (LMO) was established in 2018. The LMO operates on the basis of a partnership signed between the MHLSP and the NEA on one hand, and the Ministry of Economy and Infrastructure, the Ministry of Finance, the MoER, the Ministry of Agriculture, Regional Development and Environment, the National Bureau of Statistics, the National Institute for Economic Research, the National Confederation of Employers, the National Trade Union Confederation, the Chamber of Commerce and Industry, and the Migration and Asylum Bureau on the other hand. The LMO is responsible for collecting, systematising and analysing the statistical data produced by the NEA and other public institutions, developing analytical studies, forecasting labour supply and demand, and disseminating labour market information to different actors in the labour market. However, the LMO would require further investments in the analytical capacity in order to perform more complex tasks leading to comprehensive studies and medium-term forecasts on the supply and demand of labour and professional skills.

3.2 Employment policy and institutional settings

Strategy and legal framework in the employment policy field

Within the new government established in 2021, the former Ministry of Health, Labour and Social Protection was split in two. The new Ministry of Labour and Social Protection is responsible for the following: human resource development and employment policies (including professional orientation and training for adults); the identification of the labour market's skills requirements; and improvement or upgrading of the skills of the labour force in accordance with those requirements. The National Employment Strategy 2017-2021 has been followed by the National Employment Programme 2022-2026 (NEP), which is the new policy framework still under discussion.

The Employment Promotion Law, which was approved in June 2018 and entered into force from February 2019, seeks to make the labour market more effective and inclusive. It promotes active labour market policies (ALMPs) to increase employability through training, create job opportunities through wage subsidies, and stimulate start-ups. Special targeted groups mentioned in the law include unskilled young people, women over 50, people with disabilities, and individuals from the Roma minority.

The National Employment Agency (NEA) is a key institution in the provision of both active and passive labour market measures for jobseekers. The agency has a tripartite management board of nine members, with three representatives appointed by the government, employers and trade unions. As part of the public administration reform, the NEA has been restructured. This includes centralising the system, cutting staff and optimising business operations. There is now a central office with 50 staff in Chisinau and 35 branches at a local level, which now have 200 staff members rather than 289. The branches are not independent legal entities, but do have the right to sign agreements with local companies on the provision of ALMPs. 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;
- ensuring that employment measures are implemented;
- assessing the impact of employment measures;
- formulating proposals for measures aimed at reducing unemployment and increasing employment;
- developing and managing the information system of the labour market, etc.

Recently the NEA launched a new online portal entitled 'angajat.md'³ for employers and jobseekers, which is set to provide information and free services

Initiatives to boost employment

The NEA currently provides intermediary services, career guidance and counselling, organises job fairs and public works, and provides training to increase the employability of jobseekers and priority groups of people with special needs. Services for individual jobseekers include registration, counselling and guidance, client profiling, individual employment planning and job placement. Services for employers include registering vacancies, preselecting job candidates and intermediation. Employers are obliged to inform the NEA about job vacancies. The NEA's public works programme aims to improve the situation of temporarily unemployed people in vulnerable groups (particularly those in rural areas), keeping up their motivation to work and helping them to acquire skills to work. The NEA runs annual employer surveys to identify workforce requirements and labour shortages and publishes the results in a 'labour market barometer'.

³ <https://www.angajat.md/>

The ILO supported the creation of Local Employment Partnerships. These are based on the cooperation of public and private partners trying to find solutions for labour market challenges in their communities. In the case of Cahul, there are 20 partners, including educational institutions, microfinance banks, the employment service, and businesses.

Significant action has been taken by the government to address the consequences of the pandemic. In relation to employment support measures in particular, the Government of the Republic of Moldova approved the National Action Plan for 2020. The action plan also has implications for mitigating the consequences of the pandemic (Legis.md). The action plan provides for several measures, which are set out below:

Priority 1: Creating opportunities for formal, non-discriminatory and productive employment

1.1 Develop and implement incentive policies for job creation at central and local level

- Increasing the involvement of SMEs in the value chain;
- Implementation of the 'Start for young people' programme;
- Increasing the number of SMEs involved in business development on priority value chains;
- Implementation of new instruments to support women in business in agriculture;
- Facilitating young people's access to financial resources, including through agricultural entrepreneurship programmes.

1.2. Job creation in rural areas and small towns

- Job creation in rural areas by implementing the subsidy policy;
- Awarding grants in advance for start-up projects from the National Fund for the Development of Agriculture and Rural Environment.

Priority 2: Developing human capital for increased employment opportunities.

- Implement training programmes for the unemployed, including among those who have lost their jobs as a result of the crisis caused by the pandemic (COVID-19);
- On-the-job training for the unemployed, including those who have lost their jobs as a result of the crisis caused by the pandemic (COVID-19), in collaboration with educational institutions and employers;
- Increasing employment opportunities for the unemployed without work experience through their involvement in professional internships;
- Subsidising the employment of the unemployed who need additional support in the labour market;
- Subsidising employers to create or adapt jobs for the unemployed with disabilities to reduce the effects of the pandemic crisis (COVID-19);
- Granting measures to stimulate labour mobility.

Moldova hasn't yet developed youth guarantee schemes, but key stakeholders are part of intensive discussions within the Eastern Partnership. Considering the success of this flagship initiative in Europe and candidate countries (North Macedonia has similar socio-economic characteristics and yielded great results from their experimentation with youth guarantee), it is expected that pilot initiatives could be implemented within the EU4Youth Employment and Entrepreneurship Project⁴.

⁴ <https://euneighbourseast.eu/projects/eu-project-page/?id=1641>

NEA is also piloting an impact assessment methodology to determine the effectiveness of its ALMPs. This is a two-year (2022-23) initiative supported by the ETF, which should be fully integrated into NEA's working processes at the end of the pilot.

Initiatives to increase the capacity of the public employment services

The Modernisation of Government Services Project (MGSP), launched in June 2018 to increase the efficiency, quality and accessibility of public services in the Republic of Moldova, has reached the middle of its implementation period. A re-organisation of the public employment services is ongoing.

Inevitably, the pandemic has had a massive impact on the work of the NEA, as the workload has increased, especially for territorial subdivision employees. At the same time, the service is underfinanced. In 2021, the share of ALMP expenditures in GDP was only 0.01%, which is far below the EU standards.

Through its subdivisions, the NEA provides additional support to certain categories of jobseekers considered most vulnerable in the labour market. NEA customers who need a special or individualised approach and treatment include: young people aged between 16 and 24; people without a profession; people with disabilities; the long-term unemployed; people aged 50 and over; people released from prison; victims of human trafficking; people using narcotic drugs or psychotropic substances and victims of domestic violence.

To provide quality services and efficient implementation of active measures on the labour market, the NEA has concluded several partnerships both at the national and local levels. At the national level, partnerships have been concluded with educational institutions for the vocational training of the unemployed; the public association 'Concordia Social Projects' on the professional integration of young people; The National Council for Determining Disability and Work Capacity regarding online data exchange for persons with disabilities, the public association 'YOU ARE NOT ALONE'; the National Administration of Penitentiaries regarding the integration of persons to be released from prison, etc. (Anofm.md).

However, in view of the new labour market challenges and expanding requirements, including the inflow of refugees from neighbouring Ukraine, NEA employees would require further upskilling and capacity building. However, no training centre has been established yet where staff could regularly attend vocational training courses and upgrade their skills.

To strengthen its capacities, the NEA benefited from consulting and support services provided by: the World Bank (WB), the European Training Foundation (ETF), the United Nations Development Program (UNDP), the International Labour Organization (ILO), etc. The Local Employment Partnership, an initiative of the ILO, is a social dialogue platform that brings together representatives of the NEA local public authorities, trade unions and employers at a local level. The ILO provided financial support for the initiation of a programme to identify existing labour market opportunities and provide outreach for young people not in employment, education or training (NEET).

MOLDOVA: STATISTICAL ANNEX

The Annex includes annual data from 2010, 2015, 2019, 2020 and 2021 or the last available year.

	Indicator	2010	2015	2019	2020	2021	
1	Total Population (in thousands) ⁽¹⁾	2 861.5	2 834.5	2 665.0	2 620.5	2 573.9	
2	Relative size of youth population (age group 15-24 and denominator age 15-64, %) ^{(1) C}	24.8	19.1	15.8	15.4	15.0	
3	GDP growth rate (%)	7.1	-0.3	3.7	-7.4	13.9	
4	Gross value added by sector (%)	Agriculture	11.2	11.5	10.2	8.7	10.4
		Industry	20.4	22.7	22.5	22.8	20.6
		Services	54.5	53.0	54.3	55.5	54.9
5	Public expenditure on education (as % of GDP)	7.6	5.8	6.1	6.4	M.D	
6	Public expenditure on education (as % of total public expenditure)	22.3	18.2	19.5	18.0	M.D	
7	Adult Literacy (%) ^C	M.D	99.1 ⁽⁶⁾	M.D	M.D	M.D	
8	Educational attainment of total population (aged 15+) (%) ^{(7) (8) (9)}	Low ⁽²⁾	31.1	30.6	28.9	28.9	29.1
		Medium ⁽³⁾	54.3	52.7	52.9	53.0	52.5
		High ⁽⁴⁾	14.6	16.7	18.1	18.2	18.4
		VET ⁽⁵⁾	18.9	19.0	20.3	20.5	20.6
9	Early leavers from education and training (aged 18-24) (%) ^{(7) (8) (9)}	Total	22.1	21.3	19.0	16.9	19.6
		Male	27.0	25.6	22.6	20.6	23.1
		Female	16.9	16.7	15.3	13.1	16.1
10	NET enrolment rates in secondary education (ISCED level 2-3) (%)	M.D	93.2	98.2	98.4	M.D	
11	Share of VET students in upper secondary education (ISCED level 3) (%)	35.5	43.4	45.7	45.3	M.D	
12	Low achievement in reading, mathematics and science – PISA (%)	Reading	57.2 ⁽¹⁰⁾	45.8	43.0 ⁽¹¹⁾	N.A	N.A
		Mathematics	60.7 ⁽¹⁰⁾	50.3	50.3 ⁽¹¹⁾	N.A	N.A
		Science	47.3 ⁽¹⁰⁾	42.2	42.6 ⁽¹¹⁾	N.A	N.A
13	Activity rate (aged 15+) (%) ^{(7) (8) (9)}	Total	41.6	44.5	42.3	40.3	41.1
		Male	45.0	48.2	47.0	45.1	46.5
		Female	38.6	41.2	38.2	36.1	36.4

	Indicator		2010	2015	2019	2020	2021
14	Inactivity rate (aged 15+) (%) ^{(7) (8) (9)}	Total	58.4	55.5	57.7	59.7	58.9
		Male	55.0	51.8	53.0	54.9	53.5
		Female	61.4	58.8	61.8	63.9	63.6
15	Employment rate (aged 15+) (%) ^{(7) (8) (9)}	Total	38.5	42.4	40.1	38.8	39.8
		Male	40.9	45.3	44.2	43.1	44.7
		Female	36.4	39.8	36.5	35.0	35.4
16	Employment rate by educational attainment (aged 15+) (%) ^{(7) (8) (9)}	Low ⁽²⁾	20.2	27.7	23.6	23.2	25.6
		Medium ⁽³⁾	43.1	45.5	41.7	39.9	40.4
		High ⁽⁴⁾	60.6	59.3	61.6	60.4	60.4
17	Employment by sector (%) ^{(7) (8) (9)}	Agriculture	27.5	34.2	21.0	21.1	21.5
		Industry	18.7	17.1	21.7	21.8	22.1
		Services	53.8	48.7	57.3	57.1	56.4
18	Incidence of self-employment (%) ^{(7) (8) (9)}		29.3	36.3	22.2	21.9	21.8
19	Incidence of vulnerable employment (%) ^{(7) (8) (9)}		28.6	35.7	21.8	21.5	21.3
20	Unemployment rate (aged 15+) (%) ^{(7) (8) (9)}	Total	7.4	4.7	5.1	3.8	3.2
		Male	9.1	5.9	5.8	4.3	3.8
		Female	5.7	3.4	4.4	3.2	2.5
21	Unemployment rate by educational attainment (aged 15+) (%) ^{(7) (8) (9)}	Low ⁽²⁾	8.3	6.1	8.4	5.8	4.2
		Medium ⁽³⁾	7.6	4.2	5.1	3.9	3.6
		High ⁽⁴⁾	6.5	4.6	2.8	2.3	1.8
22	Unemployment rate (aged 15-24) (%) ^{(7) (8) (9)}	Total	17.8	12.3	10.4	10.9	9.2
		Male	20.0	12.0	11.1	9.9	9.0
		Female	15.0	12.8	9.4	12.3	9.6
23	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%) ^{(7) (8) (9)}	Total	19.6	27.7	19.5	17.6	17.2
		Male	20.0	29.6	16.5	15.6	14.1
		Female	19.3	25.6	22.8	19.7	20.4
24	Participation in training/lifelong learning (% aged 25-64) ^{(7) (8) (9)}	Total	M.D	0.9	1.5	1.2	1.1
		Male	M.D	0.7	1.3	0.9	0.9
		Female	M.D	1.2	1.7	1.4	1.2

	Indicator	2010	2015	2019	2020	2021
25	Human Development Index	0.7	0.7	0.8	M.D	M.D

Last update: [05/09/2022](#)

Sources:

Indicators 1, 2, 3, 4, 5, 6, 7: The World Bank, World Development Indicators database

Indicators 7, 10, 11: UNESCO, Institute for Statistics

Indicators 8, 9, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24: NBS, Moldovan National Bureau of Statistics (data received).

Indicator 12 - OECD PISA 2018 Results (Volume I) Annex B1

Indicator 25 – UNDP

Notes:

⁽¹⁾ Estimation.

⁽²⁾ Low – No education, ISCED levels 0-2.

⁽³⁾ Medium - ISCED levels 3-4.

⁽⁴⁾ High - ISCED levels 5-8.

⁽⁵⁾ VET - Usually ISCED level 3 vocational programmes.

⁽⁶⁾ applies to 2014.

⁽⁷⁾ Data estimated using the legal/registered population.

⁽⁸⁾ From 2015, the data are estimated using the usual residence of the population.

⁽⁹⁾ From 2019, the LFS is carried out on a new sampling plan and according to a revised definition of employment.

⁽¹⁰⁾ applies to 2009.

⁽¹¹⁾ applies to 2018.

Legend:

C= ETF calculations

N.A. = Not Applicable

M.D. = Missing Data

KEY DONOR PROJECTS IN EDUCATION, TRAINING AND EMPLOYMENT

OEAD - I-VET | Inclusive Education in VET (Sep 2017 – Dec 2023)

OEAD - MFC | Management for Change (Jan 2020 – Jul 2023)

OEAD - COOP-NET | Cooperation networks of Centers of Excellence (May 2021 – Dec 2023)

GIZ-SDC - Local development project in three regions – component 4 VET and labour market development (22-25)

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