

MOLDOVA

EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS 2020

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KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT (SEPTEMBER 2019–AUGUST 2020)

Moldova's political stability remains fragile. Following the fall of the pro-European government in November 2019, a new minority government controlled by the Socialist Party (PSRM) of pro-Russian President Igor Dodon was formed. In March 2020 the pro-Russian PSRM, which had ruled in a minority government since November 2019, formed a new coalition government with the opposition Democratic Party (Partidul Democrat din Moldova, PDM). The new coalition was likely to strengthen President Dodon ahead of the presidential election set for November 2020 and improve his electoral chances. In May 2020, however, MP defections from the PDM increased the likelihood of the coalition's breakdown, and by June 2020 the coalition had lost its parliamentary majority.

In June 2020 the Moldovan parliament approved the National Development Strategy 2030, known as Moldova 2030. The goal of the strategy is to significantly improve the quality of life in Moldova, reduce the outflow of youth from the country, increase the investment attractiveness of Moldova, and create jobs across the country and personal development opportunities for young professionals. Moldova 2030 includes four basic elements of sustainable development: a sustainable and inclusive economy; reliable human and social capital; honest and efficient institutions; and a healthy environment. To develop these areas until 2030, ten long-term goals for sustainable development have been set at the national level.

No strategic document has yet been developed to follow up on the Education Strategy 2014–2020. While an action plan for education is now under development, Moldova 2030 will remain the overarching policy document.

The Ministry of Education has provided a rapid and structured response to the challenges linked to the Covid-19 pandemic. Framework regulations on the organisation of technical vocational education during the period of restricted access to institutions were approved on 19 March 2020 through a Ministerial Order that was updated three times. The ministry gave clear instructions on how to adapt the organisation and implementation of the education process through distance learning modalities, including guidelines for the development of digital content and training for dedicated staff in all schools. On 11 June, Parliament approved a law on the cancellation of qualification exams at the end of technical vocational training programmes for the academic year 2019–2020.

The implementation of the dual VET reform has continued and the private sector has shown strong interest. The Chambers of Commerce have played a strong active role in the implementation of the policy. The Ministry of Education, Culture and Research (MoECR) has allocated a significant number of places for dual VET (1 203) based on the demands of companies. Under the state order, the share of students in dual technical vocational education for the academic year 2020–2021 is planned to be 9.8%. At this time, 78 companies are taking part. In terms of the regulatory framework the MoECR is at an advanced stage of finalising the draft law on dual education, which will soon be presented to the authorities for consultation.

The financing of the VET sector has been revised and the autonomy of VET providers has increased significantly. VET providers can now access funds for project proposals and make autonomous decisions on fees for the beneficiaries of dormitory facilities.

Centres of excellence remain a key success of the VET reform. Starting in the academic year 2020–2021, several centres of excellence will carry out the validation of prior learning through their validation centres, which are internal structures established by decision of the MoECR.

Sector committees have also demonstrated stronger commitment and initiative in applying for projects through the Ministry of Labour. While they have not been able to take over all of the functions provided for by law (owing to a lack of capacities and a lack of support from social partners), the positive trend is encouraging.

Three broad priorities for the VET sector have been identified by the MoECR for 2020–21 in the context of policy dialogue with the EU:

- the digitalisation of the VET system, including the development of digital materials; capacity building to increase the capacity of teaching staff to implement information and communications technologies (ICT) in the educational process; the identification of digital platforms and educational software; and increased ICT access for students and teachers
- capacity building in VET institutions, including centres of excellence (CoEs); the provision of support to CoEs to implement their functions; increased demand for the continuous training of adults; and teacher training and training for managerial staff
- the creation of an engaging, innovative educational environment for VET students, including the creation of an appropriate environment in terms of infrastructure, equipment and dormitories; active participation of VET students in the educational process; school summer camps, contests, creative activities, competitions, etc.; and career orientation for VET students.

1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

The two main factors shaping the population structure and demographic change in Moldova are ageing and migration. Also, 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 population figure for 2018 was 3.54 million, reflecting a decrease of 3 000 people from 2017. However, alternative sources indicate that the official statistics overestimate the actual size of the population. The National Bureau of Statistics has also provided a different estimation based on the usual residence of the population. In this case, there is also a clear negative trend (down from 2.87 million people in 2014 to 2.73 million in 2018)¹. The difference can be attributed to the official definition of migration and the corresponding records, which include migrants no longer residing in Moldova even if they have been out of the country for more than a year.

Outward migration plays an important socio-economic role in the country and remittances contribute substantially to consumption, accounting for an estimated 23.4% of gross domestic product (GDP)².

The share of young people (aged 15–24) in the active population declined from 19.3% in 2013 to 14.8% in 2018. The increasing dependency ratios – youth (21.3%) and old age (14%) – have important economic and social implications, threatening sustainable growth and the future sustainability of social protection, including pensions. Moreover, in the coming decades, population decline will continue at a rapid pace. According to the demographic forecast (2015–2035), the annual decrease in population will fluctuate between 1.1% and 2.0%³. The National Strategic Programme on Demographic Security (2011–2025) aims to implement demographic stabilisation policies in order to increase labour market supply, and also to improve safety and welfare to discourage outward migration.

Moldova is a small, lower middle-income economy with a relatively high share of agriculture in 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 activities that generate revenues for GDP are manufacturing (food products make up 37%), trade, agriculture, construction, transportation, information and communications technology, and services.

Over the last five years Moldova has had many fluctuations in economic performance. 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 a positive 4.0%. Even before the Covid-19 shock, however, the economy had slowed sharply in the last quarter of 2019. Growth in 2019, at 3.6 percent, was underpinned by strong domestic demand led by wage increases, remittances, credit expansion and rising public spending. Yet growth declined sharply to

¹ European Training Foundation, *Torino Process 2018*, National Reporting Framework

² World Bank, *Migration and remittances factbook*, 2016

³ https://moldova.unfpa.org/sites/default/files/pub-pdf/PSA_engleza.pdf

0.2% in the last quarter of 2019, as agriculture and electricity production plunged and there was a slowdown in exports and investments.

Inevitably, the medium-term outlook looks negative owing to the impact of the pandemic. The unfolding economic crisis will lead to a contraction of Moldova's economy in 2020. Even if the coronavirus outbreak had largely been contained by mid-2020 and a recovery had followed, the baseline scenario indicates that the economy would have had to deal with a downturn of 3.1% by year-end. As it is, the economic lockdown and travel restrictions will lead to a sharp deterioration in activity with a severe drop in disposable income. A fall in remittances will further depress private consumption. Despite the adopted monetary and fiscal measures, heightened uncertainties and weakening confidence will reduce investment.⁴

In recent years the government has taken steps to improve the business climate. Moldova climbed a few spots in the World Economic Forum's Global Competitiveness Report 2018⁵ (it ranked 88th out of 137 participating countries), and it climbed even higher in 2019 (rising to 86th out of 141). The government has intensified implementation of its reforms, in particular upgrading public services; liberalising the economy; developing the financial system to create a favourable investment climate; fostering the development of small and medium-sized enterprises (SMEs); reforming the judiciary and eradicating corruption; improving transport and other physical infrastructure; and diversifying and promoting exports. Although income inequality, reflected in the Gini coefficient, improved from 29.2% in 2012 to 25.7% in 2018, Moldova remains one of the poorest countries in Europe, with a GDP per capita of only USD 5 343 in purchasing power parity terms.

In recent years Moldova's development path has been guided by the EU–Moldova Association Agreement (signed in 2014 and fully in force since July 2016). The Deep and Comprehensive Free Trade Area, which is a component of the Association Agreement, provides for mutual elimination of customs duties on industrial and most agricultural products and for further liberalisation of the services market. It also addresses other barriers to trade and reforms in economic governance, with the goal of strengthening transparency and competition and adopting EU product standards.

In July 2018 the World Bank approved a USD 30 million-dollar Economic Governance Development Policy Operation for Moldova. This will support a wide range of important structural reforms to make the pension system more sustainable; improve health outcomes through higher tobacco taxes; strengthen the transparency of state-owned enterprises through better financial reporting requirements; and strengthen transparency in the public sector through an enhanced asset-declaration regime for high-level officials.

2. EDUCATION AND TRAINING

2.1 Trends and challenges

Over the past decade Moldova has been spending a high percentage of its GDP on education (around 7%), although the figure started to decline in 2015 and fell to 5.4% in 2018. The relatively high levels

⁴ <http://www.worldbank.org/en/country/moldova/brief/moldova-economic-update>

⁵ World Economic Forum, *Insight Report: The Global Competitiveness Report 2018*:
<http://www3.weforum.org/docs/GCR2018/05FullReport/TheGlobalCompetitivenessReport2018.pdf>

of educational expenditure have paid off, judging by the relatively high levels of educational attainment among the active population (aged 15+). In 2019, 55.1% of the adult population had a medium level of education, 27.2% a high level and 17.7% a low level. There is also a positive trend in the decreasing share of the population with a low level of education (20.3% in 2015), the decreasing share with a medium level (56.3% in 2015) and the increasing share with a high level (23.4% in 2015). However, efforts to raise the educational attainment of the population might have negatively affected the quality of education as demonstrated by the country's poor performance in the Programme for International Student Assessment (PISA).⁶

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%⁷. 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 school dropouts. Although the number of early leavers has decreased slightly, it remains very high. One in five of those aged 18–24 leave early, resulting in one of the highest rates in Europe⁸.

Moldova's education system has the following stages: pre-primary, primary, lower and upper secondary, post-secondary and higher. Education is compulsory at pre-primary, primary and lower secondary ('gymnasium') levels, that is, from grades 1 to 9. After that, students can take an entrance exam for general and vocational upper secondary school, and lyceum (academic) (grades 10 to 12). Higher education is provided by private and public universities, academies and institutions, and students who have obtained their general upper secondary or lyceum certificate or diploma are eligible to apply.

Owing to the general decline in population and intensive youth migration, the number of students has been decreasing at all levels of education. Over the past two decades, the number of students enrolled in secondary and post-secondary vocational education has fallen by nearly 53%, while the infrastructure has remained almost unchanged. As a result, the network of educational institutions no longer reflects the underlying demographic reality, with the greatest divergence occurring in rural areas.

As noted earlier, the quality of education is a concern. Although the country's PISA results have improved since the previous round, 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 the 2009 PISA. Nevertheless, the share of lowest-level achievers among 15-year-old students in Moldova is still quite high, standing at 41.9% for reading, 42.3% for science and 50.3% for mathematics. Furthermore, almost one-third demonstrated insufficient basic skills to integrate fully 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 educational quality⁹.

⁶ European Training Foundation, *Human Capital Development Policies in Moldova*, Torino Process 2018

⁷ <http://uis.unesco.org/country/MD>

⁸ European Training Foundation, *Youth transition to work in Moldova*, 2018:

<https://www.etf.europa.eu/sites/default/files/2018-12/Youth%20transition%20Moldova.pdf>

⁹ https://www.oecd.org/countries/moldova/Youth_Well-being_Policy_Review_Moldova.pdf

All schools and training providers closed on 23 March following the declaration of a state of emergency owing to Covid-19. Dual education including company training placements have been specifically forbidden and sector ministries are trying to arrange practical training at home supported by online advice from teachers. Following the reform of vocational school autonomy, all distance and online teaching is being organised by individual institutions, while the government is providing advice on platforms and developing digital content. Parents are being encouraged to play an active role in motivating their children to attend online lessons and communicate with teachers. Initial plans for online graduation exams and assessment were modified in order to hold regular tests during the summer. The Ministry of Education believes online exams could undermine confidence in diplomas both in Moldova and abroad, where many Moldovans work.

Schools successfully restarted on 2 September. As it did for the organisation of distance and blended learning, the Ministry of Education has provided the overall policy framework for the reopening of the academic year, while leaving individual schools to choose their own intervention strategy. The ministry provided for three scenarios (fully in-person, fully online and blended) and made broad recommendations on how to choose. The final decision on which model to adopt for the new academic year has been taken by the individual schools. The same degree of autonomy applies to the organisation of work-based learning.

In light of regional differences, the ministry considered regulating all aspects of the school restart, but has instead established a strong monitoring system that includes daily ongoing dialogue with school directors.

The ministry has continued work on the creation of the preconditions for a successful online learning environment. Teacher training, which continued throughout the summer, has focused on distance learning pedagogies. In September, efforts were made to provide the necessary equipment for distant learning in schools. The fast spread of the virus has already forced the closure of several classes and in a few cases entire schools.

2.2 Education and training policy and institutional setting

The National Development Strategy, which is known as Moldova 2020, represents the government's overall strategic vision for 2012–2020. The main policy objective of Moldova 2020 is to promote sustainable economic development and reduce poverty. One of the priorities is to align the education system to labour market needs in order to enhance labour productivity and increase employment. The 2014–2020 Education Development Strategy, or Education 2020, stresses the importance of high-quality education and lifelong learning, particularly emphasising the relevance of the labour market. Education 2020 aims to increase access to education and lifelong learning, ensuring that studies are relevant for life, active citizenship and career success. It also aims to develop effective monitoring, evaluation and quality assurance in education. In 2019 a reform of the agricultural sector was launched; the action plan¹⁰ enacted by Government Decision No. 1283/2018 includes objectives to reorganise research and innovation, VET education and rural extension; accelerate and improve knowledge transfer to the real environment; and contribute to economic development.

¹⁰ <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=379129>

The Education Code (2014) establishes the legal framework for organising, implementing and developing education, and provides the basis for modernising the education and training system. The code structures the education system into levels and cycles in accordance with the 2011 International Standard Classification of Education (ISCED). It also establishes a new professional training system in the form of VET that has two pathways: secondary VET (VET schools and centres of excellence) and post-secondary VET (colleges and centres of excellence).

VET policy reform is guided by the VET Development Strategy 2013–2020, which aims to modernise and optimise VET to enhance the competitiveness of the national economy. The main objective is to increase the attractiveness, quality, affordability and flexibility of VET and its relevance to labour market needs. A master plan to restructure the VET system was approved in 2015 following a detailed VET network mapping exercise. As of September 2020, the reorganisation of the school network has not yet taken place, but policymakers in the Ministry of Education regard it as inevitable. Over the past three years several legislative and normative acts have been approved to enforce the reform of the VET system, including Government Decision No. 1199/2018 on the National Register of Qualifications; Government Decision No. 1016/2017 on the approval of the National Qualifications Framework (NQF); Framework Regulation No 65/2019 on the validation of non-formal and informal education; Regulation No. 1127/2018 on the organisation of the qualification examination; the technical concept of the National Register of Qualifications and the methodology for the development of qualifications; the methodology for programmes and curriculum development in lifelong learning OMECR no. 70/2019; and the methodology for programmes and curriculum development in the continuing professional training of teachers OMECR no. 92/2019. The ETF has accompanied all these developments and still works closely with the NQF unit to finalise secondary legislation for NQF implementation.

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 envisages that the share of students in dual technical vocational education for the academic year 2020–2021 will be 9.8%. At present, 78 companies take part in dual VET. In terms of the regulatory framework, the MoECR is at an advanced stage of finalising the draft law on dual education, which will be soon be presented to the authorities for consultation. However, the teaching and learning environment, as well as 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 companies do not yet have appropriate mechanisms to ensure the quality of WBL. In particular, WBL remains underdeveloped in the agro-food area owing to the shortage of big companies and the fact that small businesses and individual farms are neither motivated nor fully prepared to provide WBL.

Developing human capital by promoting entrepreneurial skills and culture is a priority for the SME Development Strategy 2012–2020. Entrepreneurship is a compulsory subject in all training programmes and educational curricula in vocational schools and colleges. The duration of the Basics of Entrepreneurship course in VET institutions is 120 hours (96 hours of theory and practice and 24 hours of consultations). The ETF has contributed to the policy dialogue on SME development by facilitating the Small Business Act for Europe (SBA) assessment process.

The VET system is currently being optimised to make it more efficient. Some VET schools have been closed and 12 new centres of excellence have been created as multifunctional training providers. The centres of excellence now provide initial VET but have not yet developed into lifelong learning centres that serve the local social and economic context. The provision of adult education and services for the private sector is still at an embryonic stage. In this regard, three important legal acts were adopted in 2018: the Regulation on the Continuous Training of Adults; the Regulation on the Organisation of Admission/Enrolment to Secondary VET Programmes in VET Institutions; and the Regulation on the Organisation of Admission to Post-secondary and Post-secondary Non-tertiary VET Programmes. Starting in the academic year 2020–2021, several centres of excellence will validate prior learning through their own validation centres, which are internal structures established by decision of the MoECR.

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 operate under financial and economic self-management. They receive allocations from the state budget for 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 raised concerns over their readiness to manage this degree of autonomy and cope with the necessity of generating additional income to deal with the possibility of insufficient funds.

As a result of public administration reform, the Ministry of Education was merged in September 2017 with the Ministry of Culture and Research to become the new Ministry of Education, Culture and Research (MoECR). The new ministry has four departments: (i) Higher Education and Research; (ii) General Education, VET, National Qualifications and Lifelong Learning; (iii) Culture; and (iv) Youth. While initial VET in Moldova is the responsibility of the MoECR, responsibility for continuing VET is shared with other ministries, such as the Ministry of Agriculture. The Republican Centre for VET Development, which was set up as the MoECR's executive VET body, is not yet operational, hampering effective implementation of the VET strategy. Following the administrative reform, staff numbers have been reduced by 44%, with a contextual increase of salaries to make the system more efficient. While it is too early to assess the positive impact of the public administration reform, a shortage of human resources in the short term poses some challenges to the implementation of the public function.

In 2018 the National Agency for Quality Assurance in Professional Education underwent restructuring to become the National Agency for Quality Assurance in Education and Research (ANACEC). The agency has the task of implementing public quality assurance policy at all levels of education, including continuing education and research. It is also responsible for developing evaluation methodologies and for periodically reviewing the accreditation standards, national reference standards and performance indicators used in quality assurance and evaluation. Any public or private legal entity interested in offering training programmes is subject to mandatory external evaluation, and both the institution and the curricula are subject to formal accreditation procedures. A schedule for the external evaluation of training programmes was established by ANACEC through Order 1014 of 2 July 2018, and all programmes will be evaluated by the end of 2020. Regarding the quality assurance process, 19 VET institutions were evaluated and accredited in 2019 and 7 VET institutions submitted their dossier to ANACEC for accreditation. In 2020 the process of external evaluation has continued in accordance with the schedule approved under Order 1014,

A number of 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 for the private sector to 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, but not a sufficient step 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 their capacity to implement new functions, such as the development of occupational standards for their respective sectors.

The MoECR 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 was allocated for occupational standards. Despite all these achievements in terms of the regulatory framework, however, the National Qualifications Department of the MoECR has had difficulty keeping up with an ambitious work plan. In 2019 the EU started to support the department through a twinning programme and the ETF has continued to provide its own complementary expertise.

3. LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges

Moldova faces a complex and challenging employment context, with insufficient and poor-quality jobs, low productivity, and persistent informal arrangements and inequalities. The country's labour market is characterised by low activity and employment rates, which in 2019 were 42.3% and 40.1%, respectively, trending downward again after four years of improvement, and it has no significant gender disparities.

Moldova has a historically low aggregate unemployment rate, which stood at 3.0% in 2018 but has spiked to 5.1%. In 2019 the low unemployment rate is attributable to both a very low activity rate and significant outward migration, as well as the specific definition of inactivity in the Moldovan Labour Force Survey (LFS), which may distort the overall picture. More specifically, if a household member is absent at the time of the survey because they are abroad, he or she is recorded as 'inactive'. Moldovan emigrants currently working abroad are therefore considered to be 'residents' for the purposes of the LFS and counted in both the inactive and reference population aged 15+. When the LFS results are recalculated and this category is excluded from the sample, the 2016 activity rate for the population aged 15+ increases from 42.6% to 47.7%, and the employment rate rises from 40.8% to 45.7%¹¹.

The youth unemployment rate (aged 15–24) fell consistently from 12.2% in 2013 to 11.8% in 2017 and 7.4% in 2018, before it spiked again to 10.4% in 2019. The initial decline may have reflected not only

¹¹ European Training Foundation, *Youth transition to work in Moldova*, 2018: <https://www.etf.europa.eu/sites/default/files/2018-12/Youth%20transition%20Moldova.pdf>

improved employment prospects, but also a shrinking young population, limited readiness to work or a reliance on remittances. The persistently high rate of young people not in employment, education or training (NEETs), which stood at 19.5% of 15 to 24-year-olds in 2019 (again increasing from 2018), may confirm this view. The NEET rate increases among young people of a higher age, women, rural residents and those with a lower level of education¹².

From a combined GDP–employment perspective, Moldova is emerging as a service-focused economy, with almost half of the labour force employed in services, which generate 53.3% of GDP. This is followed by industry, which employs 16.5% of the labour force and contributes 23.0% of GDP, while roughly one-third are employed in agriculture, which contributes just 10.2% of GDP (2018 data). The gap in agriculture between employment and contribution to GDP suggests that the activity is mainly subsistence.

Vulnerable employment has been increasing over the years and currently affects more than one-third of workers (37.2% in 2020). This is the result of poor working conditions and persistent informal arrangements.

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 jobseekers¹³. This suggests a high incidence of skills mismatch, and the occupational mismatch indicator points to over-qualification in the labour market. The share of the active population with a tertiary education who work in semi-skilled occupations increased from 20.4% in 2012 to 23% in 2017. There could be a number of reasons for the increase, such as a problem with the 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 (an individual taking a job not matched to their level of education is often a strategy to gain work experience and open up new avenues for job search)¹⁴.

3.2 Employment policy and institutional setting

Important steps have been taken to improve the legal and institutional framework that governs the labour market in Moldova. A new National Employment Strategy 2017–2021 sets four objectives: create formal, non-discriminatory and productive employment opportunities; develop human capital for increased employment opportunities; improve labour market governance; and capitalise on the potential of migration to support sustainable development. The National Action Plan for 2017 also sets out a series of measures to increase the level of employment, particularly by developing the SME sector and extending the industrial park network and free economic zones to provide more jobs, especially in rural areas. Active school–enterprise partnerships will be developed to strengthen the link between the labour market and the VET system, along with career guidance services and voluntary activities.

¹² European Training Foundation, *Skills mismatch measurement in Moldova*, 2018:

https://www.etf.europa.eu/sites/default/files/2019-07/Skills%20mismatch%20measurement_Moldova.pdf

¹³ In 2018 there were 49 200 vacancies and 35 544 individuals registered as unemployed (at the end of the year), according to public employment service data.

¹⁴ European Training Foundation, *Skills mismatch measurement in Moldova*, 2018:

https://www.etf.europa.eu/sites/default/files/2019-07/Skills%20mismatch%20measurement_Moldova.pdf

The new Employment Promotion Law, which was approved in June 2018 and entered into force in 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. As the Covid-19 pandemic continues, the National Employment Agency is now considering how to reform ALMPs to address the new challenges, but no systematic plan has yet been prepared.

As a result of reforms to the public administration, the Ministry of Labour, Social Protection and Family was merged with the Ministry of Health in September 2017. The result was the Ministry of Labour, Health and Social Protection (MoLHSP). The MoLHSP is responsible for 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.

One of the main documents approved by the government is the National Employment Strategy for the period 2017–2021 (SNOFM), which was approved by Government Decision No. 1473/2016. SNOFM 2017–2021 sets out an integrated approach from the perspectives of demand development and efficient labour market management. The strategy proposes realistic solutions and measures that, with appropriate funding, can contribute to the overall objective of increasing formal employment based on economic competitiveness, skills and qualifications, under conditions of sustainable and inclusive development.

In the context of the Torino Process, one of the main objectives of SNOFM 2017–2021 is to correlate the education system with labour market requirements in order to achieve better qualifications and skills. Priority 2 of SNOFM 2017–2021, which is headed 'Developing Human Capital for Higher Employment Opportunities', aims to increase the attractiveness, relevance and inclusion of the VET system and raise awareness of the importance of lifelong learning. To achieve its targets, SNOFM 2017–2021 provides for a number of actions, such as:

- strengthening the link between the labour market and the vocational training system
- improving the image of vocational–technical education and its promotion
- improving the practical skills of graduates using internship training and apprenticeship in the workplace to facilitate the transition from school to the labour market
- ensuring the access of vulnerable groups to education and training
- improving the legal framework for lifelong learning
- stimulating cooperation and establishing partnerships between research and development institutions, public authorities, educational institutions and enterprises

SNOFM 2017–2021 is implemented in accordance with the government's annual action plans, which lay out the actions to be carried out in a calendar year. According to internal documents, each annual action plan is prepared by the MoLHSP with the support and involvement of public administration authorities, non-governmental organisations and development partners who have competence in the field.

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 each 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 the local level, which have 200 staff 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 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 for work. The NEA runs annual employer surveys to identify workforce requirements and labour shortages and publishes the results in a 'labour market barometer'.

Many institutions in Moldova are involved in producing information on labour market skills needs, and a significant amount of data is gathered. However, there is a lack of analysis, management and access to information for the relevant stakeholders. As a result of the NEA's reorganisation, the Labour Market Observatory (LMO) was established in 2018. The LMO operates on the basis of a partnership signed between, on one hand, the MoLHSP and the NEA and, on the other hand, the Ministry of Economy and Infrastructure, the Ministry of Finance, the MoECR, 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. The purpose of the LMO is to collect, systematise and analyse the statistical data produced by the NEA and other public institutions, develop analytical studies, forecast labour supply and demand, and disseminate labour market information to different actors in the labour market. In 2018 the LMO prepared two analytical notes entitled 'The analysis of vacancies registered in the NEA database' and 'Labour migration and the impact on the labour market of the Republic of Moldova', and it produced infographics on a variety of subjects. In 2018 the LMO also received support from the ETF to strengthen its capacity to fulfil its ambitious mandate.

Under the EU's Eastern Partnership initiative, Moldova is part of the EU4Business and EU4Youth programmes, which provide grants to boost youth employment. One of the grants involves a partnership with Ukraine and Belarus to foster the 'School Garden' network of business incubators, which support modern agricultural entrepreneurship and promote the professional and social growth of young people in poor and deprived rural communities.

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Recent ETF Country Intelligence Products:

- [Mapping of Covid-19 impact on education and training](#)
- [ETF Torino Process Assessment](#)
- NQF Inventory Country Page <https://openspace.etf.europa.eu/nqf-inventories>

MOLDOVA: STATISTICAL ANNEX

Annex includes annual data from 2010, 2015, 2018 and 2019 or the last available year.

	Indicator	2010	2015	2018	2019	
1	Total population ('000) ⁽¹⁾	2,861.5	2,834.5	2,706.0	2,657.6	
2	Relative size of youth population (age group 15–24 and age in the denominator 15–64, %) ^{(2) (1)}	24.9	19.1	16.4	15.8	
3	GDP growth rate (%)	7.1	-0.3	4.3	3.5	
4	GDP by sector (%)	Agriculture added value	11.2	11.5	10.3	9.9
		Industry added value	20.4	22.7	22.7	22.8
		Services added value	54.5	53.0	53.6	54.2
5	Public expenditure on education (as % of GDP)	7.6	M.D.	5.5	M.D.	
6	Public expenditure on education (as % of total public expenditure)	22.3	M.D.	17.5	M.D.	
7	Adult literacy (%)	M.D.	M.D.	M.D.	M.D.	
8	Educational attainment of adult population (aged 25–64 or 15+) (%)	Low	16.5 ⁽³⁾	20.3 ⁽⁴⁾	22.0	17.7 ⁽⁵⁾
		Medium	60.8 ⁽³⁾	56.3 ⁽⁴⁾	55.3	55.1 ⁽⁵⁾
		High	22.8 ⁽³⁾	23.4 ⁽⁴⁾	22.7	27.2 ⁽⁵⁾
9	Early leavers from education and training (aged 18–24) (%)	Total	22.1 ⁽³⁾	21.3 ⁽⁴⁾	21.1	19.0 ⁽⁵⁾
		Male	27.0 ⁽³⁾	25.6 ⁽⁴⁾	22.0	22.6 ⁽⁵⁾
		Female	16.9 ⁽³⁾	16.7 ⁽⁴⁾	20.1	15.3 ⁽⁵⁾
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%) ^e	86.3	84.6	87.8	M.D.	
11	Share of VET students in upper secondary education (ISCED level 3) (%)	35.5	43.4	46.6	M.D.	
12	Tertiary education attainment (aged 30–34) (%)	19.9	27.6 ⁽⁴⁾	30.1	M.D.	
13	Participation in training/lifelong learning (age group 25–64) by sex (%)	Total	M.D.	0.9 ⁽⁴⁾	1.3	1.4 ⁽⁵⁾
		Male	M.D.	0.7 ⁽⁴⁾	1.1	1.3 ⁽⁵⁾
		Female	M.D.	1.2 ⁽⁴⁾	1.5	1.4 ⁽⁵⁾

	Indicator		2010	2015	2018	2019
14	Low achievement in reading, mathematics and science – PISA (%)	Reading	57.3 (2009)	41.9	43	N.A.
		Mathematics	60.7 (2009)	50.3	50.3	N.A.
		Science	47.3 (2009)	42.2	42.6	N.A.
15	Activity rate (aged 15+) (%)	Total	41.6 ⁽³⁾	44.5	45.9	42.3 ⁽⁵⁾
		Male	45.0 ⁽³⁾	48.2 ⁽⁴⁾	49.9	47.0 ⁽⁵⁾
		Female	38.6 ⁽³⁾	41.2 ⁽⁴⁾	42.4	38.2 ⁽⁵⁾
16	Inactivity rate (aged 15+) (%)	Total	58.4 ⁽³⁾	55.5 ⁽⁴⁾	54.1	57.7 ⁽⁵⁾
		Male	55.0 ⁽³⁾	51.8 ⁽⁴⁾	50.1	53.0 ⁽⁵⁾
		Female	61.4 ⁽³⁾	58.8 ⁽⁴⁾	57.6	61.8 ⁽⁵⁾
17	Employment rate (aged 15+) (%)	Total	38.5 ⁽³⁾	42.4 ⁽⁴⁾	44.5	40.1 ⁽⁵⁾
		Male	40.9 ⁽³⁾	45.3 ⁽⁴⁾	48.1	44.2 ⁽⁵⁾
		Female	36.4 ⁽³⁾	39.8 ⁽⁴⁾	41.4	36.5 ⁽⁵⁾
18	Employment rate by educational attainment (% aged 15+) ⁽⁴⁾	Low	20.2 ⁽³⁾	27.7 ⁽⁴⁾	33.2	23.6 ⁽⁵⁾
		Medium	43.1 ⁽³⁾	45.5 ⁽⁴⁾	46.2	41.7 ⁽⁵⁾
		High	60.6 ⁽³⁾	59.3 ⁽⁴⁾	58.9	61.6 ⁽⁵⁾
19	Employment by sector (%)	Agriculture	27.5 ⁽³⁾	34.2 ⁽⁴⁾	39.3	21.0 ⁽⁵⁾
		Industry	18.7 ⁽³⁾	17.1 ⁽⁴⁾	15.6	21.7 ⁽⁵⁾
		Services	53.8 ⁽³⁾	48.7 ⁽⁴⁾	45.1	57.3 ⁽⁵⁾
20	Incidence of self-employment (%)		29.3 ⁽³⁾	36.3 ⁽⁴⁾	40.4	22.2 ⁽⁵⁾
21	Incidence of vulnerable employment (%)		28.6 ⁽³⁾	35.7 ⁽⁴⁾	40.1	21.8 ⁽⁵⁾
22	Unemployment rate (aged 15+) (%)	Total	7.4 ⁽³⁾	4.7 ⁽⁴⁾	2.9	5.1 ⁽⁵⁾
		Male	9.1 ⁽³⁾	5.9 ⁽⁴⁾	3.4	5.8 ⁽⁵⁾
		Female	5.7 ⁽³⁾	3.4 ⁽⁴⁾	2.4	4.4 ⁽⁵⁾
23	Unemployment rate by educational attainment (aged 15+) (%) ⁽⁴⁾	Low	8.3 ⁽³⁾	6.1 ⁽⁴⁾	2.8	8.4 ⁽⁵⁾
		Medium	7.6 ⁽³⁾	4.2 ⁽⁴⁾	2.9	5.1 ⁽⁵⁾
		High	6.5 ⁽³⁾	4.6 ⁽⁴⁾	3.1	2.8 ⁽⁵⁾
24	Long-term unemployment rate (aged 15+) (%)		2.3	1.4 ⁽⁴⁾	0.8	M.D.
25		Total	17.8 ⁽³⁾	12.3 ⁽⁴⁾	7.1	10.4 ⁽⁵⁾
		Male	20.0 ⁽³⁾	12.0 ⁽⁴⁾	7.4	11.1 ⁽⁵⁾

	Indicator		2010	2015	2018	2019
	Youth unemployment rate (aged 15–24) (%)	Female	15.0 ⁽³⁾	12.8 ⁽⁴⁾	6.8	9.4 ⁽⁵⁾
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	Total	19.6 ⁽³⁾	27.7 ⁽⁴⁾	16.2	19.5 ⁽⁵⁾
		Male	20.0 ⁽³⁾	29.6 ⁽⁴⁾	14.6	16.5 ⁽⁵⁾
		Female	19.3 ⁽³⁾	25.6 ⁽⁴⁾	17.9	22.8 ⁽⁵⁾

Last update: End of August 2020

Sources:

Indicators 8, 9, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, 26 – National Bureau of Statistics (NBS)

Indicator 14 - OECD

Indicators 5, 6, 10, 11 (Year 2013 and 2017) – UNESCO, Institute for Statistics

Indicators 1, 2, 3, 4 – The World Bank, World Development Indicators database

Notes:

(1) The values shown are mid-year estimates.

(2) ETF calculations

(3) Data estimated using the legal/registered population

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

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

Legend:

E = estimated data

N.A. = Not Applicable

M.D. = Missing Data

ANNEX: DEFINITIONS OF INDICATORS

	Description	Definition
1	Total population ('000)	The total population is estimated as the number of people having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, countries may report legal or registered residents.
2	Relative size of youth population (age group 15–24) (%)	This is the ratio of the youth population (aged 15–24) to the working-age population, usually aged 15–64 (74)/15+.
3	GDP growth rate (%)	Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
4	GDP by sector (%)	The share of value added from Agriculture, Industry and Services. Agriculture corresponds to ISIC divisions 1–5 and includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 3 or 4.
5	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
6	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a percentage of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
7	Adult literacy (%)	Adult literacy is the percentage of the population aged 15 years and over who can both read and write a short simple statement on his/her everyday life, and understand it. Generally, 'literacy' also encompasses 'numeracy' – the ability to make simple arithmetic calculations.

	Description	Definition
8	Educational attainment of adult population (25–64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group. This is usually measured in terms of the highest educational programme successfully completed, which is typically certified by a recognised qualification. Recognised intermediate qualifications are classified at a lower level than the programme itself.
9	Early leavers from education and training (age group 18–24) (%)	Early leavers from education and training are defined as the percentage of the population aged 18–24 with at most lower secondary education who were not in further education or training during the four weeks preceding the survey. Lower secondary education refers to ISCED 1997 levels 0–2 and 3C short (i.e. programmes lasting under two years) for data up to 2013 and to ISCED 2011 levels 0–2 for data from 2014 onwards.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
11	Share of VET students in upper secondary education (ISCED level 3) (%)	Total number of students enrolled in vocational programmes at a given level of education (in this case, upper secondary), expressed as a percentage of the total number of students enrolled in all programmes (vocational and general) at that level.
12	Tertiary education attainment (aged 30–34) (%)	Tertiary attainment is calculated as the percentage of the population aged 30–34 who have successfully completed tertiary studies (e.g. university, higher technical institution). Educational attainment refers to ISCED 1997 level 5–6 up to 2013 and ISCED 2011 level 5–8 from 2014 onwards.
13	Participation in training/lifelong learning (age group 25–64) (%)	Participants in lifelong learning refers to persons aged 25–64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator is the total population of the same age group, excluding those who did not answer the question on participation in education and training. The information collected relates to all education or training, whether or not it is relevant to the respondent's current or possible future job. If a different reference period is used, this should be indicated.
14	Low achievement in reading, maths and science – PISA (%)	Low achievers are the 15-year-olds who are failing to reach level 2 on the PISA scale for reading, mathematics and science.
15	Activity rate (aged 15+) (%)	The activity rate is calculated by dividing the active population by the population of the same age group. The active population (also called 'labour force') is defined as the sum of employed and unemployed people. The inactive population consists of all people who are classified as neither employed nor unemployed.
16	Inactivity rate (aged 15+) (%)	The inactivity/out of the labour force rate is calculated by dividing the inactive population by the population of the same age group. The inactive population consists of all people who are classified as neither employed nor unemployed.

	Description	Definition
17	Employment rate (aged 15+) (%)	The employment rate is calculated by dividing the number of employed people by the population of the same age group. Employed people are all people who worked at least one hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated.
18	Employment rate by educational attainment (% aged 15+)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group. Employed persons are all persons who worked at least one hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated. Educational levels refer to the highest educational level successfully completed. Three levels are considered: Low (ISCED level 0–2), Medium (ISCED level 3–4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8).
19	Employment by sector (%)	This indicator provides information on the relative importance of different economic activities with regard to employment. Data are presented by broad branches of economic activity (i.e. Agriculture/Industry/Services) based on the International Standard Industrial Classification of All Economic Activities (ISIC). In Europe, the NACE classification is consistent with ISIC.
20	Incidence of self-employment (%)	The incidence of self-employment is expressed by the self-employed (i.e. employers + own-account workers + contributing family workers) as a proportion of the total employed.
21	Incidence of vulnerable employment (%)	The incidence of vulnerable employment is expressed by the own-account workers and contributing family workers as a proportion of the total employed.
22	Unemployment rate (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15–64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work, i.e. had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months).
23	Unemployment rate by educational attainment (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15–64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work (had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months)). Educational levels refer to the highest educational level successfully completed. Three levels are considered: low (ISCED level 0–2), medium

	Description	Definition
		(ISCED level 3–4) and high (ISCED 1997 level 5–6, and ISCED 2011 level 5–8).
24	Long-term unemployment rate (aged 15+) (%)	The long-term unemployment rate is the share of people in the total active population who have been unemployed for 12 months or more, expressed as a percentage. The duration of unemployment is defined as the duration of a search for a job or as the period of time since the last job was held (if this period is shorter than the duration of the search for a job).
25	Youth unemployment rate (aged 15–24) (%)	The youth unemployment ratio is calculated by dividing the number of unemployed people aged 15–24 by the total population of the same age group.
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The indicator provides information on young people aged 15–24 who meet the following two conditions: first, they are not employed (i.e. unemployed or inactive according to the ILO definition); and second, they have not received any education or training in the four weeks preceding the survey. Data are expressed as a percentage of the total population of the same age group and gender, excluding the respondents who have not answered the question on participation in education and training.

LIST OF ACRONYMS

ANACEC	National Agency for Quality Assurance in Education and Research
DCFTA	Deep and Comprehensive Free Trade Area
GDP	Gross domestic product
ILO	International Labour Organization
ISCED	International Standard Classification of Education
ISIC	International Standard Industrial Classification
LFS	Labour Force Survey
LMO	Labour Market Observatory
MDL	Moldovan leu (currency)
MoECR	Ministry of Education, Culture and Research
MoLHSP	Ministry of Labour, Health and Social Protection
NEA	National Employment Agency
NEET	Not in employment, education or training
NQF	National Qualifications Framework
OECD	Organisation for Economic Co-operation and Development
PISA	Programme for International Student Assessment
SBA	Small Business Act for Europe
SME	Small and medium-sized enterprises
UNDP	United Nations Development Programme
VET	Vocational education and training
WBL	Work-based learning

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