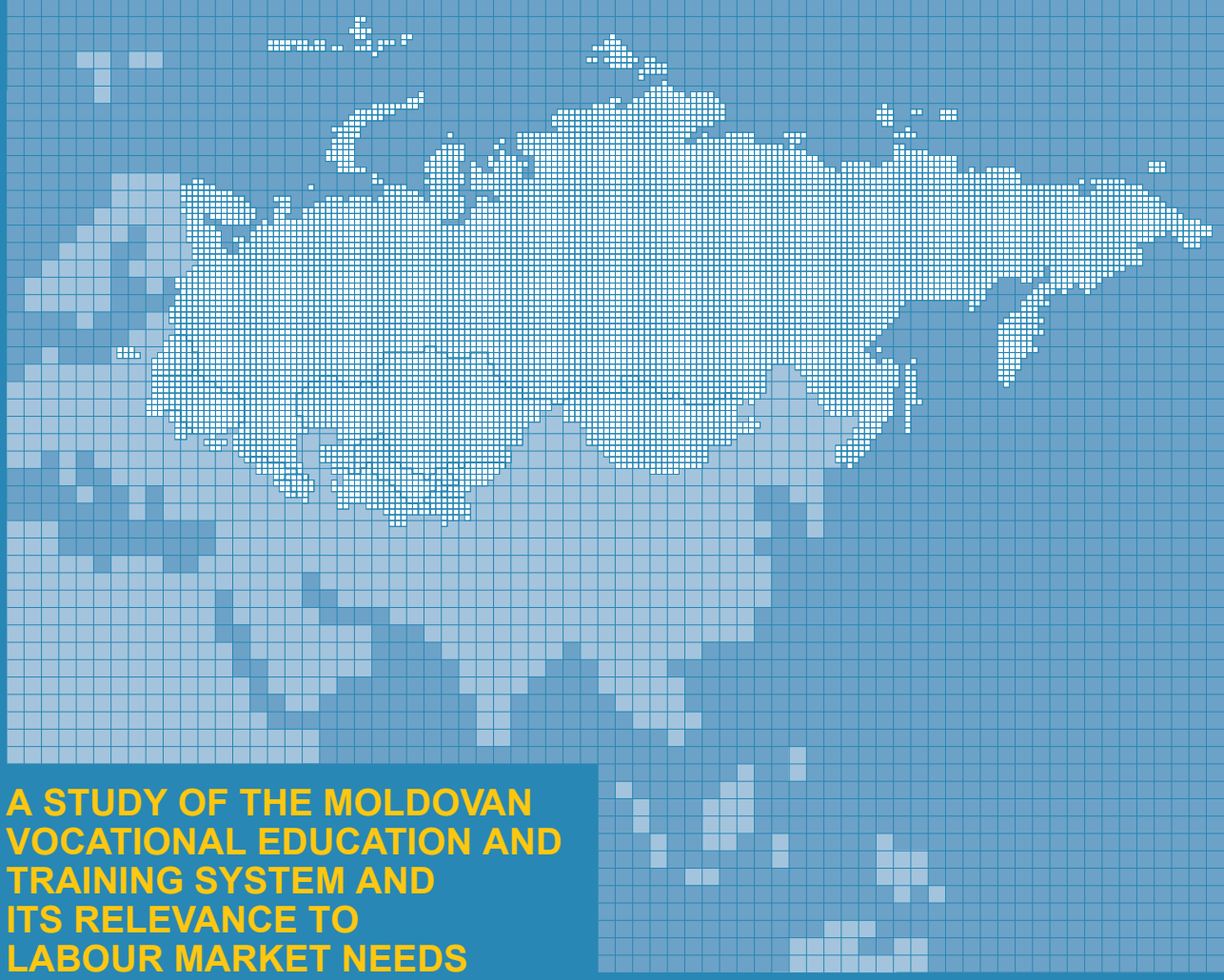

A STUDY OF THE MOLDOVAN VOCATIONAL EDUCATION AND TRAINING SYSTEM AND ITS RELEVANCE TO LABOUR MARKET NEEDS

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External Communication Unit
European Training Foundation
Villa Gualino
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T +39 011 630 2222
F +39 011 630 2200
E info@etf.eu.int

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Prepared by Ms Liliana Anghel, Dr Susanne Oxenstierna and Ms Sofia Shuleansky
ETF, October 2003

A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server (http://europa.eu.int).

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Individual employers and their associations contributed the necessary information and opinions from the point of view of enterprises. This adds an important element to the analysis and understanding of how VET and enterprises are linked.

An overview of the meetings, interviews and field visits and a list of people interviewed are attached to the study.

The Moldovan government has approved some changes to the laws on vocational education and training and the labour market systems since the two missions to Moldova during which most of the information and data for this report were collected. As a consequence, the expert team would like to emphasise that all the descriptions, findings, conclusions and recommendations of the study refer to the systems in place before the legislation changed in June 2003.

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EXECUTIVE SUMMARY

Moldova has been severely affected by the transition from Soviet rule, the Russian economic crisis in 1998, a large number of governmental changes and the subsequent inefficient use of public funds. With an average monthly wage of €54, rising unemployment rates, disappointing economic performance and strong trends in migration, Moldova is one of the poorest countries in Europe.

Reform of the general education and vocational education and training (VET) systems has suffered, as have other domains, from the unstable political situation. Reforms have started and then been cancelled, experiments and pilot attempts have been made and their outcomes never properly evaluated, and there has been no clear continuity of effort. The old system is rapidly deteriorating and is not able to meet the requirements of the present economic and social situation in Moldova. VET is badly affected by a poor image in the country, so that students prefer to apply for admission to general secondary education and consequently higher education rather than vocational education.

Nevertheless, vocational training is still a valid option for entering the labour market. Analysis of available labour market and employment data in this study indicates that having a VET background leads to a high probability of being employed today in Moldova. Furthermore, people with a VET background run a lower risk of becoming unemployed than those with only incomplete secondary education. Hence, investment in the reform of the system, aimed at increasing the skills of both the young and adult workforces, should be seen as a prerequisite for improving employment opportunities and alleviating poverty in Moldova today.

The VET system certainly needs reforming. The traditional links between schools and state-owned enterprises, typical of the former Soviet era, have collapsed, and the system has not yet been able to realign its training supply to the emerging labour market demand. Most schools have to cope with obsolete equipment, inadequate resources and teachers who have not undergone retraining for years. Also, VET schools have difficulty establishing links with enterprises willing to offer students practical training placements.

Despite some limited developments in establishing cooperation between VET schools, employers, employment offices and local authorities, the Ministry of Education sets standards and approves the curricula of VET schools without any institutionalised involvement of social partners. The Ministry of Economy defines the number of places that will be financed each year by the state budget, in the public VET schools, without appropriate analysis of the labour market needs or consideration of the needs and requirements of social partners.

VET policy development does not take into account existing statistical information and analyses. In addition, the collection of statistics is carried out by different parts and levels of government and is not coordinated.

Despite this generally unfavourable environment, some schools have adjusted very well to the difficult conditions of transition. On their own initiative, they have changed their profiles radically and established links with employers, thus offering their students much needed practical training and a strong possibility of employment following graduation. Cooperation with the employment service

has started in some regions, and the schools address the needs of adults by offering them short retraining and skills upgrading courses.

It was clear from visits to these schools and meetings held with school managers, representatives of the Ministry of Education, Ministry of Labour and Social Protection and social partners that much attention is being given to ways of reforming the system so that it becomes more relevant for the education and training of the future and provides opportunities for the existing labour force.

In this context a *New Concept on Vocational Guidance, Training and Upgrading of Human Resources* has been developed by a parliamentary commission, involving experts from the Ministries of Education and of Labour and Social Protection. The development of this concept is, in itself, a very positive signal of the awareness that such issues as vocational guidance, training and upgrading need to be addressed. However, the document is not very specific and lacks information, in particular, on how the existing VET system could change so that it better suits the needs of the economy.

An important conclusion of this study is that thus far, no strategy or policy for VET has been developed and accepted and that no consensus has been reached on a number of different proposals for such a policy. A general shortcoming is that public authorities do not involve their social partners in the process of VET policy making. This is particularly unproductive, since the VET system needs substantial support in order to restructure to become a system that can meet the demands of the market. The following three actions are recommended as being vital at this point.

- The Ministries of Education and of Labour and Social Protection must develop a state policy for VET, clearly outlining what the VET system should deliver, and including the extent and nature of state support. With this aim, these ministries must cooperate closely with the schools, the Ministries of Finance and of Economy, the regional authorities and, most importantly, the employers.
- Mechanisms must be developed aimed at involving social partners, i.e. employers from large companies, small and medium-sized enterprises (SMEs), branch organisations, employment services, public authorities, the regional committees of industry and public employers, in the development of a VET policy. This is necessary for both initial vocational training and continuing vocational training.
- The status and visibility of VET schools, and the occupations for which they prepare their students, must be raised.

However, the weakest link in the chain is the lack of a clear policy for VET. Capacity-building measures targeted at key stakeholders are urgently needed, particularly at the decentralised level, in order to foster a change in the system. General recommendations on how the Ministries of Education and of Labour and Social Protection and related authorities could approach and deal with these problems are given in Chapter 4.2.

1. SETTING THE SCENE

1

1.1 POLITICAL SITUATION

Moldova returned to a communist government in 2001. This government has a 70% majority in parliament. This is a radical change from the previous 10 years of volatile, short-lived coalition governments that never lasted the full duration of their mandates. The reason for the strength of the communist victory appears to be the considerable discontent with the social situation, which was very difficult after 10 years of reforms; the communists campaigned on a classical socialist programme. In practice, the government appears to be mainly continuing along the road of reform and has kept several of the ministers from the old reform governments.

Despite these efforts, after more then 10 years of independence Moldova is still one of Europe's poorest countries and has a human development index (HDI) of 0.700; it ranks number 102 out of the 171 states for which HDI was calculated in 2000.

Moldova is completely dependent on energy imports and, unlike the Baltic republics of similar size, has not redirected its trade from its traditional trade partners in the former Soviet block to the west. Over 50% of Moldova's trade is still with CIS countries. The Russian crisis in 1998 severely hit the Moldovan economy, which was still weak after the collapse of the Soviet Union in 1992 and, at the time, still totally trade-dependent on Russia. The total lack of domestic energy resources and an infrastructure built on the assumption of free access to energy is a main drawback for Moldovan economic development.

Transdnistria

A serious political dilemma is the 'independent' Transdnistrian region, which has a population of 250,000, mainly Russians and Ukrainians. The region has its own president and parliament, the only large power plant and the only modern steel mill are located here and the gas pipelines go through Transdnistria.

Moldova and the EU

The republic has been a member of the Council of Europe since 1995 and has had a partnership and cooperation agreement in place since 1998. According to this agreement, Moldova should introduce EU harmonisation of legislation, institutions and economic and social adaptation in return for support from the EU. There is still no national strategy for EU integration and Moldova's future status in relation to the EU, which will become increasingly important in view of neighbouring Romania's membership.

Administrative reforms

The constitution (29 July 1994) gave legal status and a considerable level of administrative autonomy to local government. Likewise, the law on the budget system and process (1996) formally turned local governments into autonomous entities in the country's consolidated budgetary system. In 1997 and 1998 additional conventions and laws established the basic rules for the functioning of councils. As sub-national policy-making bodies, mayors' offices and county *(judet)* councils (through their financial divisions) had the power and autonomy to formulate, approve and execute their own budgets (with a resource base that included locally raised taxes, shared state taxes and non-tax revenues). They also had some flexibility to transfer money between budget lines.

However, there have been several problems with this reform, since the primary legislation has not been followed by secondary legislation and specific regulations and the system was changed back to the old administrative divisions with districts *(raions)* by the amended law that was passed in June 2001, and local elections that took place in May 2003.

The VET policy is affected by this change, since a decentralisation of responsibility for schools to the *judet* level had been suggested. In 2001 eight schools were transferred to the responsibility of the *judet* of Ungheni and Balti on a pilot basis. This experiment has not been evaluated and views about it differ among participants. In some cases the *judets* have misused their power by taking equipment and buildings from the schools (and using them for other purpose); one school has been closed. Others think that *judets* have a better grasp of the needs of the regional labour markets and the supply of and demand for human resources. This should allow for a better and more efficient management of the schools. Despite the fact that there has been no proper evaluation of this experiment and that the amending law was passed in 2001, the *New Concept on Vocational Guidance, Training and Upgrading of Human Resources,* approved by the parliament in June 2003, recommended a continued decentralisation and transfer of VET schools to the regional level.

1.2 ECONOMIC SITUATION

Moldova has had a difficult transition, with a cumulative decrease of GDP of around 65% between 1990 and 2000. It was 'the garden' of the former Soviet Union, exporting agricultural products – mainly vegetables and wine – to the rest of the union in exchange for energy and manufactured goods. A few major industrial plants were placed in the republic of Moldova; all of them are now in the Transdnistrian region and outside the control of the Moldovan government.

As Table 1.1 shows, agriculture still provides a very high proportion of the Moldovan GDP, while industry's share has decreased considerably since the start of transition.

Table 1.1: Total GDP by sector in lei (current prices in millions) – 1995-2002

Year	1995	1996	1997	1998	1999	2000	2001	2002
Total	**5,744.1**	**6,825.9**	**7,664.7**	**7,718.7**	**10,998.6**	**14,003.3**	**16,773.0**	**19,193.6**
Agriculture	1,896.8	2,143.1	2,315.2	2,350.6	3,065.7	3,918.7	4,271.4	4,630.5
Industry	1,618.6	1,798.7	1,803.2	1,521.8	2,093.1	2,803.6	3,564.1	4,096.8
Services	2,228.7	2,884.1	3,546.3	3,846.3	5,839.8	7,281.0	8,937.5	10,466.3
Proportion of total (%)								
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**
Agriculture	33.0	31.4	30.2	30.5	27.9	28.0	25.5	24.2
Industry	28.0	26.4	23.5	19.7	19.0	20.0	21.2	21.3
Services	39.0	42.2	46.3	49.8	53.1	52.0	53.3	54.5

Sources: Moldovan Economic Trends, 2001, p. 100; Moldovan Economic Trends, 2002, p. 98.

Employment flows and stocks by sector

The economic recession has not been followed by an equal decline in employment. Analysis of the employment flows shows that between 1995 and 2002, total employment declined by 10% cumulatively (see Annex 2, Table 1). The result is that there are fewer people employed and employment flows into agriculture instead of out of it.

Analysis of employment by sector shows that Moldova is still an agricultural country from the point of view of labour allocation (Table 1.2). The proportion of those employed in agriculture rose to over 50% in 1999, which represents an increase compared to 1995, and was at its lowest level in 1996. The absolute number of those employed in agriculture is 750,000, just 20,000 fewer than in 1995. At the same time, the share of agricultural production in GDP has declined and is now around 24% compared to 33% in 1995 (Table 1.1).

The fact that there is no reduction of agricultural employment, while the sector's share of GDP is declining, is a strong indication of declining productivity in the economy. This is a feature that is worsening, and that does not support any growth. To foster growth, labour should be reallocated to more productive sectors, such as the service industries.

Considering the structure of employment in terms of the private and public sectors, in 2002 just over 70% of those employed were employed in the private sector, and 23% in the public sector. The rest were found in mixed private–public sector organisations and a small proportion

Table 1.2: Employment by sector – 1995-2002

	1995	1999	2000	2001	2002
Total	**1,673,000**	**1,494,378**	**1,514,577**	**1,498,980**	**1,505,117**
Agriculture	771,000	748,870	778,977	767,972	750,650
Industry	199,000	164,031	164,341	163,125	168,841
Services	703,000	581,477	571,259	567,883	585,626
Proportion of total (%)					
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Agriculture	46.1	50.1	51.4	51.2	49.9
Industry	11.9	11.0	10.9	10.9	11.2
Services	42.0	38.9	37.7	37.9	38.9

Source: Department of Statistics and Sociology.

(1.1%) in companies with foreign involvement (DSS). We have not seen any data showing how much of the private sector is the new private sector as opposed to privatised state-owned enterprises.

Average monthly wage and disposable income in different sectors

A full picture of average monthly wages (in lei) by sector and as a percentage of the average monthly wage across the economy is presented in the Annex 2, Tables 2 and 3.

The average monthly wage in the education sector is among the lowest in the economy, representing only 67.1% of the national average monthly wage. The sectors with the highest wages are financial services and transport. Wages in the state administration are relatively high and have suffered less than the private sector from the economic stagnation after 1998.

For comparison with international wage levels, Table 1.3 shows the average monthly wages divided by the nominal lei/euros exchange rate.

Thus, the national average monthly wage was slightly over €50 in 2002, which is almost double that of 1999, the year after the Russian crisis. Personnel in education earn €36 on average, which is half the average monthly wage of people in state administration. Of course, the distribution of wages also varies considerably within the education sector; staff in the VET system earn less than those in higher education.

These figures come from official information based on enterprises with more than 20 employees. In Moldova, a significant amount of income is earned in the informal economy and is not reported. These findings, from reports of the DSS, were the results of an interesting survey carried out in cooperation with the World Bank, and indicate high incomes from 'non-salaried activities'. On average, work income (from employment) constitutes less than 40% of household disposable income (see Annex 2, Table 4). The main non-salaried activity is small-scale agriculture.

The main part of the remaining disposable income comes from the social security system and represents mainly pensions.

Nevertheless, the income level is low if compared to the basic 'basket of living necessities' costs of about €107 per month (OECD, 2002, p. 50), and it is obviously not possible to survive on an average monthly wage, and even less so on only a single wage, in the education sector. Apart from wages being low, wage arrears have been common in this sector.

Table 1.3: Average monthly wage (euros) by sector – 1996-2002

	1996	1997	1998	1999	2000	2001	2002
Lei/euros exchange rate	5.77	5.23	6.08	11.19	11.5	11.52	12.83
Average monthly wage (euros)	**32.4**	**42.0**	**41.2**	**27.2**	**35.5**	**47.2**	**53.9**
By sector							
Agriculture	21.1	25.9	23.1	14.9	21.2	26.5	30.3
Industry	51.6	71.4	69.2	46.1	60.3	71.5	77.3
Construction	42.9	62.2	59.6	42.4	51.0	63.4	67.6
Trade	36.7	48.4	43.7	24.5	31.6	37.5	47.7
Transport	44.8	61.9	61.9	41.3	55.5	68.3	82.6
Financial services	117.5	157.5	186.7	149.5	204.8	218.8	199.2
Real estate	44.4	56.5	56.7	39.3	48.4	60.6	68.8
State administration	51.2	62.6	64.2	39.3	44.9	64.3	77.1
Education	27.2	32.7	30.1	17.3	21.8	29.3	36.2
Health and social	27.9	33.6	30.2	16.5	19.8	27.1	34.0

Source: Moldovan Economic Trends, 2002, p. 107.

Public financing of education and VET

Moldova has had trouble controlling its public expenditure, which has had too high a share of GDP. The external debt burden caused by the mismanagement of public funds has put great pressure on the state budget, and at the end of the 1990s over a quarter of public expenditure was being spent on debt servicing. At the beginning of the 2000s the situation had improved slightly and social services such as education have now regained their share of expenditure (Annex 2, Table 5). In 2000 education received only 16.7% of the total state budget, but by 2002 the figure was 23.5% and in the 2003 budget forecast, education is due to receive 22.8%.

However, in real terms, funds have been cut substantially. As shown in Table 1.4, education's share of GDP has been halved, and the Moldovan government now spends around 6% of GDP on education compared to over 10% previously. Around 5 to 6% is a usual figure for public spending on education in developed countries, so spending in Moldova was high.

Comparing the allocation of public funding to different levels and institutions in the education system, the details of which are presented in Table 1.5, we find that in 1999 VET schools received around 7% of the total amount spent on education.

Table 1.4: Public expenditure as a percentage of GDP – 1997-2002

	1997	1998	1999	2000	2001	2002
Total	**46.7**	**38.9**	**31.2**	**30.8**	**25.9**	**27.4**
General public	1.8	1.9	2.0	2.2	2.0	2.2
Defence	1.1	0.7	0.6	0.5	0.5	0.5
Order and safety	3.1	2.6	1.9	1.8	1.8	2.5
Education	11.6	8.3	5.2	5.1	5.5	6.5
Health	7.0	5.1	3.3	3.4	3.2	4.1
Social security	5.9	4.7	4.2	4.4	3.0	3.4
Recreation	1.1	1.1	0.6	0.6	0.6	0.7
Other expenditures	7.1	6.3	4.5	4.2	3.3	3.7
Debt servicing	4.9	5.5	7.9	7.3	4.8	2.5
Capital investments	3.1	2.7	1.0	1.3	1.2	1.3

Source: Moldovan Economic Trends, 2002, p. 116.

Table 1.5: Total resource allocation by level of education and educational institution (as a percentage of total public spending on education) – 1997-1999

	1997	1998	1999
Pre-school	20.2	18.4	14.5
Primary	1.3	1.1	1.2
Secondary general	40.3	38.0	37.7
Secondary boarding	2.5	2.3	3.4
Boarding for those with disabilities	2.1	1.9	2.6
VET schools	6.5	7.0	7.2
• Polyvalent school	6.3	5.9	5.9
• Professional schools	0.2	1.1	1.3
Colleges	5.9	5.7	6.0
Universities	11.1	15.9	18.0
Extra curricula inst.	2.9	3.3	3.2
Others	5.2	3.3	4.2
Central administration	0.5	0.6	1.1

Source: OECD, 2002, p. 26 (cited from Tibi et al., pp. 32-34).

Analysis by the World Bank and the OECD concludes that the Moldovan public educational system is fiscally unsustainable and that the level of spending on education will need to be reduced even further. Based on the level of development in Moldova and international comparisons, the following conclusions can be drawn: Moldova *over*-spends at pre-school level, *under*-spends at basic and (general) secondary level, and *over*-spends on 'polyvalent' secondary schools (three to four times higher than for general secondary) and college/university education[1].

Although there is no comprehensive data for private spending in the whole system, it is clear that private spending covers a substantial part of educational costs in what are considered public or 'state' schools. In the VET system some of the students are now admitted as 'contract' students (fee-financed) as opposed to the 'budget' students (financed through the state budget).

As may be seen from Table 1.6, the proportion of private spending in VET schools has risen since 1999, and today almost 16% of the total expenditures come from 'non-budgetary funds', which mainly consist of fees from contract students.

Table 1.6: Budget and private financing of VET schools (thousand lei) – 1999-2001

	1999	2000	2001
Total	**48,560.7**	**45,294.4**	**45,444.0**
Budget	42,543.0	38,912.6	38,201.3
Private	6,017.7	6,381.8	7,242.7
Percentage of total			
Total	**100.0**	**100.0**	**100.0**
Budget	87.6	85.9	84.1
Private	12.4	14.1	15.9

Source: Ministry of Finance.

1 OECD, 2002, p. 26 (cited from Tibi et al., p. 7).

2. DESCRIBING THE VOCATIONAL EDUCATION AND TRAINING SYSTEM

2

Reform of the education system and the VET system has suffered, as in other areas, from the uncertain and changing political situation. Reforms have started and then been cancelled, experiments and pilot attempts have not been properly evaluated, and there is no clear continuity of effort.

Since independence, the main change has been the introduction of the polyvalent (versatile) school, a very ambitious three-step programme implemented over five years. Under the old system VET schools were attached to enterprises. The aim of the polyvalent schools is to give pupils both a general and professional education and to provide professional education at a very high level. However, in reality this reform appears to have been anything but successful. Very few students have managed to complete their professional education. Most of the students have dropped out after the first stage in the polyvalent schools, largely because the Ministry of Economy, which regulates the enrolment quota, finances only a limited number of those willing to continue to the second stage.

2.1 THE LEGAL FRAMEWORK

The state's education policy for secondary VET and the implementation strategy are formulated in the following documents:

- Concept of Educational Development in the Republic of Moldova (approved by the Parliament of the Republic of Moldova in 1994);
- Law on Education of 1995;
- National Programme of Education Development 1995-2005 (in conformity with the Decision of the Government of the Republic of Moldova No 176/D from 1 June 1993);
- State Programme of Education Development 1999-2005 (approved by the Decision of the Government of the Republic of Moldova No 984 from 26 January 1999);

- *New Concept on Vocational Guidance, Training and Upgrading of Human Resources* (approved by parliament in June 2003).

The Law on Education of 1995 sets out the basic structure for the present system of VET. This law introduced a new structure of polyvalent schools *(scoala profesionala polivalenta)*, and professional (or trade) schools *(scoala de meserii)*. The polyvalent VET schools offer education in three stages: step 1 lasts for two years, step 2 for two years and step 3 for one year. The professional (trade) schools offer courses of one to one-and-a-half years focused on acquiring a professional skill.

The Law on Education states that companies should pay 2% of their wage bill to education, but they do not do this. Another important problem with the law is that it does not provide a legal basis for the students' practical training, which has to be done at workplaces in what are nowadays privatised or private companies. Another law relating to the VET system (on vocational guidance, training and upgrading) was under discussion at the time of the study.

A *New Concept on Vocational Guidance, Training and Upgrading of Human Resources* has been developed by a parliamentary commission, involving experts from Ministries of Education and Labour, in 2002-03, and was approved by parliament in June 2003.

The purpose of the concept is to create a unified national system for all types of vocational guidance, training and upgrading. Such a system will ensure that the legal and organisational conditions are in place to support the development of a suitably trained workforce. The main idea behind the concept is to make efficient use of Moldova's human resources and to increase the professionalism, competence and mobility of its labour force, in order to prevent future unemployment and to improve the adaptability of different groups to changing conditions in the labour market and the new economy.

The process of developing this concept is in itself very positive, since it indicates an understanding that issues linked to vocational guidance, training and upgrading human resources need to be addressed. However, the document is not very specific and lacks information on where the system has come from and where it should be going. As a result it also lacks information on how to get from the present situation to a stage where the VET or Vocational Guidance, Training and Upgrading system better suits the needs of the economy. Moreover, without a clear presentation of what problems the ministry wants to address and why, it will be very difficult to mobilise all the stakeholders mentioned in the document. The different stakeholders will also have different views on what are the priority problems and how they should be addressed. Therefore, in addition to giving a clearer picture, the ministry needs to argue its view. If it is to mobilise other parts of society, it must listen and negotiate in order to reach a consensus about the strategy and the direction that will lead to a better VET system.

2.2 DEMOGRAPHIC CHANGES AND THEIR IMPLICATIONS FOR THE VET SECTOR

Birth rates began to decline in the 1990s and are still falling. Between 1999 and 2004 there will be a 6% rise in the group aged 16 to 18, who are the clients of the VET schools, but after that projections indicate that there will be a radical decline of 22% up to 2009 and then an additional 25% up to 2014. Generally, there will be considerably lower numbers of children of school age than there are currently (Table 2.1). This means that the mapping of the number of children in different age cohorts needs to be made at a much more detailed level and made available to people making the decisions on access to schooling.

Table 2.1 Trends in different age groups – 1999-2014

Age group	1999	2004	2009	2014
1–6	285,400	242,300	258,500	256,000
7–10	247,700	185,000	156,000	170,000
11–15	364,000	298,900	223,500	194,900
16–18	204,200	216,000	167,800	125,000
19–23	307,200	339,800	334,800	257,100

Source: OECD, 2002, p.13, based on the population projections of the CEPS Ljubljana and the Institute for Public Policy, Chisinau.

The sharp decline in the cohorts and the declining number of entrants into VET schools is something that any reforms of the VET system must monitor closely and take into account. While quite large cohorts need to be placed in post-grade 9 schooling up to 2004, after that the school system needs to be downsized.

2.3 THE NUMBER OF STUDENTS ENROLLED IN VET SCHOOLS

After grade 9, students take a school leaving examination as well as an entrance examination for the school they wish to enter.

In 1994/95 around 70% of the grade 9 cohort continued with some kind of education and 36.2% went to various types of vocational schools[2].

In 1999/2000 the proportion of grade 9 students continuing in some kind of education was 82%. Of the cohort, 20% went into some sort of vocational education. By 2000/01, only 17% of the cohort continued to professional schools. In summary, the numbers and proportion going into vocational schools after compulsory education has more than halved since the mid-1990s[3].

This development is presented in Table 2.2, which clearly shows that the number of students in VET schools has decreased by over 50% since 1990. In real terms this means that there are now around 24,000 fewer people studying in these schools than there were before the reforms started.

The share of students financed by the budget in state schools has also decreased, and this shortfall has not been matched by the numbers that are now admitted as contract students, i.e. those that pay for themselves.

In terms of yearly enrolment rates this means a decline of 30% in the enrolment financed from the state budget (per year) (see Table 2.3).

2 OECD, 2002, p. 20.

3 Ibid.

Table 2.2: Number of students in VET schools – 1990-2001 (yearly and cumulative change in numbers and percentage)

	1990	1995	1996	1997	1998	1999	2000	2001	2001-1990
Total	**47,200**	**35,000**	**34,500**	**36,600**	**36,100**	**28,300**	**22,800**	**23,000**	**-24,200**
State schools	47,000	34,500	33,600	34,400	33,500	24,400	22,400	22,500	-24,500
of which									
• Budget	47,000	34,100	32,900	32,600	32,300	22,800	20,500	19,900	-27,100
• Contract	0	400	700	1,800	1,200	1,600	1,900	2,600	2,600
Private schools	200	500	900	2,200	2,600	3,900	400	500	300
Percentage change compared to previous year									
Total		**-0.3**	**-1.4**	**6.1**	**-1.4**	**-21.6**	**-19.4**	**0.9**	**-51.3**
State schools		-0.9	-2.6	2.4	-2.6	-27.2	-8.2	0.4	-52.1
of which									
• Budget		-1.4	-3.5	-0.9	-0.9	-29.4	-10.1	-2.9	-57.7
• Contract		100.0	75.0	157.1	-33.3	33.3	18.8	36.8	–
Private schools		150.0	80.0	144.4	18.2	50.0	-89.7	25.0	150.0

Source: Ministry of Economy.

Table 2.3 Number of students enrolled each year in VET schools and percentage financed by the state budget (cumulative change) – 1990-2002

	1990	1995	1996	1997	1998	1999	2000	2001	2002	2002-1990
Total	**22,400**	**17,700**	**18,600**	**19,600**	**19,800**	**20,500**	**16,000**	**16,700**	**17,100**	**-5,300**
Financed from state budget	21,500	17,200	16,900	16,400	15,700	15,300	15,700	14,600	14,900	-6,600
Percentage of total	96.0	97.2	90.9	83.6	79.3	74.6	98.1	87.4	87.1	-30.7

Source: Ministry of Economy.

Both tables 2.2 and 2.3 show that the attractiveness and accessibility of VET has diminished. There are fewer students in total in these schools, fewer students that are financed by the state budget and increasing numbers who fund their education on a contract basis, i.e. they or their parents pay for tuition and boarding. At the beginning of the 1990s almost all students were financed by the state budget; this proportion is now 87%, which implies that 13% pay for their own tuition. This raises the issue of equity in education.

As can be seen from Table 2.2, the number of students in private schools was quite high at the end of the 1990s, when almost 4,000 students were at such institutions.

During the 2000s, however, the proportion of students in private VET schools has fallen sharply. This suggests that individuals have less money and that these schools have probably had problems surviving in the generally weak economy[4].

The number of students in different types of educational establishments (of which the 15 to 19 age group is probably the dominant group) attending any type of education has also fallen dramatically (see Annex 2, Table 6). Compared to 1995, there are almost 18,000 fewer people going on to further study, even taking into account the considerable increase in university students.

4 We have not been able to ascertain whether the government introduced any obstacles for private schools during these years, or withdrew licences, which might have strengthened this trend.

As can be seen in Annex 2, Table 6, the fall in the number of students in VET schools and colleges was partially offset by the increase in the number of students in other types of education. To arrive at more robust conclusions it is necessary to carry out a deeper analysis of how much of this decrease is due to the demographic decline, and whether youngsters are inactive because they do not want to study, are not being admitted to school, or have families who cannot afford to pay the fees.

There are no reliable data about dropout rates. Available DSS data show how many students leave general secondary schools before graduation and how many students leave the VET schools before graduation. For the general secondary schools there is information on where pupils who leave go. As can be seen in Annex 2, Table 7, most enrol in other general secondary schools or other educational establishments.

It is noticeable that there are a number of people whose fate after they leave school is unknown. This number has been fairly stable over the past four years; it represents around 12% of all pupils from grades 5 to 11.

For the students who leave VET schools, there is no information about those who leave before graduation: they are merely registered as 'left before graduation'. These students may seek other educational opportunities, such as enrolling in colleges. Nevertheless, a number representing about 16% of those graduating left before their schooling was finished in 2002, and there is no information on where they went. This figure is higher than for the previous school year. The relevant figure for comparison is the group that enrolled at the same time as these people. However, this is the only approximation we have been able to find for dropouts (Table 2.4).

If dropout figures are analysed and related to unemployment[5] by levels of education, it is noticeable that unemployed people with incomplete secondary education make up the largest group, representing 35.2% of the total number of people unemployed. Also, it is evident from those figures that unemployed people with incomplete secondary education are primarily found in the rural areas. There is therefore a problem of young people finishing their training before they reach working age and have a full VET or secondary education. There is a great need to monitor in a systematic way what happens to pupils who leave before graduation, as well as those who graduate, so that well-targeted measures for helping these people into sustainable employment can be developed.

2.4 THE DIFFERENT TYPES OF SCHOOL

The structure of the education and training system in Moldova that was in place at the time of our fact-finding missions to the country is described in Annex 1. The system was organised as follows[6]:

Pre-school education

Starts at age three and ends at age six or seven; preparation for school is compulsory from the age of five, although it

Table 2.4: Graduates and 'dropouts' from VET schools – 2001/02 and 2002/03

	2001/02	%	2002/03	%
Total graduates	**15,448**	**100.0**	**14,927**	**100.0**
of which				
• On contract	1,458	9.4	2,019	13.5
• Placed in jobs	8,427	54.6	8,334	55.8
Left before graduation – 'dropouts'	**1,618**	**10.5**	**2,382**	**16.0**

Source: Department of Statistics and Sociology.

5 Using ILO methodology for measuring unemployment.

6 *Moldova, National Observatory Stocktaking Report, ETF, 1999; Vocational Education and Training in Moldova,* ETF, 2002.

can be carried out either in preparatory groups or within the family.

Primary education

Comprises grades 1 to 4; children start attending school at six or seven years old.

Secondary education

- **General secondary education**

  Gymnasia cover grades 5 to 9. After primary school all pupils continue their education in a gymnasium. Education is compulsory from grade 1 to grade 9. Graduates of gymnasia must pass a number of examinations, after which they receive a school certificate that allows them to continue their studies.

  General culture secondary schools – the higher grades of which are grades 10 and 11 – are left over from the former system of education. It is expected that by the end of the transitional period in 2005, some of these schools will be reorganised either into lycea or gymnasia. During the transitional period the graduates of the general culture secondary schools can enter higher educational institutions (through entrance examinations) or they can continue their studies in an institution of secondary vocational education.

  Lycea are the new standard of higher secondary education, which according to the Law on Education should replace general secondary education by the year 2005. This education lasts for three years (grades 10 to 12) and enrolment is by competition.

- **Vocational secondary education**

  Polyvalent (versatile) schools provide successive training in a large range of qualifications, from those of a simple worker to a technician. Vocational education programmes are provided for the graduates of gymnasia, but also for graduates of general culture secondary schools and lycea. The length of education in these schools is up to five years for the graduates of gymnasia and up to three years for the graduates of lycea and general culture secondary schools.

  The vocational education and training programme of polyvalent schools is organised into three steps. The first step lasts two years and provides training in a qualified worker trade. A qualification certificate is awarded at the end of the programme. This grants the graduates the right to enter the labour market, or to continue their education to the second step of the polyvalent school. Lyceum education (general education) is also provided during the first step of the polyvalent school.
  The second step lasts two years and extends qualifications to the foreman *(maistru)* level, and professional initiation in how to manage a private business. The second step ends with examinations, after which a polyvalent school II qualification certificate is awarded. This grants trainees the right to continue with education in the third step, or to enter the labour market. Lyceum education (general education) is also provided during the second step of polyvalent school and it ends after this second step. The graduates, at their request, can take examinations leading to a baccalaureate diploma, which also grants them the right to enter a higher educational institution.
  During the third step, vocational training continues up to the qualification of technician. The third step of polyvalent school ends with a qualification examination, after which a technician diploma is awarded. This step lasts one year.

  Schools-of-trades provide professional (vocational) training in either one trade or several related trades. The graduates of gymnasia, lycea or general culture secondary schools can enter schools-of-trades. With the approval of the Ministry of Education, special groups of pupils who have not finished nine grades but are already 16 years old can also be enrolled. The courses last from 6 to 18 months and finish with an examination, after which a school-of-trades qualification certificate is awarded.

The main difference between school-of-trades and polyvalent school is that the first is occupationally oriented. It is destined for those who are interested in undertaking training in one or several closely related trades in order to enter the labour market as soon as possible with a vocational qualification.

Higher education

- **Short-term higher education**

  Lasts from two to three years, is organised in *colleges*. In the former Soviet Union, colleges (called *technicums*) offered a special secondary education and were an intermediate type of educational institution between vocational schools and institutes of higher education. According to the Law on Education of 1995 colleges can function as autonomous institutions or as part of a university, or they can be affiliated to such institutions.

- **Long-term higher education**

  Depending on the profile of their studies, *universities* offer courses lasting from four to six years. The graduates who pass the licence examination are awarded a licentiate diploma.

Post-university education

Organised for the holders of licence diplomas. It aims to provide specialisation in a certain field or to extend and to improve the level of scientific or pedagogical training. There are different forms of post-university education: doctoral, postdoctoral, *residentiate, secundariate*, specialisation and improvement courses. Postgraduate education is organised in higher educational institutions or in research institutions.

Other types of education provision

- **Special education** is a component part of the education system and offers training for children with different mental and physical disabilities.
- **Art and sport education** is organised as lyceum education for children with special musical, artistic or sporting abilities. Transfers are possible between this and the usual forms of education.
- **Complementary (or out-of-school) education** helps to develop the abilities and talents of children in different fields and satisfies various individual interests.
- **Adult vocational education and training (including continuing vocational training)** can take place through various forms of training and self-training, in state or private institutions. The institutions for adult education have to be accredited by the Ministry of Education. The funding of institutions for adult education is provided by sponsors, donations and other legal sources. Individuals who have attained a certain level of knowledge have the right to take examinations, and once they have passed these they are awarded a qualification certificate. The government approves the listing of trades and specialities, which can be obtained through self-education. The ministries, departments, enterprises and other legal entities can organise – either with an educational institution or independently – training, retraining or upgrading courses in accordance with the conditions issued by the Ministry of Education and the Ministry of Labour and Social Protection.

In summary, there are currently four categories of educational establishments from which students may leave to obtain their first job on the labour market:

- general secondary education in a general secondary school for 9 or 11 years;
- vocational secondary education in either polyvalent schools for two plus two plus one years, or professional (trade) schools for one to one-and-a-half years;
- short-term higher education for two to three years in colleges (in the Soviet system these were called *technicums*);
- long-term higher education in institutes and universities that lasts for four to six years.

2.5 TEACHERS AND OTHER PERSONNEL AT VET SCHOOLS, AND TEACHER TRAINING

Often teachers at vocational schools are graduates of technical higher education institutions who have undertaken only short-term pedagogical training before teaching. They can also come directly from businesses, or they may be university graduates who teach general culture subjects at polyvalent or trade schools. There are no specialised pre-service teacher training institutes for VET teachers or instructors, and no relevant occupational profiles.

The infrastructure of in-service training for VET teachers and instructors is quite limited in Moldova. According to the law, every teacher has to be retrained every five years, and this is a condition for career development and salary increases. The psycho-pedagogical training and retraining of VET staff should be organised by the I. Creanga Institute and the professional training by the Technical University of Moldova. A step forward was taken with the creation of the Teacher Training, Curriculum Development and Secondary Department in the Technical University of Moldova under the Tacis project for reform of the Moldovan system of vocational education and training. In its first months the department developed its activities, such as participating in teacher retraining programmes and developing VET standards. At present the department acts as a subdivision of the Technical University of Moldova. However, its effectiveness is limited because of its poor financial resources, lack of human resources and unclear legal status.

As a consequence many teachers still have obsolete skills, management at VET schools is sometimes inadequate and teaching methods do not guarantee that the pupils gain the skills they need. All this makes school leavers unattractive to the labour market. Moreover, the changes since 1991 mean that school leaders now need to: raise their own funds to make ends meet; cooperate with local businesses on their own initiative; find trainee places for their pupils; obtain suitable training equipment; find jobs for school leavers; be innovative in finding new unemployed clients through the employment service; find individuals and companies interested in retraining; and adjust training and teaching methods for these groups of adults, who have different requirements from youngsters. Not all school leaders are mentally prepared for this, and there is no national strategy for helping them to adjust.

Apart from the teachers, VET schools use *maistru* with production experience at the level of foreman, in the teaching of practical courses. The dual system involving theoretical teachers and practical *maistru* is one reason for the high number of personnel at VET schools. Another is that most VET schools are boarding schools with dormitories, and this requires a large number of support personnel to take care of the students outside school hours and off the premises. There are also people in charge of servicing the equipment of the schools.

Staff numbers are declining, and there were particular shortfalls of teaching staff between 1997 and 2002. These reflected teachers' reactions to the real salary cuts, wage arrears and other adverse working conditions (Annex 2, Table 8). In 2002, however, the number of teachers rose considerably because the practical *maistru* were given the status of pedagogical staff. Still, 36% of the total are non-teaching staff.

The falling staffing levels are not declining as sharply as the numbers of students. Therefore the ratio between students and staff has been quite stable at around five students per member of staff (based on the total number of staff) during the whole period 1997-2002 (Annex 2, Table 9).

The decreasing numbers of teachers has affected the student–teacher ratio so that the size of the student groups has increased. In 2002, some of the auxiliary staff was reclassified as pedagogical staff, which explains the dramatic fall in number of students in the average teaching group (Table 2.5).

Table 2.5: Number of students per pedagogical staff in VET schools under the Ministry of Education – 1997-2002

School type	Students/pedagogical staff					
	1997	1998	1999	2000	2001	2002
Polyvalent schools	18.9	18.7	16.3	15.9	15.1	5.6
Trade schools	23.5	20.5	19.5	17.3	17.3	5.5
Special schools	45.2	51.1	55.7	43.8	50.6	11.3
Total	**29.2**	**30.1**	**30.5**	**25.7**	**27.6**	**7.5**

Source: Ministry of Finance.

2.6 FINANCING OF VET SCHOOLS

The VET system has suffered from the reduced allocations of public finance to education. It has already been noted in Chapter 1, section 1.2 that since the 1990s public finance for education has almost halved as a percentage of GDP, from over 10% to around 6%. Since the VET schools often have large buildings and workshops, and they usually also have dormitories, they have outlays such as heating, electricity and fuel that became much more expensive after independence, when all energy resources had to be imported. It is more difficult to cut these costs rather than, for example, teachers' salaries. The cost of energy resources is over a quarter of the schools' budgets (Table 2.6).

Analysis of the schools' expenditure shows that there are three major costs: salaries, energy and heating, and scholarships. A relatively lower share goes to teachers' wages if Moldova is compared to other countries. The very high energy and heating costs adversely affect all other costs, i.e. the total available for wages and social security contributions. According to the OECD review, in 2001 teachers in VET were paid between €8.5 and €34.1 per month, which was well below the average monthly income of €37.3 for the same year in Moldova[7]. The obligatory installation of meters for measuring electricity in 2000 is the main reason for the sharp increase in

Table 2.6: Actual spending (percentage of total expenditure) by category of expenditure in the VET schools under the Ministry of Education – 1999-2001

Category of expenditure	1999	2000	2001
Total	**100**	**100**	**100**
Salary costs	35.2	37.3	37.0
Energy, gas heating, fuel	26.4	22.0	27.7
Office supplies, etc.	1.0	1.1	0.8
Teaching materials	0.2	0.4	0.4
Food and medicines	0.7	0.2	0.3
Telecommunication services	0.5	0.5	0.5
Transport rent	0.7	1.3	1.1
Repairs of premises, furniture, equipment	1.1	2.0	2.3
Water and sewage	6.6	4.9	2.8
Scholarships for students	22.9	21.5	17.5
Other costs	1.5	2.9	1.5
Furniture and equipment procurement	0.1	0.7	1.1
Capital repairs	3.1	5.2	7.0

Source: Ministry of Finance.

7 OECD, 2002, p. 55.

other costs that year. Spending on teaching material is at a minimum, 0.4%, as is the procurement of new equipment and repairs.

2.7 STANDARDS, CURRICULA, TEACHING MATERIALS, CERTIFICATION AND ASSESSMENT, AND RESEARCH

Standards and curricula

Determining skill needs and developing standards in VET are relatively new activities for those responsible for the national VET system in Moldova. These were the responsibility of central authorities in Moscow when the country was part of the Soviet Union. Despite some experience in determining skill needs gained in the Tacis project for reform of the Moldovan system of vocational education and training, Moldova has little experience in setting up adequate and effective measures in this area; social partners still play an insignificant role in the development of standards.

The content of VET is largely the responsibility of VET providers. They can also initiate changes in VET standards, subject to approval by the Ministry of Education. As for educational standards, although according to legislation the Ministry of Education is responsible for developing state educational standards and the control of their implementation, little has been done in this field.

Many of the old Soviet vocational curricula are still being used. Functional skills and key competences (such as teamwork and problem solving) seem to receive very little attention in the curricula[8]. The polyvalent schools provide students with a full general secondary curriculum as well as training for a profession. This combination of general academic and vocational curricula has overburdened the students and polyvalent schools while giving little added value: the topics and curricula are very old and not up to the standards that are required in the workplace. In many cases the lack of equipment also hampers the implementation of new curricula[9].

The curriculum in polyvalent and trade schools is developed and revised by the teachers and trainers. In all cases changes are subject to approval by the Ministry of Education. With some exceptions, the involvement of social partners, particularly employers, in curricula development is sporadic. The Ministry of Education approves curricula without consulting social partners, and at the national level there is no institutionalised process or mechanism for doing this.

Teaching materials

Teaching materials and manuals for the state education system should be produced, after consultation with the relevant ministries and state departments, on a tender basis. The Law of Education stipulates that they are approved by the Ministry of Education.

It appears that there has been little production of new VET teaching material compared with, for example, general education, where under a World Bank project the majority of new manuals have been produced. During our visits to polyvalent schools many teachers complained that their manuals and teaching materials were old and not of the required level. In previous years, the polyvalent schools had received some materials and manuals from Romania, but most of these date from the Soviet era and are only in Russian.

The equipment and materials in many schools are also obsolete. They cannot offer suitable conditions or a proper education that would equip school leavers with the skills and abilities they need to begin their working lives.

Assessment and certification

Commissions approved by the Ministry of Education are responsible for the assessment of polyvalent school students for their professional qualifications. These commissions are composed of: the head of

8 OECD, 2002, p. 59.

9 Ibid.

the commission, who represents enterprises of an economical sector relevant for a given occupation (depending on the occupations in which the school provides training); teachers and instructors from the same school; and other relevant people as requested by the employers if the examinations are to be used for recruiting future employees. Assessment of the students consists of theoretical and practical examinations, examination of the main subjects studied, and a presentation of their completed diploma (practical) work. Students are also assessed during the school year through both theoretical examinations and practical work. If the students pass these examinations they are entitled to receive qualification certificates of the types previously described.

The baccalaureate examinations for students in the polyvalent schools are organised by the Ministry of Education under the general rules that apply to the lycea.

Research

The main potential for pedagogical research was concentrated in the Institute of Pedagogical and Psychological Sciences (IPPS), founded in 1947 as the Institute of Schools, which closed in 1999. Its responsibilities were transferred to the Institute of Educational Sciences, which was organised along the lines of the former Institute of In-Service Training of Pedagogical Cadres. Under the law, the programmes of fundamental scientific research, as well as other research programmes, are evaluated and approved by the Ministry of Education and are financed by competitive contract. Unfortunately, little has been done in this field, partly due to financial constraints.

2.8 GENERAL STATE OF THE SCHOOLS

During the first field mission, the team visited a number of schools to get a sense of what they were like and also to see what kind of help they and their managers wanted. Brief accounts of the team's observations during those school visits are given in the boxes below.

Findings from visits to VET schools

Some main characteristic of the schools visited are summarised in Table 2.7.

Table 2.7: Main characteristics of schools visited – April 2003

Example No – Subordinated to	Urban/ rural	Has contract students	Training of unemployed	Other CVT**	Non-training commercial activities	Foreign contacts
1 – MoE*	Urban	Yes	No	Yes	–	Sida project Romania
2 – MoE	Urban	Yes	No	1 group	–	ETF NW Russia
3 – MoE	Urban	Yes	Yes	Yes	–	Tacis project
4 – Judet	Rural	No	Yes	–	Yes	Director worked abroad
5 – Judet	Rural	No	Yes	–	Yes	ETF NW Russia
6 – Judet	Rural	No	–	–	Yes	Tacis project
7 – MoE	Urban	No	Yes	Yes	Yes	ETF NW Russia
8 – MoE	Urban	Yes	Yes	Yes	Yes	Sida project

** MoE = Ministry of Education*
*** CVT = continuing vocational training*

Different approaches to survival

The first finding worth noting is that the schools are very different from each other and have approached the new situation in different ways.

An urban school like the one in Example 1 specialises in service occupations that are in high demand in Chisinau, and primarily provides one-year professional training. About 25% of the students are contract students, many of whom pay for themselves. The school finds it difficult to work with the employment service and has not done so thus far. The school has its own foreign contacts: it sends trainees to Romania and Ukraine and takes part in the Swedish-financed bilateral VET project.

In Example 2 we see a school that has a more 'polyvalent' character since it offers all three steps of the polyvalent curriculum, and most students are enrolled in polyvalent groups. The school has almost no experience in continuing vocational training and has only recently been invited to take part in the ETF-coordinated North West Russia reform project's dissemination activities.

Example 1
Polyvalent School No 2 in Chisinau – hotel services, cooks

The school was established in 1944 and has a total of 1,065 day students, of whom 820 are budget students and 245 contract students. Nine or ten groups, or 250 students, are polyvalent groups, which means that they attend both professional and general secondary education classes. Of these, half complete the first step and half proceed into the second step; 77.5% pass the baccalaureate. The rest of the students attend shorter professional courses of one year's duration. Additionally, the school has around 240 adults per year that attend three to six-month courses. They either pay individually or have the fees paid by their company. The school estimates that 85% of the adults participating in training pay out of their own pockets. The school has not yet had any contracts with the labour services because their rules are very complicated and they pay only 130 to 160 lei per month, which is considerably less than the school's cost for a student (about 200 lei per month). The school has a total staff of 130, of whom 56 are teachers.

A major problem for the school is its obsolete equipment and material. The training kitchens are very old and worn out. Thanks to cooperation with outside businesses the students can gain practical skills there. During the summer the school has the opportunity to send pupils to Romania to a large resort restaurant (Olymp) and to Ukraine to seaside hotels owned by Moldovans. The graduates of the school find jobs easily, e.g. at the big hotels in Chisinau.

Example 2
Polyvalent School No 1 – confectionery

The school was established in the 1970s and has around 600 students, 450 of whom follow the polyvalent curricula and 150 come for one-year professional training. Around 435 are budget financed and the rest are contract students. The majority of students are female. The school is one of the few that offers all three steps of the polyvalent curriculum. Some 65 to 70% of the pupils could continue to the second step but only 50% are financed by the state budget, and from the second to the third step only 25% are transferred. The total staff of the school is 96, and 49 of those are teachers.

The school has very limited experience of training adults – only one group, at the request of a Moldovan–Turkish Company that wished to send people abroad for work.

The school suffers from its old technical basis and has difficulty providing students with practical training on relevant equipment. One of the school director's proposals for modernising the VET system is to oblige businesses to help the schools.

The school in Example 3 tries very hard to find money for the renewal of its material and equipment. It has trained people for the labour services but finds their rules complicated and not very profitable. Continuing vocational training is offered mainly in short qualification courses in connection with quality assessment for welding.

Outside the large cities, the schools rely totally on attracting budget-financed students. All schools outside the large cities have raised income by bringing in activities that are not linked to training (Example 4).

Example 3
Polyvalent school No 7 – construction

The school has around 630 students, of whom 300 come for one-year professional training; the rest follow the polyvalent curricula. It prepares students for all occupations in the construction industry, but it has also recently established groups in new occupations such as cooks, tailors and car mechanics. The new courses are provided for contract students only. The school has 413 budget-financed students, and the staff estimate that some 60% of their total expenditure is covered by the budget.

The school offers the first and the second steps in the polyvalent school and around 35 to 40% of those finishing the first step go on to the second, their numbers being limited largely by the Ministry of Economy. However, in many occupations the students might continue by changing school.

The school has cooperated with the employment services and trained around 250 unemployed people over the past three years, usually in six-month courses. This year, the rules of the employment services have become very unattractive and the school has not taken part in the tender.

The school provides other services for adult training, particularly in the form of quality assessment of professional skills, plus short-term training courses for people who go abroad for work. These courses are usually for two weeks and the school examines the students at graduation and awards certificates.

The school has received some welding equipment through Tacis assistance.

Example 4
Polyvalent school Hincesti – construction

The school has around 400 students, half of whom follow the polyvalent curricula and half of whom attend one-year professional courses. All students are budget financed. They train for all occupations in the construction industry. In recent years, the school has also begun to train secretaries, car mechanics and cooks, and to hold some courses for the employment service. Payment for these extra courses is a problem. The employment service pays only 700 lei per student for six-month courses, which does not make it very attractive for the school to run them. The school gets a total budget of 1.4 million lei per year from the *judet*. In addition it earns some extra money from letting its dormitories during vacations, and from services that the students can provide (e.g. auto and machinery services). The school has a staff of 78, of whom 29 are teachers. Of the 300 graduates per year, half get jobs immediately. Most students can go back home and help out on their family farms, which gives them some practice. After a couple of years many graduates have obtained jobs abroad.

It appears that there have been attempts to change the school's professional orientation but this has been problematic. Also, the school's analysis of where its students go is not very accurate. However, specialising more in municipal services appears to be one possible future direction.

Old equipment is a very big problem, and the school has formed a joint stock company to which students' parents can pay a membership fee (1 lei per month). The school has also sought sponsors in order to obtain enough money to renew their equipment.

Rural schools – social role and self sustainability

The two rural schools – Examples 5 and 6 – underlined the social role they play in keeping young children in education in rural areas. The schools are concerned with seeing to the nutritional needs of their students and finding self-sustainable ways to finance all their needs.

The director of the school in Example 6 is a real entrepreneur and has found practical solutions to his many difficult problems. This school took part in the Tacis VET reform project, which apparently has made it better able to understand the new conditions and realities of the transition; its thinking has moved beyond its material base.

Example 5
Polyvalent rural school in Leova – construction and agriculture

The school has 292 students, of whom 120 follow the polyvalent curricula. It provides training for all the construction and agricultural occupations. In addition it trains cooks, tailors, gas and electrical welders, and tractor mechanics. The staff have changed the profile of the school so that it better fits the demand for labour. The curricula for cooks, tailors and welders were developed by the teachers and agreed with the *judet* in September 2002. In 2003 the school ran six-month courses in these occupations for two groups of around 55 people sent by the employment office. The school has a total of 69 staff, of whom 32 are teachers.

The school has 16 ha of land, which it cultivates as practice for the students. In 2003, 11 were sown with wheat and five with sunflowers. The school sells the crops and uses the money to renew its equipment. A sunflower company pays well for the school's products. As a result the school is also able to feed the children at the school canteen twice a day.

The school is positive about the transfer to the *judet*. There are fewer problems with salary payments and electricity. However, the staff feel rather isolated from the education system in that the ministry does not send them training and methodological materials nor materials for upgrading teachers' skills. There is no organised cooperation with employers or other schools, and the lack of standardised occupational skills and of any analysis of what occupations are in demand causes problems.

Example 6
Polyvalent rural school in Carpineni

The school has around 540 students, of whom 270 are budget students and the rest contract students. The school took part in the Tacis VET project and has a significantly modern view of how to solve its problems. In the past the 570 pupils were trained in tractor mechanics, but now only a small contingent is trained for this, the rest being trained as cooks, bakers and tailors. The school received some equipment from the Tacis VET project, and buys a lot itself. The school ploughs and harvests for nearby large farms and earns payment in cash and kind, which can be used in their mill to grind flour – a service that is also provided for other clients. The staff use the flour in their bakery, from which they also sell bread, and thanks to the cooks' training they have been able to open their canteen again.

The electricity supply is turned off regularly, so the school has its own generator. According to the director, only 20% of costs are covered by the budget; the rest they raise in different ways themselves.

Managers – entrepreneurial skills and commercial thinking

The two schools visited in Balti (the second largest city in Moldova, situated in the more prosperous north) – Examples 7 and 8 – have strong managers who, in two very different ways, have managed to develop their schools under difficult circumstances. In all schools, the ability of the school directors appears to be the main factor behind how well the school has managed the transition. An openness to new solutions and business opportunities, as opposed to simply trying to persuade the ministry or *judet* to pay them more money, is one of the main characteristics of the managers who have succeeded.

Growth environment

The fact that the schools in Examples 7 and 8 are working in an expanding economic environment also affects their performance. Enterprises in Balti are looking for labour. There is also a market for qualifying and requalifying staff, which could be explored by both state VET schools and private education providers. A company that we visited said that the VET schools could not provide staff with the necessary qualifications so they planned to open their own training centre. They also cooperated closely with some schools and offered places for trainees. The chamber of commerce arranged courses for office staff and had not been able to find VET schools that could offer this type of training. It appears that a lack of information about each other's existence and needs, and weak or non-existent links between employers, VET schools and other training providers, are the main reasons for the difficulties in getting the training that is required.

Training unemployed people and continuing vocational training in the schools

The experiences of the schools in training unemployed people from the employment services vary. First, some schools find that the unemployed people are not very motivated. Second, the employment service makes considerable demands on the input side of the service – for example there are checks on how the money is used – but is much less interested in the outputs, such as whether people get jobs after they have finished their training. The monitoring of the latter appears to be weak.

Continuing vocational training is offered, but on a very limited scale.

Example 7
Polyvalent school No 3 Balti – light industry occupations

The school has 405 budget students, and offers all three polyvalent steps. The school trains students for clothing industries, processes leather and fur, and produces fur clothes. It also produces protection equipment (e.g. gloves). Recently the school expanded its training to include other occupations such as hairdressers and sales staff, and has recently equipped small workshops for this purpose. The school has good relations with employers and the local employment office, and delivers training courses for unemployed people. For five years the school has had contracts with various enterprises and almost 100% of its graduates obtain employment when they leave. Due to the managers' personal good contacts and relations, the school has recently moved to a new building; a significant amount was spent on repairing and equipping it.

The school obtains funds from the practical training of students and from commercial orders for the protection equipment it produces. All these good results have been obtained due to the personal involvement and contacts of the teachers and managers.

From the manager's point of view the VET school has an important social responsibility to young people, which is why the state should increase its budget allocation to the schools. The population is very poor and the parents cannot afford to pay for their children's education. The period of vocational training should be adjusted so the children do not graduate before they reach maturity at age 18. The numbers of polyvalent schools should also be reduced so that there could be an increased concentration of resources in the remaining schools. In line with this, the school staff also think that these schools should be changed into technical lycea, which could also offer the general baccalaureate.

Obsolete equipment

Obsolete equipment that makes it difficult to provide proper training is a general characteristic of all schools. The schools need to cooperate with businesses to resolve this problem.

Example 8
Polyvalent school No 5 Balti – high technology

The school has about 550 students, of whom 340 are budget students and the rest contract students (both on polyvalent and trade programmes). The school takes part in a Sida project and has a modern view of how to solve its problems. Under the Sida project the school has developed a modular training system for adults (for computer operators and in accounting) and received new computers. Before 1990 the school trained students for the army factories but after 1990 they changed their training areas to services (radio and fridge repairing, car mechanics, waiters, cooks, barmen), computer-based accounting and computer operators. The school sells training and also receives income from providing repair services to the local community. The school cooperates with the local employment office and delivers training courses for unemployed people (about 200 were trained last year). The school finds this cooperation useful for both sides.

The school has good relations and cooperates well with the other schools from the *judet*. This is also because the director is the president of the VET Schools Directory Council. The school has good relations and cooperates well with local enterprises, especially with the SMEs. It organises its practical training for students within these enterprises. After graduating, almost all the graduates find jobs – especially within the enterprises where they did their practical training. The school does not have such good relations with the local authorities, and from the manager's point of view the local authorities are not very interested in the polyvalent schools. Given this view, he does not think the transfer of VET schools to local control is useful for the schools.

3. THE LABOUR MARKET – IMPLICATIONS FOR THE VOCATIONAL EDUCATION AND TRAINING SYSTEM

3

3.1 POPULATION OF WORKING AGE (15 TO 64 YEARS) AND THE LABOUR FORCE

Moldova had a population of working age (15 to 64 years) of 2.47 million in 2002. The overall labour force participation rate (LFPR) was 62.1%, while for men it was 63.6% and for women 60.8%. This implies a labour force of slightly over 1.5 million.

The full data for the characteristics of the employed population broken down by age group, gender and urban/rural distribution for 2002 are in Annex 2, Table 10.

Table 3.1: Population aged 15 to 64 by gender, urban/rural distribution, LFPR, employment and unemployment – 2002

	Popula-tion 15–64	Em-ployed	Unem-ployed	Labour force	LFPR %	Employ-ment rate %	Unem-ployment rate %
Total	**2,470,339**	**1,425,589**	**109,544**	**1,535,133**	**62.1**	**57.7**	**7.1**
Male	1,191,606	693,916	64,101	758,017	63.6	58.2	8.5
Female	1,278,733	731,673	45,443	777,116	60.8	57.2	5.8
Female % of total	51.8	51.3	41.5	50.6			
Urban	1,078,820	581,601	81,225	662,826	61.4	53.9	12.3
Rural	1,391,519	843,988	28,319	872,307	62.7	60.7	3.2
Rural % of total	56.3	59.2	25.9	56.8			

Source: Department of Statistics and Sociology.

About half the labour force is female, and the female share of both the working age population and employed population is slightly over 50%. The proportion of unemployed people who are women is 41.5%, which means that there are about 20,000 fewer unemployed women than men.

More than half of the labour force is found in rural areas. This is a reflection of Moldova's rural economy, with more than half of its total population being in rural areas. The labour force participation rate in rural areas is higher than in urban areas[10].

About 59% of Moldova's employed population is found in the countryside, and only 25% of those are unemployed. This largely reflects the high degree of labour force participation among the senior age groups (Annex 2, Table 10), and it is most likely that there is considerable underemployment in the rural areas, since a large part of the work is seasonal.

3.2 EMPLOYMENT RATES

Very interesting patterns emerge from an analysis of employment rates (employed population divided by the population of 15 to 64 year-olds), presented in Table 3.1 and in more detail in Annex 2, Table 10.

- The total employment rate of over 57% is near the EU average, and although there is a slight difference between employment rates of women and men, there is no substantial gender gap.
- The employment rate for the rural population is higher on average and for all age groups. The level of employment among the senior age groups and those over 65 in rural areas is very high. Part of the explanation may be the inadequate pensions received by the former collective farmers in rural areas, and also that they report being employed, although it is unpaid work on their own farms and not gainful (income-generating) employment.
- Female employment rates are higher than male rates for all age groups in the 20 to 49 age range, and it is only in the age group of those over 55 that male employment rates become considerably higher. Until recently the pension age for women was 55 to 57 years and 60 to 62 for men[11], which partly explains the difference. The shadow economy, men working abroad and different educational patterns are other factors that might lie behind this picture, apart from the fact that women in the former Soviet economy traditionally had high labour force participation.

3.3 UNEMPLOYMENT RATES

The total unemployment rate (number of unemployed divided by the labour force, 2002) is 7.1%. Unemployment[12] is higher among men (8.5%) than women (5.8%), and considerably higher in the urban (12.3%) than in the rural areas (3.2%) (see Table 3.1 and Annex 2, Table 10). The highest unemployment rates are found among the younger age groups of 15 to 24 year-olds. An interesting fact to note is the higher unemployment rate among men of 20 to 24 years of age compared to women of the same age. Whether this has to do with the higher proportion of women entering the labour market earlier, conscription into military service and greater numbers leaving the country (to work abroad) at this age, better job opportunities for women, or other factors, is something that needs to be researched in detail.

Another interesting feature that emerges from Annex 2, Table 10, is the higher unemployment rates in the 40 to 49 age groups as compared to people a few years younger and a few years older. Whether this is a temporary phenomenon due to plant closures in the transition phase, which have caused redundancies, or to other factors, is another area that needs to be researched in detail.

10 We believe this is because people in self-sufficient agriculture are regarded as being employed although this is not strictly income-generating, gainful employment.

11 The pension law has recently been changed and the present age for retirement is 60 years for women and 65 years for men.

12 In order to be classified as unemployed according to the ILO criteria, a person should i) not have worked during the survey week; ii) be actively searching for a job; and iii) be available for work.

From the data presented in Table 3.1 and Annex 2, Table 10, it appears that the priorities for unemployment policies should take into account the following.

- Unemployment is primarily an urban problem and cities should be given priority over rural areas in targeting and funding active labour market policies.
- Youngsters aged 15 to 24 in urban areas are the most vulnerable group and special measures should be designed for them. Resources should be allocated in order to avoid considerable social problems. One factor behind the high unemployment rates among the young might well be that their education and training is not in line with the changing requirements of the labour market.
- The data also indicate that unemployment is a male problem in Moldova rather than a female one. This is different from the situation in most EU countries. One needs to research the issue and check that men are not in fact employed in the shadow economy or that the data is skewed in some other way. The high degree of male unemployment clearly indicates that measures need to be adjusted to get young men in particular into employment.
- The data indicate a problem with people in urban areas becoming redundant at a quite mature stage of their working life, at 40 to 49 years of age. If this is true, then it is important to allocate resources to retraining and other active labour market programmes that ensure that people with considerable work experience are guided back into jobs. This poses challenges for the employment and VET authorities to develop continuing vocational training.

3.4 EMPLOYMENT, UNEMPLOYMENT AND EDUCATIONAL ATTAINMENT

Table 3.2 and Annex 2, Table 11 show the employed population by level of education. It is noticeable that VET is the dominant educational background for employed men aged 15 to 64, while for women of the same age group it is general secondary school. There is also a slightly higher probability that women have gone through higher or short-term higher education.

In the towns, to be employed and to have no education or only primary or incomplete secondary education is very uncommon. Only 6% of the urban employed population have such an educational background. In the rural areas, however, whether people have VET, full secondary or incomplete secondary education appears not to matter. People have a similar chance of being employed whatever their educational background.

Table 3.2: Educational background of the employed population aged 15 to 64 in 2002 (percentages)

		Higher education	Short-term higher education	Vocational profes-sional school	Secondary general education	Secondary incomplete education	Primary school or without primary school
Total 15–64	**100.0**	**14.1**	**14.5**	**27.1**	**23.1**	**19.1**	**2.0**
Male	100.0	13.5	12.6	33.7	20.3	18.2	1.7
Female	100.0	14.8	16.4	20.7	25.8	20.0	2.4
Urban	100.0	26.8	21.4	28.1	17.0	6.1	0.6
Rural	100.0	5.4	9.8	26.4	27.3	28.1	3.0

Source: Department of Statistics and Sociology.

As for unemployed people by levels of education (Table 3.3 and Annex 2, Table 12), a striking feature is that unemployed people with incomplete secondary education fare the worst, representing 35% of the total unemployed in 2002. In the rural areas, where most of those with incomplete secondary education live, almost 50% of the unemployed aged 15 to 64 have such a background. Thus, the risk of becoming unemployed is much higher for those without a full secondary or VET education.

For men, having a VET background means that the probability of being employed is considerably higher – 10 percentage points – than if they have general secondary schooling. For unemployed women a difference exists between a VET and a general secondary school background, but it is not as strong.

From these observations we can draw the following conclusions.

- For men, the probability of being employed in urban areas is greater for those with a VET background than for those with a general secondary school background. There is also a difference in the probability of being employed in cities for women with VET or general secondary schooling, but it is less marked.
- It is still possible to find a job in rural areas with only an incomplete secondary education. However, during bad times the risk of being laid off and becoming unemployed is very high. With a VET background a person is less likely to be unemployed than someone with incomplete schooling.
- To have higher or short-term higher education is a good insurance against becoming unemployed, particularly for men. At present, unemployment for men in these categories is equal to frictional and structural unemployment – around 6%.

3.5 REGISTERED UNEMPLOYMENT AND THE WORK OF THE EMPLOYMENT SERVICES

It is important to note that the employment services work with people who are registered unemployed according to the Moldovan labour law and not with people who are unemployed according to the ILO criteria. The latter are used for creating statistics that are internationally comparable.

Table 3.3: Educational background of the unemployed[13] population aged 15 to 64 in 2002 (percentages)

		Higher education	Short-term higher education	Vocational profes-sional school	Secondary general education	Secondary incomplete education	With or without primary education
Total 15–64	**100.0**	**8.4**	**7.6**	**24.2**	**21.9**	**35.2**	**2.7**
Male	100.0	5.7	6.1	26.6	21.1	36.3	4.2
Female	100.0	12.5	10.0	20.6	22.9	33.5	0.5
Urban	100.0	12.3	9.1	28.2	22.0	25.4	2.9
Rural	100.0	2.5	5.4	18.3	21.5	49.8	2.4

Source: Department of Statistics and Sociology.

13 Using ILO methodology for measuring unemployment.

Results from an interview survey among job seekers in 2001

According to an unemployment sample survey (1,251 respondents) in 2001, a third of those surveyed were underemployed – i.e. they could not find a full-time job or were forced to work part-time due to administrative leave. Some 35% of those interviewed had registered with the public employment services.

The majority of those unemployed, 80%, were not in work because they had been dismissed from their jobs. Of those leaving of their own accord, over 50% gave low wages or their employer's refusal to pay their wage as the main reason for resigning.

Among the methods they used to search for a job, 78% said they 'turned to friends, relatives and colleagues' as their main method. Some of them used advertisements, and some direct contacts with employers.

A total of 73.3% of those unemployed had been unemployed for more than a year.

Some 7% of the unemployed people regarded emigration as a way out of unemployment.

Source: Centre for Strategic Studies and Reforms (CIRS), 2001.

Registered unemployed people

In order to be registered as unemployed[14] with the employment service an individual must be:

- without a job;
- aged between 16 and the pension age (57-year old for females and 62 for males)[15];
- able and willing to work;
- actively searching for a job;
- without agricultural land;
- without other sources of income.

The breakdown of registered unemployed people by age and gender is different from that produced by ILO. This is because the international criteria for being unemployed differ from those laid down by Moldovan law.

In Annex 2, Table 13 gives the breakdown of registered unemployment by age group. One can see that about a third of registered unemployed people are from the younger age groups, and that another third are from the prime and mature working ages. The tendency over the past five years has been for the proportion of the unemployed population aged 25 to 34 years to rise in comparison with those in the 35 to 49 age group, where the people employed in the traditional industrial enterprises are mainly found. This could reflect the poorer economic situation after 1998, with generally deteriorating economic conditions also affecting the new private sector.

An analysis of the figures for registered unemployment by gender (Annex 2, Table 14) confirms the tendency for unemployment to be primarily a male problem, as was mentioned in section 3.3, which commented on the unemployment statistics produced using ILO methods. In 1998 women still constituted 50% of those registered as unemployed. However, since 2000 women have made up a smaller proportion of the registered unemployed population than men, and in 2002, men constituted 57% of those registered as unemployed. Moreover, it is noticeable that women aged between 16 and 24 years make up a much larger share of the overall group of unemployed women than do unemployed men in the same age group. For women, the 16 to 24 age group has the largest share of unemployed women at 43%. For men, the 25 to 34 years group has the largest share of all registered unemployed men (Annex 2, Table 14).

14 All the facts and figures for the registered unemployed are in accordance with the employment law which was in place before July 2003.

15 Under the new pension law, women become pensionable at 60 and men at 65.

Among the registered unemployed population the correlation between educational level and unemployment rates is high. Those with only general secondary and incomplete secondary education represent over 50% of those registered unemployed, whereas those with VET make up 25% and those with higher education only 6 to 7%. This is not just a consequence of the fact that people with higher education have a lower unemployment risk. As in other countries people with lower educational levels tend to make use of the employment services because low-qualified jobs are more often reported to the service, whereas people with higher education are recruited in other ways (Table 3.4).

Data on registered unemployed people and why they turn to the employment service are presented in Annex 2, Table 15. It is noticeable that first-time job seekers from secondary schools constitute around 10% of those registered as unemployed and university graduates only 2%. There has been a radical change in trends when looking at those being laid off and those turning to the service because they had resigned from their previous job. In 1999, 50% of the end-of-year registered unemployed total were people who had been laid off due to company closure or reorganisation. In 2002 this group represented only 20% of all those registered as unemployed, while the people who had resigned from their jobs had risen to 29%, from 21% in 1999. There is also another group, those who are jobless 'for other reasons', which has almost doubled, and now constitutes the largest single group of the registered unemployment total.

Research is required into why there have been these changes in the causes of unemployment. The increase in those leaving jobs and the decrease in lay-offs could simply reflect administrative measures which decrease the number of people who are entitled to severance payments and unemployment benefits.

Registered unemployed people by region, and the unemployment vacancy ratio

The regional distribution of registered unemployed people at the employment offices (Annex 2, Table 16) indicates that most are found in the large cities of Chisinau and Balti. However, this is also where most vacancies are found.

As shown in Table 3.5 the registered unemployment:vacancy (U:V) ratio for the whole country has fallen since 1999. This is a sign of economic recovery. However, the situation varies considerably between different areas, and while the situation in Cahul *judet* has improved, in Ungheni *judet* it is still giving cause for concern, and in Orhei *judet* there has obviously been a very marked deterioration between 2001 and 2002. The problem is not primarily one of high registered unemployment figures, but the total lack of job openings. The authorities need to intensify their work with existing employers, start some public works or other appropriate active measures, and implement a regional policy that attracts employers to the region.

Table 3.4: Educational background of people registered as unemployed with the employment service – 1996-2002

	1996	1997	1998	1999	2000	2001	2002
Total registered unemployed	**46,333**	**49,518**	**63,296**	**57,834**	**50,848**	**59,505**	**63,327**
of which percentage with							
Higher education	7.2	8.4	6.9	9.0	7.3	7.2	6.7
Short-term higher education and specialised education	13.9	15.3	13.6	15.8	13.5	11.8	10.3
Vocational-technical	24.2	22.6	25.7	24.5	26.8	29.9	31.0
GSS & incomplete education	54.7	53.7	53.8	50.7	52.5	51.1	52.0

Source: Department of Statistics and Sociology; the data are for all job seekers registered as unemployed during the year.

Table 3.5 The unemployment:vacancy (U:V) ratio per region – 1999-2002

Judet employment offices	U:V ratio			
	1999	2000	2001	2002
Total	**46.6**	**27.0**	**35.7**	**28.2**
mun. Chisinau	17.8	9.7	17.9	11.1
Balti judet	51.7	11.0	11.5	9.9
Cahul judet	57.6	1,016.0	371.5	49.9
Chisinau judet	42.0	40.9	57.4	67.6
Edinet judet	893.2	68.4	249.2	127.1
Lapusna judet	183.6	75.5	136.5	123.1
Orhei judet	328.2	135.8	47.5	189.1
Soroca judet	59.9	73.0	36.3	43.0
Taraclia judet	0.0	32.8	49.8	13.6
Tighina judet	220.5	60.4	100.3	107.5
Ungheni judet	159.2	5,812.0	389.2	251.0
UTA Gagauzia	72.7	39.1	62.8	34.7

Source: Ministry of Labour and Social Protection.

Passive labour market measures

The only passive measure used is unemployment benefits. The criteria for receiving unemployment benefits are that all the conditions noted above for registering as unemployed must be fulfilled. In addition the following criteria are used:

- the person laid off has worked for six months before registering with the employment office;
- people who lost their job for reasons beyond their control, e.g. their employer has moved to another location and they cannot move for personal reasons;
- women who have taken leave to look after their children up to the age of 14 and who would like to start working again, but whose old job, or another one, is no longer available;
- people who have been in prison;
- people who have been given medical pensions and are now able to work but whose job is no longer available;
- new entrants (graduates who have not worked before registering with the employment office);
- people who have finished their period of compulsory military service.

Unemployment benefits are payable for nine months. After this period unemployed people can receive some subsistence allowances from the local authorities. They can stay on the unemployment register as long as their situation does not change and they fulfil the criteria until they reach pension age. The unemployed must come to the employment office once a month if they are unemployed without benefits, or twice a month if they receive benefits, in order to declare/confirm that they still fulfil the criteria for being registered unemployed.

Financing the labour market policy

Table 3.6 shows that the expenditure on the labour market policy is around 19 million lei per year, which in 2002 corresponded to around 0.1% of GDP. The labour market policy has been allocated a decreasing share since 1999, when total expenditure corresponded to almost 0.2% of GDP. Passive measures, i.e. unemployment benefits, make up around 40% of total expenditure, which is a reduction from the end of the 1990s, when unemployment benefits accounted for more than 60% of total expenditure.

Table 3.6: Expenditure on the labour market policy – 1998-2002

	1998	1999	2000	2001	2002
Total (lei)	**14,240,163**	**20,351,382**	**21,904,158**	**17,818,914**	**19,092,896**
% of GDP	0.18	0.18	0.16	0.11	0.10
I. Passive policies – % of total (unempl. benefits)	60.5	61.7	66.8	57.1	41.9
II. Active policies – % of total, of which	24.1	20.3	17.1	17.0	29.7
• Vocational guidance and training/retraining (% of total active policies)	99.9	99.9	99.9	94.5	96.0
• Work-place subsidies	0	0	0	0	0
• Public works	….	….	….	….	1.2
• Micro-credits	0	0	0	0	0.1
• Information, counselling and mediation services	….	0	….	5.3	2.7
III. Employment services maintenance – % of total	15.4	18.0	16.1	25.9	28.4

….: not significant
Source: Ministry of Labour and Social Protection.

Training for unemployed people and other active measures

As seen in Table 3.6, training is the main active labour market measure used. The rules for training, retraining or up-grading courses for those registered as unemployed are as follows.

- The employment offices organise training courses only for those registered as unemployed.
- Any registered unemployed, whether or not they are receiving unemployment benefits, can be sent on a training course organised by the employment office.
- These training courses are paid for by the employment service.
- Unemployed people (whether or not they are receiving unemployment benefits) can be reimbursed for their transport and accommodation costs if the training course is in a town or village other than their own.

Unemployed people receive unemployment benefits (if they are entitled to them under the law) for the period during which they participate in training or retraining courses organised by the employment services.

Other active measures are public works, micro-credits and information and matching services. These receive less than 1% of the total expenditure. However, in terms of the resources spent, training remains the dominant measure. It is noticeable that the cost of maintaining the employment offices and their personnel rose from 12% in 1998 to 22% in 2002.

Less than 10% of the total number of those registered as unemployed receive training (Table 3.7). The numbers have fallen over the years. Of those trained, around 40% found jobs immediately following training in 2000 and 2001. These data are not available for the other years.

The most popular occupations for which the employment service provided training in 2002 are shown in Table 3.8.

Table 3.7: People trained by the employment service – 1998-2002

	1998	1999	2000	2001	2002
Total trained	**7,262**	**7,286**	**5,253**	**5,325**	**4,846**
Total registered	**63,296**	**57,834**	**50,848**	**59,505**	**63,327**
Trained as % of total registered	11.5	12.6	10.3	8.9	7.7
% of those trained who found jobs	-	-	38.2	40.2	-

Source: Ministry of Labour and Social Protection.

Table 3.8: Most popular occupations trained for by the employment service in 2002

Seamstress, tailor (635)*	Car operator (84)
Hairdresser (565)	Electric and gas welder (138)
Cook-confectioner (504)	Plasterer, painter (193)
Accountant (470)	Waiter, bartender (134)
Machine operator (913)	Shop assistant (86)
Office assistant (435)	TV and radio repair person (5)

** The numbers in brackets indicate the number trained for that profession in 2002*
Source: Ministry of Labour and Social Protection.

3.6 SOCIAL DIALOGUE MECHANISMS AND SOCIAL PARTNERS

Concepts of social dialogue and legal framework

In order to develop a social dialogue, the government of Moldova approved on 26 May 1999 the *Concept on the Development of the Social Dialogue System*.

The Ministry of Labour and Social Protection and other relevant ministries and departments were jointly given responsibility for implementing the concept in cooperation with their social partners – the National Patronat Confederation and the General Trade Union Federation. This concept also established the Economic and Social Council, a tripartite organisation whose main responsibilities are to advise and inform the government on relevant social and economic issues. The implementation of the concept still requires organisational improvements to be made in the way social dialogue is carried out between the partners and in the steps that are to be taken for the practical promotion of social dialogue.

As for social partnerships in VET, the only important reference occurs in the government decree of 12 March 2001 on the approval of the national collective labour contract for 2001, and in the collective labour contract agreed on a tripartite basis. It refers to the obligation of the government to implement the national programme for manager training, including training for young entrepreneurs for small and medium businesses until 2004. Following government decree No 367 of 27 March 2003 the Collective Labour Contract and Additional Agreement are prolonged for the duration of 2003, re-entering into force on 4 April 2003.

Employers' links to VET

The team has tried in various ways to form a picture of how the employers, i.e. businesses, are involved in the process of VET and continuing vocational training. All in all, 20 companies (small as well as large) were interviewed, of which 12 took part in a round-table meeting especially organised by the team. Table 3.9 gives some characteristics of these companies.

The general view of the 20 companies was that they have little involvement in the design of either initial VET or continuing vocational training. As we know, the demand for initial vocational training is formulated by the Ministry of Economy, which formally requests relevant information from the Ministry of Labour and Social Protection and other branch ministries. Following a proposal from the Ministry of Economy, each year the government issues a decision stipulating the list of occupations to be taught and the number of students to be enrolled by each VET school. The companies, i.e. the future employers of these students, are not involved in this process in any systematic way. A few of the enterprises that we interviewed had been involved in a fact-finding process, but they did not see this as involving them in determining the structure or numbers in training against any future demand.

The attitude of the companies interviewed towards VET was either ignorance or quite negative. Many new companies were surprised to find out that the VET schools still exist. Apart from technical skills, the labour market is demanding core skills such as communication, problem solving, decision making and learning. But the VET schools, with a few exceptions, are not providing these.

Several entrepreneurs declared that at the heart of the problem is the fact that vocational training is not sufficient to guarantee a job. This is not necessarily because of its inappropriateness, but simply because of the saturation of the labour market. Most enterprises operate below full capacity for various reasons, such as:

- the lack of a coherent state policy for entrepreneurial activities;
- administrative barriers to starting businesses;
- the lack of real and efficient state support mechanisms;
- the lack of medium (three to five years) and long-term (five to seven years) loans;
- the decreased level of professional training and insufficient qualified SME personnel;
- difficulties in access to sources of information, including a lack of institutions to provide an information and consulting support infrastructure in most regions.

Table 3.9: Characteristics of the companies interviewed for the study

Total number of companies interviewed or participating in the round-table meeting		Distribution by number of employees				Distribution by region		
		1–50	51–150	151–250	Over 250	North	South	Centre
Total	**20**	**6**	**6**	**1**	**7**	**13**	**2**	**5**
Participated at the round-table meeting	12	2	4	0	6	11	0	1
Interviewed	8	4	2	1	1	2	2	4

Findings from the team's visit to a business in Balti

The company has had a continuing need for new personnel. They have a large stock of orders, many of which are from international firms. They cooperate with the employment service and hire people who have been retrained through the employment offices at VET schools. The company feels that the VET schools do not understand the working processes for which they are training people and that the practical training they offer is very deficient.

- The vocational training offered by the VET schools to unemployed people who come through the employment offices does not match the employers' requirements:
  - the graduates do not have the skills asked for;
  - the qualifications offered are too narrow;
  - the equipment on which individuals are trained is too old;
  - there are too few teachers, and often they do not teach students according to the latest developments in the labour market.
- Immediately after they are hired, graduates of the VET schools have to be retrained by their employers (business training). The employers find this inconvenient and cost inefficient. Money is spent twice, first by the state and then by the employer, to train the same graduate in the same profession or qualification. Companies have to invest funds, time and human resources in this training, incurring costs that they apparently have not anticipated.
- The business offered trainee places for students at VET schools.
- There is practically no vocational guidance available in the schools or from the employment office. Students and unemployed people should be offered guidance so that they can make the best career choices for themselves. Through vocational guidance and counselling services students or unemployed people could obtain useful information about companies and their areas of work, job descriptions and the skills needed for each profession, and the various vocational training institutions and the training programmes they offer.
- In order to have better trained and qualified employees who have the actual skills and competencies needed for specific jobs, the company obtained authorisation from the Ministry of Education to organise its own vocational training programmes rather than through the VET schools or employment office. In this way the managers could ensure their staff were trained in accordance with the organisation's needs. They found the process of obtaining the licence for organising their own vocational training programmes difficult because of the bureaucracy and all the barriers put up by the Ministry of Education.
- VET schools and employment offices need to have closer contacts with companies so that they can design and offer better programmes.
- The company recommended that in order to improve the vocational training system, the Ministry of Education and the Ministry of Labour and Social Protection should make an analysis of what occupations were in demand and the skills required for each, in cooperation with the employers' associations.

We found that the links between the VET system and businesses differ between regions and schools. Many schools have lost their links with former state-owned enterprises because most of them no longer exist. Some VET schools, however, are situated close to large enterprises which have survived after being restructured under the privatisation programmes (for example, some VET schools in Balti, Chisinau, Edinet, Cahul, and Orhei *judet*); here links have been preserved and developed.

When these links are well developed, the businesses play a significant role in determining the curriculum, especially for practical work. The schools have adjusted their training to the needs of these enterprises first of all. At the same time, however, in order to not be solely dependent on one employer, these schools have also introduced training for new occupations as demanded by individuals. Implicitly, this demand for training reflects the 'new' labour market (as opposed to the labour demand from the privatised state-owned enterprises), which is dominated by the new private enterprises.

Entrepreneurial skills

The VET role in developing entrepreneurial skills has been reduced to a short course, 'Bases of entrepreneurial activity'. It was introduced into the polyvalent vocational school curriculum around six years ago and has not changed since. The impact of introducing this course into the first two years of vocational education has been insignificant. The situation is critical in rural areas where other mechanisms for developing entrepreneurial skills are totally absent. As a result, over 65% of small businesses are concentrated in Chisinau. The potential for VET to increase entrepreneurial skills in the country is very high. Many of the trades taught in the VET system could serve as a good basis for starting and developing a small business. Furthermore, some of the VET schools in the regions could undertake the role of business incubators, developing services and facilities for local entrepreneurs.

The following active steps for improving labour market mechanisms and developing entrepreneurial skills were suggested during discussions with employers:

- steps which would generate a demand for labour: entrepreneurial training, business consulting centres, business service providers, business incubators;
- steps which would address the supply of labour: vocational education in trades and qualifications that are in demand in the labour market;
- steps which would correlate the demand and supply of labour: workplace fairs, community services;
- subsidised work places in businesses for unemployed people.

Strategic importance of small and medium-sized enterprises

SMEs constitute 90% of the companies submitting financial statements (but they hire only 26% of the total employees). They are therefore of strategic importance for overall economic development.

The government decree of 28 June 2002 on the state programme for support to small business for 2002–05 inspires optimism, since Chapter 4 of this programme stipulates a series of measures on the training and retraining of staff for small enterprises. These include:

- creating and developing a system of training and retraining for individuals who want to start their own businesses;
- developing training and retraining programmes for staff in small businesses;
- training specialists in the main areas of entrepreneurial activity;
- providing professional management knowledge to individuals who want to start their own businesses;
- developing new content for teaching entrepreneurial skills within both general and vocational secondary education systems and the higher education system, which will create at national level the foundation for developing the necessary skills to initiate and manage businesses and for orienting young people towards market economy principles.

The institutions responsible for implementing these measures are the Ministry of Education, the Ministry of Labour and Social Protection, and the small business associations. The Ministry of Economy coordinates these activities.

The government expects the following results from this programme:

- the extension of economic activity and a reduction in unemployment;
- the creation of new workplaces involving various categories of socially vulnerable people;
- the restructuring and resizing of the national economy;
- an increase in the number of taxable enterprises and hence increasing budget revenues;
- the creation and maintenance of higher living standards;
- an increase in small businesses' share of GDP.

This programme should have been implemented by now. However, the companies we interviewed were sceptical about it. Many of them did not know the programme existed, and the state budget for 2002/03 did not include any financial funds to support it.

Conclusions of round-table discussion on 'Social dialogue – the reality and prospects' held on 30 May 2003 in Balti

- The round-table participants mentioned the lack of information on social dialogue. Economic agents from Balti are not involved in the social dialogue process and do not know the legal framework that regulates it. None of those attending the meeting are members of an employers' association (called *Patronat* in Moldova), notwithstanding the fact that 4 out of the 12 present were both enterprise owners and managers.
- The companies emphasised the fact that under employment law and regulations they must report all vacancies to the employment service. If the company publishes an announcement about a vacancy in the newspaper without the approval of the employment offices they are subject to administrative penalties.
- All entrepreneurs emphasised the low quality of vocational training provided by both educational institutions and training courses for unemployed people, and the high level of staff turnover among these categories of employees. At the end of their first year of employment only 25 to 30% of these employees continue to work within enterprises.
- None of those present recorded positive experiences when employing graduates of polyvalent vocational schools or unemployed people who had done the training courses organised by the employment offices, except where they had taken additional measures to integrate the new employees.
- Over half of those present emphasised that public institutions do not acknowledge the private sector as partners in the training and development of staff. None of the enterprises had been involved in forecasting labour market needs in order to determine in what occupations polyvalent schools should be offering training.
- The participants confirmed the importance of social dialogue, which they thought should be adjusted to the realities of Moldova and implemented both nationally and regionally.
- The entrepreneurs pleaded for an appropriate legal framework, easily applied in practice and containing financial or other types of incentives, to stimulate participation between all social partners, including companies, in organising vocational training for both students and adults. The outcome of joint activities would be seen in decreasing staff turnover within companies and an increase in the capacity of businesses to face the requirements of the market economy and competition in the internal and external markets.

The list of enterprises that participated in the discussion is attached at the end of the study.

4. CONCLUSIONS AND RECOMMENDATIONS

4

4.1 GENERAL CONCLUSIONS

The VET system in Moldova is in a period of radical change. As has been seen in this study the foundations of the old system are deteriorating and there is still no stable foundation for a new system that meets the requirements of the present economic and social situation in Moldova.

However, visits to VET schools and talks with school managers, representatives of the Ministry of Education and Ministry of Labour and Social Protection, and with social partners show that there is a great deal of concern and thinking taking place on how to reform the system so that it can both play a role in the training and education of the future labour force and provide opportunities for the existing labour force.

Some figures clearly demonstrate the importance of professional education. Currently, 27% of the employed labour force aged 15 to 64 years has a VET background, which indicates that having a professional education leads to a high probability of being employed. Also, people with a VET background run a lower risk of becoming unemployed than those with only incomplete secondary education.

However, there are also many problems, and the VET system certainly needs reforming. The old VET schools were established to serve the requirement of state-owned enterprises for workers with narrow professional skills. State-owned enterprises were compelled to help the schools with the provision of materials and equipment and to give the students their practical training. After graduation the students would be hired by the enterprises for which the school was preparing workers.

The schools are now independent of any specific enterprises, and to a large extent the enterprises that they were serving have disappeared. Many schools suffer from obsolete equipment and teachers who have not undergone retraining for years. The schools have difficulty finding places for the practical training of their students and jobs for their students after graduation.

Moldovan VET schools share these problems with VET schools in other former Soviet republics. A particular problem in Moldova is that the economic recovery is slow and there have been many unsustainable governments during the transition. There is still no clear economic growth strategy that indicates which branches of the economy will be expanding in future, which would in turn provide some guidelines for an education – and particularly VET – policy strategy.

Nevertheless, there are also many positive observations that can be made about the VET schools. Some schools have adjusted very well to the difficult conditions of transition. Of their own accord, they have changed their profiles radically so that they work together with employers, thereby giving their students the opportunities for the practical training they need and jobs after graduation. Despite their inadequate financing, the schools earn money by taking on contract students who pay for themselves. In the rural areas the schools try to find ways of earning money by letting the students cultivate, harvest and process crops that can be sold or used to feed the students. Schools in towns take orders for simple products. They can thereby give their pupils some practical training and help the schools to keep going. Cooperation with the employment service has started in some regions, and the schools admit adults for shorter retraining and skill upgrading courses.

Despite these positive tendencies, the VET system needs substantial support to restructure if it is to become a system that can meet the demands of tomorrow. Three things are vital at this point.

1. The Ministry of Education and the Ministry of Labour and Social Protection must develop a state policy for VET that draws up clear lines for what the VET system should deliver, to what extent the system should be state supported, and how the state financing should be guaranteed. In doing this, the ministries must cooperate closely with the schools themselves, the Ministries of Finance and Economy, the regional authorities and, most importantly, the employers.
2. There is a need to develop a mechanism in Moldova for involving social partners – i.e. employers from large companies, SMEs, branch organisations, the employment service, public authorities, the regional committees of industry and public employers – in the development of VET. This is necessary for both initial vocational training and continuing vocational training. The cooperation must include:
   - the development of educational standards, since those currently used do not provide the skills and abilities required by employers;
   - forecasts for the numbers needed in different economic sectors and analysis of the local labour market;
   - financing issues, i.e. what costs should be borne by the state through taxes, which ones directly by the enterprises, and which ones by the individual.
3. The status and visibility of VET schools, and the occupations for which they prepare their students, must be raised.

4.2 SPECIFIC FINDINGS AND RECOMMENDATIONS

In this section we describe the seven principal and concluding findings of the study and give general recommendations on what the Ministry of Education, Ministry of Labour and Social Protection and related authorities might consider doing to address these issues.

Finding 1
Lack of baseline data for determining policy

A sustainable policy needs to be based on a clear analysis. There is a great deal of confusion in the documents available to the team regarding the development of primary VET and vocational guidance, training and upgrading. We find that this is due to the lack of analysis of the VET system in relation to:

- Demographic developments, which give the background to what labour requirements VET needs to meet. The

size of the cohorts that will enter VET in two years, in five years and in ten years is, for example, one of the demographic aspects that should be analysed.
- The other parts of the education system, which will be catering for the remaining members of these cohorts.
- The financial conditions – these are largely dependent on unknown economic developments, but some assumptions about these could give planners a rough idea of, for example, what proportion of the cohort will need primary VET and whether the state can afford to provide that kind of education. The documents the team has analysed do not even mention the cost of providing a student with VET, and there is no information about what it costs compared to other types of education.

Recommendation 1
Need for analysis to underpin policy

There must be a proper analysis to underpin any policy proposals in this area. There needs to be an analysis which brings together demographic statistics, forecasts of the future cohorts entering secondary education and VET, information on the costs of different types of education, government programmes and forecasts of economic and social developments. The present situation needs to be clearly described and the problems identified, and then the goal – where the system should be in two, five or ten years given the demographic and economic constraints – must also be presented. Only after this is clear, can a policy describing how to get from the present to the goal be formulated.

Finding 2
Labour market conditions and employers' requirements

One indicator of the implementation of a VET policy is the yearly enrolment in VET schools. It is absolutely crucial that the determination of that number is based on the demand for labour in different sectors. In order to know what that is, there needs to be an analysis of the present labour market and what demands are expected in the near future. Some schools carry out surveys of the local employers themselves and have radically changed their profiles; they have asked permission to offer training places for different occupations based on this information. However, there is no systematic labour market analysis and the majority of schools do not seem to work along these lines. At the centre, there is no systematic survey of employers' needs before the enrolment numbers are set. These are determined by the Ministry of Economy in the old planned economy way.

Recommendation 2
Involvement of social partners in labour market analysis

It is absolutely necessary to create a mechanism for performing labour market analyses at the school level, as well as locally, regionally and centrally, so as to ensure that the sectorial distribution of VET places is correct. The schools must perform a yearly analysis of the labour market they train for. The regional and central authorities must use this information when they determine the number of budget-financed places in each school, and must also support the schools in this work. This support can be given by facilitating cooperation with employers and employment services by creating social partnership bodies locally, regionally and centrally.

The state authorities must also perform forecasts for the local, regional and central labour market, which requires statistical gathering and processing by officials of the Department of Statistics and Sociology and/or the Ministry of Labour and Social Protection. These forecasts should be renewed each year, or at least every second or third year. In between these times the small surveys of the schools can be used.

Finding 3
Weak standards

There is a very weak link between the publicly supported (budget-financed) places in the VET schools and the employers' needs for people with certain occupations. The standards of trained students are not in line with the employers' expectations and requirements when hiring people.

Recommendation 3
Involvement of social partners in standards development

In principle it should be the social partners who are involved in the development of educational standards so that these standards fully meet employers' requirements. However, there is a long way to go until that situation prevails. In the meantime the schools could carry out a local labour market analysis to see what occupations are in demand. They can then develop their own contacts with employers thereby finding out what they want their workers to be able to do when they are hired. The requirements could then be translated into curricula with hours of tuition in different subjects. Ideally a body that includes both the social partners and the labour and education authorities should approve the standards, but until such a body is created, the Ministry of Education could at least invite the Ministry of Labour and Social Protection to take part in this process.

Finding 4
Almost no central links with social partners

There is, in general, no systematic involvement in the development of VET of the final users of the VET students, i.e. the employers and consumers of the services in which they will work. The Ministry of Education and Ministry of Labour and Social Protection must start to involve social partners in this. The VET department of the Ministry of Education is too low level for it to achieve any substantial results. The top leadership of both ministries needs to become involved if anything is going to happen.

Recommendation 4
Involvement of social partners at all levels

In parallel with support to efforts at school level to use local labour market analysis and build links with local employers, support needs to be given at the regional and central level of the education and labour authorities. With this support they could develop a mechanism for involving social partners in everything relating to VET schools, from the employers' information on the abilities and skills they require, the content of the curricula, and the organisation of practical training for students, to job placements and continuing training and retraining. In some CIS countries the creation of regional councils, in which all parties sit down together and keep each other informed about their needs, has led to substantial improvements in the quality of VET. In other CIS countries, regional authorities responsible for SME development or the development of specific branches of industry and associations of school directors have developed relations between regional educational committees and the regional employment services. Such initiatives have shown to be possible starting points for creating lobbying groups that through a joint effort have been able to draw different types of employers into the work of developing VET. Similar techniques should be applied in Moldova.

Finding 5
Finance

Finance for the schools comes from multiple sources – budget, fees paid by parents and individuals, courses sold to the employment service, and commercial activities. There is plenty of control over the money coming into the system. However, there is no link between the results, the added value created by schools and the costs of that training. Also, some pupils pay for their education at the secondary level and others do not; there seem to be no clear criteria for why some pay and others get their secondary education paid for from the state budget. This affects both equity and access to education.

Recommendation 5
Reform of financing system

It is obvious that the schools need financing from sources other than the budget as the budget financing is inadequate. However, what the budget guarantees to pay, it should pay for in full. It appears reasonable that if the state pays for education, that education should take place in premises that are fit for teaching,

that there is heating and electricity, that the rooms are reasonably equipped for the purposes, that there are textbooks and training materials, that there are enough teachers to guarantee the quality of the training given and that these teachers are paid reasonable salaries.

A problem for the VET schools is that they generally have large premises with old workshops that demand a lot of energy, which makes them very expensive. Also, they are full of old and obsolete equipment. The issue of reducing the size of the VET system, decreasing the number of VET schools and reallocating the resources in order to increase the quality of the services offered by the remaining ones should be seriously raised, not least because the age cohorts entering VET will be getting smaller after 2004.

The issue of involving employers and regional authorities in the re-equipping of the schools also requires changes in the tax regulations so that investments in VET schools can be made from untaxed income. This should also apply to the costs of sending people for retraining at the schools.

A system that more explicitly evaluates schools according to their results within a fixed budget, instead of the present focus on whether the schools use money for one or other of the specific line items in their budgets, should be developed. Money that is earned 'on the side' should be used for supporting the schools as the directors think suitable. Control and audit should concentrate on checking that the money goes to the development of the schools and not to private consumption. What may be done within the present budget system should be investigated, and then a system that works in a programme/performance budgeting framework should be developed when reform of the budget system as a whole have begun. For now, at least the contracts with the employment service could be simplified by stipulating performance indicators, such as a certain percentage of job placements; the employment service does not need to get involved with the schools' use of inputs, as currently happens.

Finding 6
VET and secondary education

The attempts to combine full secondary education and VET, as well as VET and higher education, have created a complex system, and there is lack of transparency with regard to both the kind of training the budget actually finances and the level and type of education that an educational establishment is actually offering. It is more expensive to deliver secondary education to a person in a polyvalent VET school than in a general secondary school. Yet, despite being a poor country, Moldova has opted for such a development of VET schools. Also, the attempt to give full general secondary education in VET schools means that the VET schools become very theoretical and a very large part of their curricula refers to general secondary education. In addition, there seems to be a strong preference for theory over practical training in the VET section of the curriculum. Since the VET-oriented schools are for students who are not so adept at developing theoretical skills, this appears to be a major contradiction in the system. These students who need more practically oriented training are being offered curricula that are more ambitious than that in the general secondary schools, since they are receiving both secondary education and occupational training. It seems that as a result of this there are many people with incomplete secondary education among the ranks of the registered unemployed population. So the quality of education deteriorates due to the overloaded curricula and training delivery system. There also seems to be a duplication of VET training offered by VET schools and colleges.

Recommendation 6
Separation of VET and secondary education

A way needs to be found to separate general secondary education from the VET component and to ensure that students in VET schools have a lighter secondary curriculum that is more appropriate to the occupations in which they are trained. The VET part of the training offered by VET schools should be substantially increased;

the practical training needs to be increased so that at least 50% of the training is practical. An alternative is to decrease radically the numbers receiving VET at age 15 to 19, and offer only general secondary education to these students. Much shorter VET courses – a maximum of one year – could then be given to people after grade 11. Another possibility would be for VET schools to offer VET training, with the pupils going to evening classes to receive their general secondary education.

Which route should be chosen depends largely on how much money the state wants to spend on primary VET and to what extent the VET training should be taken over by colleges, which could offer longer training in specific occupations. Schools that are well developed and already have large contingents of contract students could be privatised. Cooperation with colleges could be another way to optimise the system.

Finding 7
Rural schools

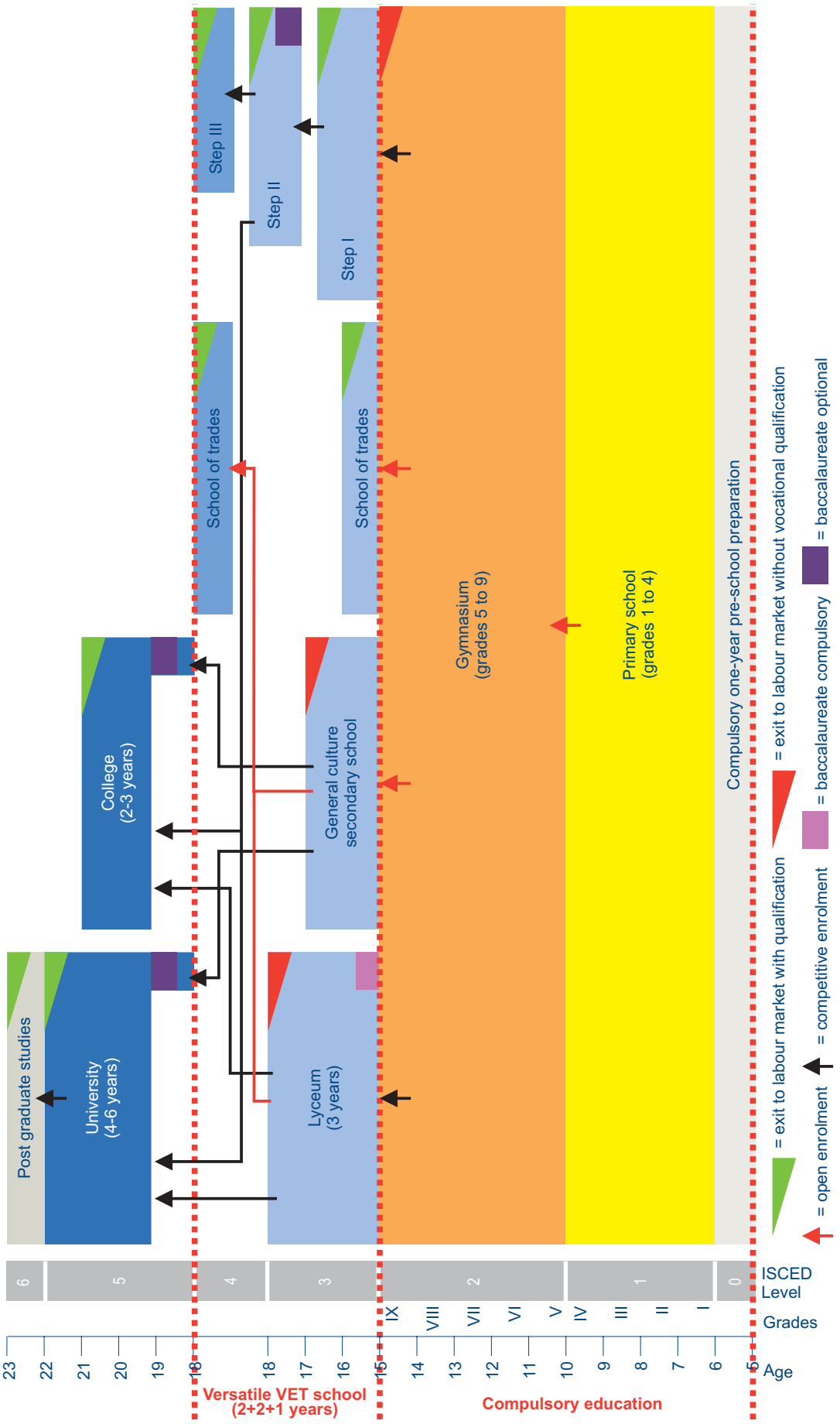
Rural schools are quite different from the schools in big cities. They serve a poor population and are totally dependent on finance from the state budget and their own creativity in developing other income-generating activities to keep the schools running. Some rural schools have been transferred to the regional *judet* budgets, probably to facilitate their incorporation in regional development plans. However, to abandon them in the way the ministry has so far done, to fail to include them in the developments for VET and not to monitor their educational capacity and quality is very damaging.

Recommendation 7
Priority for rural schools

Due to the social role they play, rural schools should be given highest priority in the state VET policy. The schools need to be refurbished, equipped with modern technology, helped to develop their commercial activities and supported in obtaining training materials and retraining for their staff. All regional development programmes need to take account of the existence of these schools and how they should be developed. The role of the Ministry of Education in these schools – even if they are under the regional government – in matters such as approving the curricula, giving assistance with training materials, providing didactic assistance and retraining for teachers is significant. There should also be a mechanism for the regional authorities to report the number of students, enrolment rates, cost indicators, and how graduates perform in the labour market to the central authorities so that the quality of education is the same whether the training is under central or regional coordination. In rural areas where there is a potential for developing small-scale businesses the Ministries of Education and Labour should support the setting up of business incubators and the provision of micro-credit assistance. This would help people to develop self-supporting agriculture into micro-businesses and the auxiliary services that could be generated around them.

ANNEXES

ANNEX 1: THE VET SYSTEM IN MOLDOVA



The following documents can be issued at the end of studies:

Level of education	Qualification
Gymnasium	**Certificat de Studii Gimnaziale**
General culture secondary school	**Atestat de Studii Medii de Cultura Generala**
Lyceum	**Diploma de Bacalaureat, sau Certificat de absolvire a liceului**
School of trades, VVET (versatile/polyvalent) school I	**Certificat de calificare**
VVET (versatile/polyvalent) school II	**Certificat de calificare and Diploma de Bacalaureat** (if the respective examinations are taken)
College and VVET (versatile/polyvalent) school III	**Diploma de Tehnician**
University and post-university studies	**Diploma de Studii Superioare, Diploma de Licenta** (if a licence thesis is defended at graduation), **Diploma de Magistru, Diploma de Doctor in Stiinte, Diploma de Doctor Habilitat**

ANNEX 2: STATISTICAL INFORMATION

Table 1: Changes in employment (thousands) by sector – 1995-2002

	2000	2001	2002	2002-1995
Total	**20,199**	**-15,597**	**6,137**	**-178,622**
Agriculture	30,107	-11,005	-17,322	-22,130
Industry	310	-1,216	5,716	-34,969
Services	-10,217	-3,377	17,745	-121,523
Yearly and cumulative change (%)				
Total	**1.4**	**-1.0**	**0.4**	**-10.7**
Agriculture	2.0	-0.7	-1.2	-1.3
Industry	0.0	-0.1	0.4	-2.1
Services	-0.7	-0.2	1.2	-7.3

Source: Department of Statistics and Sociology.

Table 2: Average monthly wages (lei) in selected sectors – 1996-2002

	1996	1997	1998	1999	2000	2001	2002
Total	**187.1**	**219.8**	**250.4**	**304.6**	**407.9**	**543.7**	**691.9**
Agriculture	121.5	135.2	140.6	166.7	243.7	305.3	388.2
Industry	297.7	373.2	420.8	516.1	693.8	823.7	991.4
Construction	247.7	325.5	362.4	474.0	586.9	730.3	867.3
Trade	211.5	253.1	265.7	274.7	363.0	432.1	611.8
Transport	258.3	323.5	376.5	462.2	638.8	786.8	1,060.0
Financial services	678.0	823.5	1,135.4	1,672.8	2,355.4	2,521.0	2,555.3
Real estate	256.1	295.7	344.5	440.0	557.0	698.5	882.7
State administration	295.5	327.2	390.3	440.3	516.8	740.4	988.7
Education	156.7	170.9	183.0	193.5	250.3	337.4	464.2
Health & social	161.1	175.9	183.5	184.1	227.6	311.8	436.3

Source: Department of Statistics and Sociology as cited in Moldovan Economic Trends, 2002, p. 107; based on information from enterprises with more than 20 employees.

Table 3: Average monthly wages in selected sectors as percentage of average monthly wage across the economy – 1996-2002

	1996	1997	1998	1999	2000	2001	2002
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Agriculture	64.9	61.5	56.2	54.7	59.7	56.2	56.1
Industry	159.1	169.8	168.1	169.4	170.1	151.5	143.3
Construction	132.4	148.1	144.7	155.6	143.9	134.3	125.4
Trade	113.0	115.2	106.1	90.2	89.0	79.5	88.4
Transport	138.1	147.2	150.4	151.7	156.6	144.7	153.2
Financial services	362.4	374.7	453.4	549.2	577.4	463.7	369.3
Real estate	136.9	134.5	137.6	144.5	136.6	128.5	127.6
State adm	157.9	148.9	155.9	144.6	126.7	136.2	142.9
Education	83.8	77.8	73.1	63.5	61.4	62.1	67.1
Health & social	86.1	80.0	73.3	60.4	55.8	57.3	63.1

Source: Moldovan Economic Trends, 2002, p.107.

Table 4: Monthly disposable incomes (lei) by source – 1997-2001

	1997	1998	1999	2000	2001
(a) Disposable income (lei per month per person)	**135.4**	**117.8**	**133.4**	**185.8**	**241.0**
of which from					
(b) Employment (lei)	**49.3**	**40.9**	**47.2**	**69.3**	**91.1**
% of (a)	36.4	34.7	35.4	37.3	37.8
(c) Non-salaried activity (lei)	**53.7**	**50.0**	**55.8**	**69.7**	**83.4**
% of (a)	39.7	42.4	41.8	37.5	34.6
of which agriculture (lei)	47.8	46.1	51.4	64.1	76.9
% of (c)	89.0	92.2	92.1	92.0	92.2
(b) and (c) as % of (a)	76.1	77.2	77.2	74.8	72.4

Source: Household Budget Survey by Department of Statistics and Sociology, World Bank, as cited in Moldovan Economic Trends, 2002, p. 109.

Table 5: Public expenditure (in nominal millions of lei) and proportion by sector – 1997-2003

	1997	1998	1999	2000	2001	2002	2003
Total	**3,578.0**	**2,996.9**	**3,424.2**	**4,300.7**	**4,343.3**	**5,272.0**	**5,787.7**
% GDP	46.7	38.8	31.1	30.7	25.9	27.5	NA
General public services	141.3	146.3	223.4	306.6	343.6	423.8	438.5
Defence	80.5	57.0	63.1	63.6	76.7	95.7	111.9
Order and safety	234.4	203.7	209.3	256.1	300.8	484.6	499.9
Education	889.7	640.9	574.5	718.7	923.4	1,240.3	1,319.6
Health	537.1	392.6	357.6	471.9	542.4	792.4	748.1
Social security	455.2	361.2	466.5	614.2	504.6	645.1	737.3
Recreation, etc.	82.1	81.2	62.0	82.5	92.8	138.7	151.1
Other expenditure	546.5	487.1	490.3	584.7	555.9	707.4	998.8
Debt servicing	377.0	421.2	866.9	1,020.6	797.2	486.3	702.5
Capital investments	234.2	205.7	110.6	181.8	205.9	257.7	80.0

	1997	1998	1999	2000	2001	2002	2003
Percentage by sector each year							
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**
General public services	3.9	4.9	6.5	7.1	7.9	8.0	7.6
Defence	2.2	1.9	1.8	1.5	1.8	1.8	1.9
Order and safety	6.6	6.8	6.1	6.0	6.9	9.2	8.6
Education	24.9	21.4	16.8	16.7	21.3	23.5	22.8
Health	15.0	13.1	10.4	11.0	12.5	15.0	12.9
Social security	12.7	12.1	13.6	14.3	11.6	12.2	12.7
Recreation, etc.	2.3	2.7	1.8	1.9	2.1	2.6	2.6
Other expenditures	15.3	16.3	14.3	13.6	12.8	13.4	17.3
Debt servicing	10.5	14.1	25.3	23.7	18.4	9.2	12.1
Capital investments	6.5	6.9	3.2	4.2	4.7	4.9	1.4

Source: Moldovan Economic Trends, 2002, p. 116.

Table 6: Number and percentage of students in different educational establishments – 1995-2001

	1995	1996	1997	1998	1999	2000	2001	2001-1995
Total	**763,400**	**775,100**	**783,800**	**785,600**	**768,800**	**751,100**	**744,800**	**-18,600**
Schools, gym., lyceum	642,800	649,500	652,700	650,700	643,100	629,300	618,400	-24,400
VET schools	34,800	34,000	32,700	32,500	23,000	22,800	23,000	-11,800
Colleges	31,000	33,300	32,800	29,700	25,400	19,900	17,000	-14,000
Universities	54,800	58,300	65,600	72,700	77,300	79,100	86,400	31,600
Percentage								
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**0.0**
Schools, gym., lyceum	84.2	83.8	83.3	82.8	83.6	83.8	83.0	-1.4
VET schools	4.5	4.4	4.2	4.1	3.0	3.0	3.1	-32.3
Colleges	4.1	4.3	4.2	3.8	3.3	2.7	2.3	-43.8
Universities	7.2	7.5	8.3	9.2	10.1	10.5	11.6	61.6

Source: Moldovan Economic Trends, 2002, p. 104.

Table 7: The fate of pupils leaving general secondary school (GSS) before completion – 1999-2003

	1999/2000	2000/01	2001/02	2002/03
Total leaving 5–11 grades GSS	**22,789**	**28,601**	**25,478**	**22,278**
before completion and graduation				
to other GSS	16,884	22,045	19,397	17,139
to colleges	682	643	435	307
to polyvalent VET schools	630	537	445	450
to trade schools	406	480	323	274
got jobs	1,485	1,783	1,672	1,246
to special schools	20	19	6	12
Unknown fate – dropouts	**2,682**	**3,094**	**3,200**	**2,850**
% of total	11.8	10.8	12.6	12.8

Source: Department of Statistics and Sociology.

Table 8: Numbers and percentages of pedagogical and auxiliary staff at VET schools under the Ministry of Education – 1997-2002

	1997	1998	1999	2000	2001	2002
Number of schools	78	77	77	77	69	69
Number of teachers	1,572	1,519	1,333	1,116	1,005	2,577
Number of auxiliary staff	5,907	5,854	5,268	4,338	3,870	1,433
Total staff	**7,479**	**7,373**	**6,601**	**5,454**	**4,875**	**4,010**
Teachers/total (%)	21.0	20.6	20.2	20.5	20.6	64.3

Source: Ministry of Finance.
Note: The number of schools decreases because one school was shutdown and eight were transferred to the judets in 2001.

Table 9: Number of students per staff member* in VET schools under the Ministry of Education – 1997-2002

School type	Students/total staff					
	1997	1998	1999	2000	2001	2002
Polyvalent schools	4.0	3.9	3.4	3.3	3.2	3.6
Trade schools	3.0	3.8	3.2	3.0	2.9	3.2
Special schools	8.9	10.1	10.8	8.9	9.1	9.9
Total	**5.3**	**5.9**	**5.8**	**5.1**	**5.1**	**5.6**

** Based on total number of staff.*
Source: Ministry of Finance.

Table 10: Numbers and percentages for labour force participation, employment and unemployment by age group, gender, urban/rural distribution – 2002

Age group	Total	Employed	Unem-ployed	Labour force	Labour force participa-tion rate %	Employ-ment rate %	Unemploy-ment rate %
Total	**2,823,445**	**1,505,117**	**109,850**	**1,614,967**	**57.2**	**53.3**	**6.8**
15–64	2,470,339	1,425,589	109,544	1,535,133	62.1	57.7	7.1
15–19	377,555	64,318	11,606	75,924	20.1	17.0	15.3
20–24	291,825	115,163	20,503	135,666	46.5	39.5	15.1
25–29	240,427	145,939	13,364	159,303	66.3	60.7	8.4
30–34	221,858	158,907	10,499	169,406	76.4	71.6	6.2
35–39	253,678	188,038	10,952	198,990	78.4	74.1	5.5
40–44	313,075	228,350	17,548	245,898	78.5	72.9	7.1
45–49	281,057	214,417	14,614	229,031	81.5	76.3	6.4
50–54	216,024	165,087	6,581	171,668	79.5	76.4	3.8
55–59	128,421	81,434	3,066	84,500	65.8	63.4	3.6
60–64	146,419	63,936	811	64,747	44.2	43.7	1.3
65 and over	353,105	79,527	305	79,832	22.6	22.5	0.4

Age group	Total	Employed	Unem-ployed	Labour force	Labour force participa-tion rate %	Employ-ment rate %	Unemploy-ment rate %
Male	**1,326,106**	**730,883**	**64,406**	**795,289**	**60.0**	**55.1**	**8.1**
15–64	1,191,606	693,916	64,100	758,016	63.6	58.2	8.5
15–19	190,211	36,135	6,534	42,669	22.4	19.0	15.3
20–24	148,613	56,122	12,971	69,093	46.5	37.8	18.8
25–29	119,088	70,619	7,622	78,241	65.7	59.3	9.7
30–34	108,285	76,039	5,827	81,866	75.6	70.2	7.1
35–39	121,754	89,573	5,874	95,447	78.4	73.6	6.2
40–44	149,293	103,773	9,542	113,315	75.9	69.5	8.4
45–49	136,031	102,580	8,603	111,183	81.7	75.4	7.7
50–54	100,537	79,698	4,160	83,858	83.4	79.3	5.0
55–59	56,003	43,558	2,257	45,815	81.8	77.8	4.9
60–64	61,791	35,819	710	36,529	59.1	58.0	1.9
65 and over	134,501	36,968	305	37,273	27.7	27.5	0.8
Female	**1,497,337**	**774,234**	**45,443**	**819,677**	**54.7**	**51.7**	**5.5**
15–64	1,278,733	731,675	45,443	777,118	60.8	57.2	5.8
15–19	187,344	28,183	5,072	33,255	17.8	15.0	15.3
20–24	143,212	59,042	7,531	66,573	46.5	41.2	11.3
25–29	121,340	75,320	5,742	81,062	66.8	62.1	7.1
30–34	113,572	82,868	4,672	87,540	77.1	73.0	5.3
35–39	131,924	98,465	5,078	103,543	78.5	74.6	4.9
40–44	163,784	124,578	8,007	132,585	81.0	76.1	6.0
45–49	145,025	111,837	6,011	117,848	81.3	77.1	5.1
50–54	115,487	85,389	2,421	87,810	76.0	73.9	2.8
55–59	72,417	37,876	808	38,684	53.4	52.3	2.1
60–64	84,628	28,117	101	28,218	33.3	33.2	0.4
65 and over	218,604	42,559		42,559	19.5	19.5	0.0
Urban	**1,194,855**	**590,373**	**81,530**	**671,903**	**56.2**	**49.4**	**12.1**
15–64	1,078,823	581,601	81,225	662,826	61.4	53.9	12.3
15–19	141,710	12,452	6,036	18,488	13.0	8.8	32.6
20–24	121,976	41,779	13,148	54,927	45.0	34.3	23.9
25–29	109,426	64,285	9,962	74,247	67.9	58.7	13.4
30–34	108,945	74,389	8,322	82,711	75.9	68.3	10.1
35–39	116,324	81,299	8,233	89,532	77.0	69.9	9.2
40–44	145,034	98,022	14,283	112,305	77.4	67.6	12.7
45–49	130,493	91,839	12,307	104,146	79.8	70.4	11.8
50–54	98,603	68,824	5,583	74,407	75.5	69.8	7.5
55–59	52,752	31,591	2,611	34,202	64.8	59.9	7.6
60–64	53,560	17,121	740	17,861	33.3	32.0	4.1
65 and over	116,033	8,772	305	9,077	7.8	7.6	3.4

Age group	Total	Employed	Unem-ployed	Labour force	Labour force participa-tion rate %	Employ-ment rate %	Unemploy-ment rate %
Rural	**1,628,588**	**914,744**	**28,319**	**943,063**	**57.9**	**56.2**	**3.0**
15–64	1,391,519	843,991	28,320	872,311	62.7	60.7	3.2
15–19	235,846	51,866	5,571	57,437	24.4	22.0	9.7
20–24	169,849	73,385	7,354	80,739	47.5	43.2	9.1
25–29	131,002	81,655	3,402	85,057	64.9	62.3	4.0
30–34	112,914	84,518	2,178	86,696	76.8	74.9	2.5
35–39	137,355	106,739	2,720	109,459	79.7	77.7	2.5
40–44	168,043	130,329	3,266	133,595	79.5	77.6	2.4
45–49	150,564	122,578	2,307	124,885	82.9	81.4	1.8
50–54	117,420	96,263	998	97,261	82.8	82.0	1.0
55–59	75,668	49,843	454	50,297	66.5	65.9	0.9
60–64	92,858	46,815	70	46,885	50.5	50.4	0.1
65 and over	237,072	70,755		70,755	29.8	29.8	0.0

Source: Department of Statistics and Sociology.

Table 11 Educational level of the employed population, percentages by age group, gender, urban/rural distribution – 2002

Gender/ age group	Employed population Total	Higher education	Short-term higher education	Vocational professio-nal school	Secondary general	Secondary incomplete	With or without primary education
Total	**100.0**	**13.6**	**13.9**	**26.0**	**22.0**	**19.4**	**5.1**
15–64	100.0	14.1	14.5	27.1	23.1	19.1	2.0
15–19	100.0	0.0	0.5	13.6	18.9	59.5	7.6
20–24	100.0	10.3	9.5	23.0	29.2	27.2	0.8
25–29	100.0	14.5	15.0	26.0	25.7	18.5	0.4
30–34	100.0	17.6	16.8	31.9	24.2	9.2	0.3
35–39	100.0	15.0	16.5	33.2	25.8	9.2	0.3
40–44	100.0	15.5	15.9	30.2	26.7	11.5	0.2
45–49	100.0	14.1	16.4	29.9	23.0	16.1	0.6
50–54	100.0	16.5	16.6	24.5	19.8	21.4	1.2
55–59	100.0	15.1	14.3	20.6	14.5	28.6	6.9
60–64	100.0	11.2	9.3	14.6	7.2	38.6	19.1
65 and over	100.0	4.6	2.8	6.5	2.2	24.0	60.0
Male	**100.0**	**13.1**	**12.1**	**32.6**	**19.5**	**18.5**	**4.2**
15–64	100.0	13.5	12.6	33.7	20.3	18.2	1.7
15–19	100.0	0.0	0.5	12.4	17.6	61.7	7.8
20–24	100.0	7.8	8.5	25.6	25.1	31.9	1.1
25–29	100.0	15.4	14.2	28.7	22.6	18.5	0.6
30–34	100.0	16.7	14.4	38.9	20.0	9.8	0.1
35–39	100.0	13.3	12.9	40.0	23.5	10.0	0.4
40–44	100.0	14.1	13.0	38.8	23.8	10.1	0.0
45–49	100.0	14.3	13.1	40.1	19.3	12.7	0.4

Gender/ age group	Employed population Total	Higher education	Short-term higher education	Vocational professio-nal school	Secondary general	Secondary incomplete	With or without primary education
50–54	100.0	16.6	16.3	33.6	17.1	15.4	1.0
55–59	100.0	15.1	13.6	30.0	16.5	20.6	4.2
60–64	100.0	12.5	11.9	22.8	8.2	32.7	12.0
65 and over	100.0	5.6	2.9	11.8	3.5	24.1	52.1
Female	**100.0**	**14.1**	**15.6**	**19.7**	**24.4**	**20.2**	**5.9**
15–64	100.0	14.8	16.4	20.7	25.8	20.0	2.4
15–19	100.0	0.0	0.4	15.1	20.5	56.7	7.3
20–24	100.0	12.8	10.5	20.5	33.1	22.7	0.4
25–29	100.0	13.6	15.6	23.5	28.5	18.5	0.2
30–34	100.0	18.5	18.9	25.5	28.1	8.7	0.4
35–39	100.0	16.5	19.8	26.9	27.9	8.6	0.3
40–44	100.0	16.6	18.3	22.9	29.0	12.6	0.4
45–49	100.0	13.8	19.4	20.5	26.3	19.2	0.8
50–54	100.0	16.4	16.9	16.0	22.3	26.9	1.4
55–59	100.0	15.1	15.2	9.8	12.2	37.7	10.0
60–64	100.0	9.6	6.1	4.2	5.9	46.1	28.1
65 and over	100.0	3.6	2.6	1.9	1.1	24.0	66.8
Urban	**100.0**	**26.8**	**21.3**	**27.9**	**16.8**	**6.2**	**1.1**
15–64	100.0	26.8	21.4	28.1	17.0	6.1	0.6
15–19	100.0	0.0	1.7	30.5	26.5	34.0	7.2
20–24	100.0	21.4	15.6	28.6	24.0	10.0	0.4
25–29	100.0	28.5	21.8	26.4	17.7	5.6	0.0
30–34	100.0	31.6	21.9	30.7	13.3	2.3	0.1
35–39	100.0	26.1	20.6	34.0	17.3	2.0	0.0
40–44	100.0	27.7	20.3	29.2	18.4	4.3	0.2
45–49	100.0	24.2	24.9	27.3	18.1	5.4	0.0
50–54	100.0	30.0	24.7	22.7	14.0	7.9	0.7
55–59	100.0	27.9	23.7	22.3	14.6	8.9	2.5
60–64	100.0	29.3	20.3	21.7	7.8	15.4	5.5
65 and over	100.0	23.8	10.1	18.5	3.4	11.1	33.0
Rural	**100.0**	**5.2**	**9.2**	**24.7**	**25.4**	**27.9**	**7.7**
15–64	100.0	5.4	9.8	26.4	27.3	28.1	3.0
15–19	100.0	0.0	0.2	9.5	17.0	65.6	7.7
20–24	100.0	4.0	6.1	19.8	32.2	37.0	1.0
25–29	100.0	3.4	9.6	25.7	31.9	28.6	0.7
30–34	100.0	5.4	12.2	33.0	33.8	15.3	0.4
35–39	100.0	6.5	13.4	32.5	32.3	14.7	0.6
40–44	100.0	6.3	12.6	30.9	32.9	16.9	0.3
45–49	100.0	6.4	10.0	31.8	26.6	24.1	1.1
50–54	100.0	6.9	10.8	25.9	24.0	31.0	1.5
55–59	100.0	7.0	8.4	19.5	14.5	41.0	9.6
60–64	100.0	4.6	5.3	12.0	6.9	47.1	24.0
65 and over	100.0	2.2	1.8	5.0	2.0	25.6	63.3

Source: Department of Statistics and Sociology.

Table 12: Educational background of the unemployed population (percentages), by age group, gender, rural/urban – 2002

Training level	Total unemplo-yed	Age group				
		15–64	15–24	25–49	50–64	65 and over
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Without primary school	0.0	0.0	0.0	0.0	0.0	0.0
Primary school	1.7	2.7	1.4	1.1	1.6	0.0
Secondary incomplete	15.8	35.2	7.2	6.6	13.2	38.0
Secondary general	21.9	21.9	24.5	21.3	18.3	15.7
Professional vocational school	32.4	24.2	35.5	37.8	28.6	10.5
Short-term higher education	16.3	7.6	18.4	20.5	20.9	6.2
Higher education	12.0	8.4	13.0	12.6	17.5	29.2
Male	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Without primary school	0.0	0.0	0.0	0.0	0.0	0.0
Primary school	2.7	4.2	2.0	2.1	2.3	0.0
Secondary incomplete	16.4	36.3	7.4	6.3	11.8	38.0
Secondary general	20.0	21.1	24.4	17.5	17.5	15.7
Professional vocational school	36.5	26.6	34.9	45.9	35.8	10.5
Short-term higher education	13.7	6.1	17.5	17.6	14.2	6.2
Higher education	10.7	5.7	13.8	10.6	18.4	29.2
Female	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**0.0**
Without primary school	0.0	0.0	0.0	0.0	0.0	0.0
Primary school	0.3	0.5	0.6	0.0	0.0	0.0
Secondary incomplete	15.0	33.5	6.9	7.0	16.2	0.0
Secondary general	24.5	22.9	24.7	26.1	20.1	0.0
Professional vocational school	26.6	20.6	36.2	27.6	13.1	0.0
Short-term higher education	19.9	10.0	19.5	24.1	35.1	0.0
Higher education	13.7	12.5	12.0	15.2	15.5	0.0
Urban	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Without primary school	0.0	0.0	0.0	0.0	0.0	0.0
Primary school	1.9	2.9	1.8	1.4	1.8	0.0
Secondary incomplete	10.3	25.4	4.0	5.0	10.1	38.0
Secondary general	19.9	22.0	20.6	18.8	18.4	15.7
Professional vocational school	34.2	28.2	38.6	37.0	27.9	10.5
Short-term higher education	19.3	9.1	20.0	23.4	23.6	6.2
Higher education	14.5	12.3	15.0	14.5	18.1	29.2
Rural	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**0.0**
Without primary school	0.0	0.0	0.0	0.0	0.0	0.0
Primary school	1.1	2.4	0.0	0.0	0.0	0.0
Secondary incomplete	31.8	49.8	17.6	13.5	31.1	0.0
Secondary general	27.6	21.5	37.3	32.1	17.8	0.0
Professional vocational school	27.2	18.3	25.4	41.3	32.5	0.0
Short-term higher education	7.7	5.4	13.0	8.2	4.7	0.0
Higher education	4.6	2.5	6.6	4.9	13.9	0.0

Source: Department of Statistics and Sociology, using ILO criteria for measuring unemployment.

Table 13: Registered unemployed population by age group – 1998-2002

Age group	1998	1999	2000	2001	2002
16–64	**63,295**	**57,834**	**50,842**	**59,505**	**63,327**
Yearly Change		-8.6	-12.1	17.0	6.4
Percentage of total					
16–24	32.1	28.7	32.7	29.7	31.6
25–34	25.0	24.6	25.6	31.2	31.0
35–49	35.4	38.6	33.7	31.7	29.9
50–64	7.4	8.1	8.0	7.4	7.6

Source: Department of Statistics and Sociology; figures are for all job seekers registered unemployed with the employment service during each year.

Table 14: Registered unemployed population by age group and gender – 1998-2002

	1998		1999		2000		2001		2002	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Total reg. unempl.	**31,763**	**31,532**	**31,790**	**26,044**	**25,825**	**25,017**	**26,916**	**32,589**	**27,192**	**36,135**
Proportion % of total	50.2	49.8	55.0	45.0	50.8	49.2	45.2	54.8	42.9	57.1
Percentage by gender										
16–24	34.8	29.5	30.0	27.1	37.3	27.9	36.9	23.8	42.4	23.4
25–34	23.9	26.1	23.4	26.1	22.7	28.6	26.2	35.4	24.9	35.5
35–49	35.3	35.5	40.0	36.8	33.4	33.9	30.6	32.5	26.4	32.5
50–64	5.9	9.0	6.5	10.0	6.6	9.6	6.3	8.3	6.3	8.6

Source: Department of Statistics and Sociology; figures are for all job seekers registered unemployed with the employment service during each year.

Table 15: Registered unemployed population by cause of unemployment – 1998-2002

	1998	1999	2000	2001	2002
Total reg. unempl.	**32,021**	**34,918**	**28,873**	**27,646**	**24,019**
Total %	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Laid-off because of company liquidation and reorganisation	41.1	50.5	41.1	31.8	20.2
School graduates	9.6	7.3	11.1	6.8	10.1
University graduates	1.3	1.4	1.5	1.7	2.2
Dismissed from the military service	1.1	0.8	0.9	1.1	1.3
Contract expired	5.2	4.1	3.9	5.2	4.1
Left on own initiative	23.7	20.8	22.2	27.4	29.3
Set free from prisons and social rehabilitation institutions	0.3	0.2	0.2	0.7	1.0
Other reasons	17.7	15.0	19.2	25.3	31.9

Source: Ministry of Labour and Social Protection; end of year data.

Table 16: Registered unemployed population by regions – 1999-2002

Judet employment offices	1999	2000	2001	2002
Total reg. unempl.	**57,834**	**50,848**	**59,505**	**63,327**
Percentage in each year				
mun.Chisinau	20.7	17.3	14.5	14.0
Balti *judet*	13.9	11.5	12.8	13.1
Cahul *judet*	7.2	8.0	7.5	7.7
Chisinau *judet*	11.0	11.2	11.1	10.9
Edinet *judet*	7.7	6.3	7.1	7.0
Lapusna *judet*	6.3	5.8	6.2	7.0
Orhei *judet*	7.4	8.5	8.9	9.6
Soroca *judet*	7.7	9.5	7.7	9.5
Taraclia *judet*	0.0	1.6	1.3	1.1
Tighina *judet*	5.3	5.2	5.4	5.3
Ungheni *judet*	8.0	11.4	13.1	11.5
UTA Gagauzia	4.9	3.5	4.3	3.3
Total %	**100.0**	**100.0**	**100.0**	**100.0**

Source: Ministry of Labour and Social Protection.

Table 17: Number of students in polyvalent and trade schools under the Ministry of Education, their location and profiles – 2003

Location	Name	Total number of students	Specialisation
Chisinau	Professional Polyvalent School No 1	435	Clothes manufacturing
Chisinau	Professional Polyvalent School No 2	698	Catering, servicing
Chisinau	Professional Polyvalent School No 3	406	Construction
Chisinau	Professional Polyvalent School No 4	232	Furniture manufacturing
Chisinau	Professional Polyvalent School No 5	346	Food industry
Chisinau	Professional Polyvalent School No 6	318	Radio and electronics
Chisinau	Professional Polyvalent School No 7	407	Construction
Chisinau	Professional Polyvalent School No 8	363	Clothes manufacturing
Chisinau	Professional Polyvalent School No 9	418	Metal working, energy industries
Chisinau	Professional Polyvalent School No 10	343	Metal working, energy industries
Chisinau	Trade School No 1	144	Radio and electronics, railway transport
Chisinau	Trade School No 2	223	Printing trades, telecommunications, IT

Location	Name	Total number of students	Specialisation
Chisinau	Trade School No 3	205	Catering, food industry
Chisinau	Trade School No 4	212	Agriculture, servicing
Chisinau	Trade School No 5	153	Transport
Chisinau	Trade school for deaf people and people with hearing impairment	90	Social services
Chisinau	Trade school for blind and partially sighted people	87	Social services
Criuleni	Professional Polyvalent School No 1	254	Construction
Criuleni	Professional Polyvalent School No 2	223	Clothes manufacturing, metal working, light industry, carpets
Cupcini	Professional Polyvalent School No 2	223	Packing industry, catering, energy industries
Rezeni v.	Professional Polyvalent School	267	Telecommunications, construction, clothes manufacturing
Danceni v.	Trade School No 11	83	Agriculture
Todiresti v.	Trade School No 8	121	Agriculture, construction, catering
Balti	Professional Polyvalent School No 1	425	Construction, IT, catering, clothes manufacturing
Balti	Professional Polyvalent School No 2	291	Construction
Balti	Professional Polyvalent School No 3	401	Clothes manufacturing
Balti	Professional Polyvalent School No 4	466	Transport
Balti	Professional Polyvalent School No 5	382	Radio and electronics, IT, metal working, servicing
Balti	Trade School No 6	145	Energy industries, servicing
Balti	Trade School No 7	197	Catering, social services
Riscani	Professional Polyvalent School	354	Catering, energy industries, agriculture
Ciuciulea v.	Professional Polyvalent School	218	Agriculture, energy industries
Alexandreni v.	Professional Polyvalent School	212	Food industry, catering
Falesti	Trade School No 9	145	Construction, social services
Glodeni	Trade School No 17	130	Agriculture, construction
Valea Noroc v.	Trade School No 16	198	Agriculture, construction
Cahul	Professional Polyvalent School No 1	293	Packing industry, construction, IT, agriculture
Cahul	Professional Polyvalent School No 2	349	Construction, land development
Cantemir	Trade School No 15	145	Clothes manufacturing, construction, social services
Cupcini	Professional Polyvalent School No 1	222	IT, catering
Cupcini	Professional Polyvalent School No 2	222	Construction, agriculture, catering
Ocniþa	Professional Polyvalent School	202	Transport, energy industries, clothes manufacturing, construction

Location	Name	Total number of students	Specialisation
Corbul v.	Professional Polyvalent School	151	Energy industries, transport
Tirnova v.	Professional Polyvalent School	150	Agriculture, clothes manufacturing
Briceni	Trade School No 10	105	Construction, catering, clothes manufacturing
Comrat	Professional Polyvalent School	174	Construction, transport, energy industries
Ceadir-Lunga	Professional Polyvalent School	235	Agriculture, clothes manufacturing, catering
Vulcanesti	Professional Polyvalent School	235	Agriculture, construction, catering, clothes manufacturing
Orhei	Professional Polyvalent School	323	Transport, metal working
Rezina	Professional Polyvalent School	254	Clothes manufacturing, construction, metal working
Telenesti	Professional Polyvalent School	169	Agriculture, construction, catering, clothes manufacturing
Cucuruzeni v.	Professional Polyvalent School	127	Agriculture, catering, clothes manufacturing
Soroca	Professional Polyvalent School	236	Clothes manufacturing, construction, social services
Marculesti	Professional Polyvalent School	315	Agriculture, catering, clothes manufacturing
Cuhuresti v.	Professional Polyvalent School	260	Agriculture, catering, clothes manufacturing
Drochia	Professional Polyvalent School	236	Construction, clothes manufacturing
Floresti	Professional Polyvalent School	247	Construction, catering, clothes manufacturing
Tirgul Vertiujeni v.	Professional Polyvalent School	118	Agriculture, clothes manufacturing, catering
Zgurita v.	Professional Polyvalent School	239	Agriculture, clothes manufacturing
Causeni	Professional Polyvalent School	414	Construction, catering, clothes manufacturing
Stefan Voda	Professional Polyvalent School	401	Construction, clothes manufacturing, catering
Stefan Voda	Trade School No 12	220	Agriculture, catering,
Taraclia v.	Professional Polyvalent School	159	Agriculture, clothes manufacturing, catering
Ciumai v.	Trade School No 13	109	Agriculture, catering, construction
Total		**16,125**	

Source: Ministry of Education.

Table 18: Schools transferred to the judets

Location	Name	Total number of students	Specialisation
Carpineni	Professional Polyvalent School	240	Agriculture, transport, food industry
Leova	Professional Polyvalent School	290	Agriculture, clothes manufacturing
Calarasi	Professional Polyvalent School	307	Agriculture, land development, catering, clothes manufacturing
Ungheni	Professional Polyvalent School No 1	749	Agriculture, construction, catering
Cimislia	Professional Polyvalent School	300	Agriculture, clothes manufacturing, catering
Nisporeni	Professional Polyvalent School	370	Agriculture, clothes manufacturing, catering
Hincesti	Professional Polyvalent School	370	Construction, catering, clothes manufacturing
Ungheni	Polyvalent School No 2, currently Agro-industrial High School	238	Packing industry, energy industries, catering, transport

Source: Ministry of Education.

Table 19: Trade schools within prisons

Location	Name
Pruncul v.	Trade School No 1
Cricova	Trade School No 2
Cricova	Trade School No 3
Soroca	Trade School No 4
Lipcani	Trade School No 5
Rusca v.	Trade School No 6

Source: Ministry of Education.

Table 20: Actual costs per budget line (percentages)

Expenditure items	Polyvalent schools			Trade schools			Special schools		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Salaries	27.0	28.5	28.1	25.0	27.0	27.2	75.7	76.4	75.6
Contributions to Social Fund	8.3	8.7	8.6	7.7	8.1	8.5	23.5	23.0	22.7
Goods and services	37.9	34.7	36.9	42.7	37.7	37.7	0.5	0.3	1.3
Energy	11.2	11.1	10.0	11.9	11.6	12.1	0.0	0.0	0.0
Gas	0.2	0.5	0.6	0.6	0.0	1.0	0.0	0.0	0.0
Office supplies	0.8	1.2	0.7	2.0	0.7	0.9	0.4	0.3	1.1
Heating	13.1	9.1	10.5	11.6	4.8	5.6	0.0	0.0	0.0
Didactic materials	0.2	0.2	0.4	0.3	1.2	0.7	0.1	0.0	0.1
Books and periodicals	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Food	0.5	0.0	0.0	1.2	1.2	1.4	0.0	0.0	0.0

Expenditure items	Polyvalent schools			Trade schools			Special schools		
	1999	2000	2001	1999	2000	2001	1999	2000	2001
Medicines	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Telecommunication services	0.5	0.5	0.5	0.7	0.5	0.5	0.0	0.0	0.0
Transport, rent	0.6	1.2	1.2	1.3	1.8	1.1	0.0	0.0	0.0
Soft furniture and equipment	0.2	0.3	0.0	1.4	0.8	0.4	0.0	0.0	0.0
Current repairs – buildings	0.6	1.5	1.9	0.9	1.6	2.6	0.0	0.0	0.0
Current repairs – equipment	0.0	0.1	0.2	0.2	0.1	0.2	0.0	0.0	0.0
Rent for buildings	0.0	0.0	0.0	0.1	0.2	0.1	0.0	0.0	0.0
Retraining of specialists	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Printing services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fuel	2.1	2.2	7.6	2.4	1.9	6.0	0.0	0.0	0.0
Purchasing and installing meters	0.7	1.6	0.2	0.0	3.2	0.3	0.0	0.0	0.0
Penalties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Security	0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Computer works	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water and sewerage	6.6	4.5	2.6	6.9	7.4	3.7	0.0	0.0	0.0
Garbage removal	0.3	0.4	0.3	0.2	0.5	0.5	0.0	0.0	0.0
Other costs	0.2	0.2	0.2	0.1	0.1	0.3	0.0	0.0	0.1
Travel	0.2	0.2	0.3	0.1	0.3	0.3	0.3	0.2	0.4
Scholarships	23.8	22.1	18.6	19.8	20.5	15.3	0.0	0.0	0.0
Transfers for training students	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Scholarships for Mold. students	23.8	21.9	18.2	19.7	20.3	15.2	0.0	0.0	0.0
Scholarships for foreign students	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transport costs	0.0	0.2	0.4	0.0	0.2	0.2	0.0	0.0	0.0
Other transfers to population	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Government contribution	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term investments in buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Furniture and equipment procurement	0.1	0.7	1.0	0.3	0.7	1.8	0.0	0.0	0.0
Capital reparation	2.8	5.1	6.6	4.4	5.7	9.3	0.0	0.0	0.0

Source: Ministry of Finance.

ANNEX 3: LIST OF PEOPLE INTERVIEWED

Ministry of Education

Mr Tudor Cojocaru, Vice-Minister of Education

Ms Lidia Spinei, Head of VET Department

Ms Valentina Tomas, main specialist, VET Department

Mr Grigore Rusu, Planning and Statistics Directorate

Ms Cvasniuc Valentina, Planning and Statistics Directorate

Ms Beza Anghelina, Planning and Statistics Directorate

Ms Svetlana Bogatu, Economics and Finance Department

Ms Victoria Iovu, Head of the Finance and Remuneration Directorate

Ms Zinaida Hobuleac, main specialist, Finance and Remuneration Directorate

Mr Mihai Rotaru, Head of the Higher Education Institutions Accreditation Directorate

Ms Cornelia Badir, Head of the Pre-University Institutions Accreditation Directorate

Managers of VET schools under the control of the ministry and the judets

Ms Viorica Dobanda, Director of Polyvalent School No 2, Chisinau

Mr Ilie Stanciu, Director of Polyvalent School No 7, Chisinau

Ms Galina Zapanovici, Vice-Director of Polyvalent School No 7, Chisinau

Mr Petru Cibotaru, Director of Polyvalent School, Hincesti

Mr Grigore Florea, Director of Polyvalent School, Leova

Ms Lidia Gonta, Vice-Director of Polyvalent School, Leova

Mr Nicolae Colesnicov, Director Polyvalent School, Carpineni, judet Lapusna

Mr Vladimir Surdu , Director of Polyvalent School No 3, mun. Balti

Mr Galina Covalciuc, Head of Education Department, Polyvalent School No 3, mun. Balti

Mr Marian Buciatchi, Vice-Director on Education of Polyvalent School No 3, mun. Balti

Mr Ion Vovk, Director of Polyvalent School No 5, mun. Balti

Mr Alexandru Beleakov, Vice-Director of Polyvalent School No 5, mun. Balti

Mr Aurica Slobodeniuk, Accountant, Polyvalent School No 5, mun. Balti

Ministry of Economy

Mr Nicolae Micsanschi, Head of the Human Resource Department

Ministry of Finance

Ms Natalia Rata, Head of Education Finance Department

Ministry of Labour and Social Protection

Mr Sergiu Sainciuc, First Deputy Minister

Department of Employment of the Ministry of Labour and Social Protection

Ms Nina Turcanu, Head of Department

Ms Raisa Dogaru, Head of the Labour and Employment Policies Directorate

Ms Ludmilla Dumbrava, Head of Training and Retraining of Unemployed Directorate

Ms Valentina Cotelnic, Head of the Statistics Directorate

Mr Vasile Costea, Vice-Director of the Department of Labour Force Employment

Employment offices

Ms Maria Bodianu, Director of Employment Office, mun. Chisinau

Mr Tudor Panaghia, Vice-Director of Employment Office, mun. Chisinau

Ms L. Kirtoaca, Inspector of Employment Office, mun. Chisinau

Ms Alla Cuciuc, Psychologist, Employment Office, mun. Chisinau

Ms Tatiana Rusu, VET Department, Employment Office, mun. Chisinau

Mr Victor Cernat, Head of Employment Office, judet Tighina

Department of Statistics and Sociology

Mr Vasile Pinzaru, Vice-Director

Ms Elena Basarab, Vice-Director of Labour Force Statistics Directorate

Ms Elena Laur, Head of Social Statistics Directorate

Donors and people responsible for technical assistance in Moldova

Ms Nina Orlova, National Programme Officer, Sida office, Chisinau

Mr Carl Lindstöm, First Secretary, Embassy of Sweden, Head of Sida mission in Chisinau

Mr Ivan Borisavljevic, Head of the EC Delegation in Moldova

Mr Veaceslav Scobioala, Head of the Department for Technical Assistance, Ministry of Economy, Director of National Coordination Unit

Employers and employers' associations

Mr Ion Balteanu, President, Handicraftsmen's Union

Mr Ion Banari, Director of Chamber of Commerce and Industry, mun. Balti

Ms Ludmila Zagrudnaia, Director, Flautex Ltd

Ms Veronica Caraus, Head of the Production Department, Flautex Ltd

Ms Lidia Bejenari, Vice-Director of the Employee Department, Flautex Ltd

Ms V. Istrate, Head of the Department, Flautex Ltd

Ms G. Bodnari, Head of the Employee Department, Flautex Ltd

Mr Turcan Oleg, Floarea soarelui (Joint stock company), Balti

Ms L. Griza, Chief of the Department, Chamber of Commerce and Industry, Balti

Ms L. Bujor, Chamber of Commerce and Industry, Balti

Mr Isfa Dumitru, Manager, Disvel-Com (Limited liability company), Balti

Mr Denisiuc Vladimir, Corectia Llc, Balti

Mr A. Guranda, Centaur Llc, Balti

Ms G. Begu, Incomlac Jsc, Balti

Ms Ludmila Maslianchina, Bakery Produce Jsc, Balti

Mr V. Sinenco, food producer, Balti

Mr Iurii Lobeev, Raut Jsc, Balti

Mr Vladimir Semencisin, Incomed Llc, Balti

Mr Vladimir Nastasovici, Director, BASM Llc, Balti

Mr Constantin Lungu, Firma Nobel, Chisinau

Ms S. Nastasovici, Manager, BASM Llc, Balti

Mr Eugen Roscovan, President Small Business Associations, Member of Patronat Confederation, Chisinau

Ms Olga Timbal, Olivitta Ltd, Chisinau

Ms Veronica Moraru, Sagita-Moraru Ltd, Chisinau

Ms Nadejda Hincu, Orlac Jsc, Orhei

Mr Venislav Ilcenco, Corund Ltd, Leova

Ms Valentina Baboci, Rada Jsc, Balti

Other experts in the field of vocational education and training

Mr Vasile Nogai, former Head of the VET Department, Ministry of Education

Mr Tudor Tenu, Head of the Regional Department of Education, Hincesti judet

Mr Gheorghe Rudic, leader of the VET Strategy Development Team

Mr Anatolii Grimalschi, Director of Educational programmes, Institute for Public Policies

Mr Victor Pitei, Consultant, Business Consulting Institute

Ms Alina Maric, Senior VET Consultant, Sida VET Project, Lernia

ANNEX 4: LIST OF PARTICIPANTS AT THE MEETING ON 'SOCIAL DIALOGUE: REALITY AND PROSPECTS' – 30 MAY 2003

Company	Participant	Number of staff	Profile	Location
Floarea soarelui Jsc	Oleg Turcan	800	Producing sun flower oil	Balti
Chamber of Commerce and Industry	I. Banari L. Griza L. Bujor	60	Providing business consulting and information services	Balti
Disvel-Com Llc	Dumitru Isfa	135	Clothing manufacturing	Balti
Corectia Llc	Vladimir Denisiuc	90	Goods and passenger transport services	Balti
Centaur Llc	A. Guranda	280	Wholesale of foodstuffs and oil products, restaurant network	Balti
Incomlac Jsc	G. Begu	760	Collecting and processing milk	Balti
Bakery Producer Jsc	Ludmila Maslianchina	1,100	Bakery and confectionery products	Balti
Food producer	V. Sinenco	580	Vodka, mineral water, balsam, liquor	Balti
Raut Jsc	I. Lobeev	800	Electrical and radio equipment	Balti
Incomed Llc	Vladimir Semencisin	130	Providing medical services	Balti
BASM Llc	Vladimir Nastasovici S. Nastasovici	39	Commercial services	Balti
Firma Nobel	Constantin Lungu	35	Commercial services	Chisinau

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LIST OF ACRONYMS

CIS	Commonwealth of Independent States
DSS	Department of Statistics and Sociology
GSS	General secondary school
LFPR	Labour force participation rate
SME	Small and medium-sized enterprise
VET	Vocational education and training
VVET	Versatile vocational education and training

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