

## **REPUBLIC OF MOLDOVA**

### **Country Information Note 2009 – 2011 (update Feb 2010)**

#### **Summary**

The shift of economic competitiveness from low-cost factors to being based on quality and efficiency for increased value-added, on one side; and equity of access and opportunities, on the other, are two overarching questions identified by the Republic of Moldova (henceforth Moldova) as crucial for its balanced development. The link between these two questions and human resources and capital is clear and direct, as this paper attempts to illustrate.

The ETF will focus its 2009-11 strategy on an integrated view of these issues. The uniqueness of the ETF's approach is represented by its capacity to relate employment, skills development and lifelong learning policies, migration and human resource development. This approach aims to improve labour market demand analysis and review education and training in this light; support the EU external policy instrument; support the national social partners to effectively play their role in vocational training reform.

With that in mind, the ETF will build on the existing strategy by continuing the initiatives of 2008-09 and consolidating results towards new initiatives, namely:

- a) Assisting the European Commission (EC) in its priority of socio-economic development and better employment, to improve the economy and reduce poverty. The ETF will contribute to human capital-related aspects, identify short and long-term policy issues and work on those, as follows:
  - i. The review of human capital development (HCD) in the country conducted in 2009 highlighted equity gaps, as access to quality learning opportunities is not equal. Factors such as territorial disparities (notably rural in rural areas) and type of school and education chosen make a difference in HCD. The review also identified that skills levels are not adequate to the needs of the rapidly changing economy. Based on that, specific priorities for action will be identified and discussed with the stakeholders, with the EC services, and donors. To be finalised in 2010.
  - ii. The transparency of qualifications is beneficial to a better functioning labour market. The participation of Moldova in the ETF regional project on National Qualification Frameworks, although limited to 2009 only, has generated awareness and lessons have been learnt from neighbouring countries. Networking with other countries proved beneficial and will therefore be supported by the ETF through other initiatives, for mutual learning and information exchange. To continue in 2010.
  - iii. Implementation of the Torino Process, i.e. a joint ETF-Moldovan assessment of the VET system. The Torino Process will provide evidence to support the formulation of specific priorities, along with the above-mentioned HCD review, for reform at VET system level to be discussed with the Ministry of Education. To be implemented in 2010.

- b) Technical expertise on transparency of qualifications in relation to the EU-Moldova Mobility Partnership. Work on occupational standards began in 2009 in the construction and agriculture sectors, for which there is demand both in the national and international labour market. The approach involves combining the demands of employers, the training needs of employees, and the capacities of the Ministry of Education and Ministry of Labour, to pave the way to relevant qualifications. Synergy with activity a)ii above was promoted in 2009 and was fruitful; participants produced an overview of the connections between occupational standards, qualifications, and qualification systems in contemporary VET systems. The project was shaped in 2009, and is fully implemented in the following two years. Duration 2009-2011.
- c) Coordination with other donors in the VET-employment sector is actively sought as a strategic factor for success. The ETF is making good use of other project results for efficiency and maximum impact, while it shares its work and methodological tools with others, first and foremost with the EC project under the Mobility Partnership. On the other hand, the aim in 2010 is to reinforce the coordination and engagement with other parties on concrete projects, around the priorities identified through the HCD review and Torino Process above. Throughout 2009-2011.

## 1. Economic, demographic and social background<sup>1</sup>

Moldova is ranked 111<sup>th</sup> out of 177 countries according to the 2007/08 Human Development Index, with a human development value of 0.708<sup>2</sup>. The situation is characterised by a variety of positive signals that coexist with complex and rooted problems, as result of a difficult transformation process. Moldova went from being one of the most prosperous agro-food regions in the former Soviet Union, to a small independent country that has lost privileged access to the former Soviet food market. Moreover after independence in 1991, in 1992 it was involved in a conflict over Transnistria, a part of the country that has unilaterally split from Moldova, without international recognition. Of an overall population of 4.2 million (including the population of Transnistria), more than two thirds are Moldovan. Other important minorities are Ukrainians, Russians, Gagauz and Bulgarians. The official language is Moldovan, while Russian continues to be the common language among minorities.

The negative effects of the global crisis have become manifest in 2009: during Q1-Q3 GDP declined by 7.7% year-on-year. A deeper look at the GDP structure is worrying since the pace of investment decelerated even more in the third quarter (-35% year-on-year in Q1 09, -37% in Q2 09 and -44% in Q3 09). Such a dramatic contraction in investment may indicate that the recovery will be slow and difficult, before recovery to pre-crisis GDP.<sup>3</sup>

Before the recent crisis, Moldova had experienced a re-emergence of economic growth. From 2000 and for at least seven years, growth has averaged nearly 6% mainly due to and expansion of consumption and the construction sector, fuelled by massive remittances from migrant workers. An overall improvement of the investment climate however has led to some diversification and moderate increase of foreign direct investment, from 3% of GDP in 2003-04 to 6-7% in 2005-06. This positive performance came after a decade of severe decline during which poverty affected nearly 80% of the population in the 1990s.

Economic recovery favoured the decline of income poverty. The country was classified in 2008 as a 'lower-middle-income economy' by the World Bank<sup>4</sup> with 49% of population living below the national poverty line, where poverty is concentrated in rural areas. Besides the decreasing income, poor people in rural areas have been affected by a deterioration of

<sup>1</sup> Sources of data in this sections include the National Development Strategy of Moldova 2008-11, the ETF and the World Bank, unless otherwise specified

<sup>2</sup> UNDP Human Development Report 2007/08

<sup>3</sup> Expert Group 2010, Real Economy, Monthly review on Moldovan economy and policy, Issue n. 11, February 2010

<sup>4</sup> [http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20421402~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html#Lower\\_middle\\_income](http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20421402~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html#Lower_middle_income)

education, health and other public services. Development continued to be low-profile in rural areas due to modest progress in agriculture and a below-par expansion of non-farming activities. Agriculture continued to report low productivity and low compensation for work. Given the share of agriculture in GDP (15% in 2006) and the number of people employed in this sector (33% of the total labour force in 2006), low performance in this area is hampering growth prospects for the rest of the economy and is undermining poverty reduction efforts. Development, or lack thereof, remains geographically polarised.

The demographic transition is hindering the country's social and economic perspectives. With a declining birth rate and substantial emigration the population decreased in absolute terms between 1996 and 2007. The stable population living in the country as of 1 January 2007 was 3.58 million inhabitants, not including Transnistria. An analysis by age group shows the ageing population. The average age increased from 33.4 years in 2000 to 35.6 years in 2007. The declining birth rate resulted in a decrease in absolute and relative terms of the young population. Between 2000 and 2007 there was a decline of the 0-14 age group from 23.8% to 18.2%, while the share of people aged 65 or over increased from 9.4% to 10.3%. The trend will continue: the ETF Country Analysis for Moldova (2005)<sup>5</sup> projected a decline of 22% in the 16-18 year-old age group until 2009, and a further 25% reduction until 2015.

Discrepancies in the age structure of the population are more evident when considered by region, due to spatial variations in demographic trends including migration flows especially. The proportion of the elderly is 1.4 times higher in rural areas than in urban settlements. Almost 12% of the rural population is over 65, with elderly women accounting for 14% of all women living in rural settlements. In rural areas, the average age of women is 3.3 years higher than men, while it is 2.9 years higher than men in urban areas.

Moldova remains the country with lowest rate of urbanisation in Europe, with 41.3% of the population living in urban settlements and 58.7% in rural areas. Approximately half of the urban population lives in Chisinau. In terms of gender balance, 52% of the total population are women and 48% are men.

The robust economic growth in the past few years has not been accompanied by a similar growth in employment rates. On the contrary, employment rates decreased by about 7% in 2006 compared to 2000. While the working age population (15-64 years old) has increased over the last decade, despite a -0.9% annual negative population growth, the activity and employment rates have continuously declined. Unemployment was at 6.6 % in 2006 (5.4% according to the ILO), but it is twice as high for people aged 15-29 on average (15% according to the ILO). Moreover under-employment is a specific feature of the country's labour market (20 worked hours per week on average). Female employment is almost at the same level as male employment. Informal employment is widespread.

Unemployment is a typical urban phenomenon, hovering at 8.3%. The situation is particularly difficult in small towns that were structurally dependant on a relatively small number of enterprises in Soviet times. Long-term unemployment in small urban settlements has a negative effect on human capital, leading to loss of professional capacities and discouraging the unemployed that used to be highly skilled workers, as these capacities become rapidly out of date. The average duration of unemployment is high (22 months), with about 41% of the unemployed being out of work for 12 months and longer in 2006.

Urban employment is significantly lower than rural employment, where agriculture has been able to provide a buffer role for years. According to official statistics, agriculture accounts for 40.7% of employment (2005) but employment in the agriculture sector has been decreasing since 2002.

Specialists of the National Bureau of Statistics consider that there is an abundance of specialists in all sectors of the national economy but vacancies remain unclaimed because of unsatisfactory working conditions and low salaries. Policies implemented in this field in 2001-06 contributed to an increase in wages in nominal and real terms. In spite of a real growth increase of 2.3 times, wages in Moldova stay low compared to the pre-transition period and to other countries within the region.

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<sup>5</sup>[http://www.etf.europa.eu/web.nsf/pages/EmbedPub\\_EN?OpenDocument&emb=/pubmgmt.nsf/\(WebPublications%20by%20yearR\)/445B91960C37966FC12570FF004B0793?OpenDocument](http://www.etf.europa.eu/web.nsf/pages/EmbedPub_EN?OpenDocument&emb=/pubmgmt.nsf/(WebPublications%20by%20yearR)/445B91960C37966FC12570FF004B0793?OpenDocument)

The low salary scale is the key reason why labour markets are unattractive in Moldova. The lowest wages are registered in agriculture and public services. Moreover, there is a wage discrepancy between men and women. Large-scale outbound migration is, first of all, due to low salaries rather than a lack of employment opportunities.

Labour migration continues to play a crucial role in the demography of Moldova. Data published by the National Bureau of Statistics show that approximately 310,000 people are reported to have left the country to seek work abroad in 2006, that is 22.8% of the active population of 15 and over. Two thirds of those reported to have left are men. Outward migration is characterised by movement of people of reproductive age and economically active: the 20-29 year-old age group is in fact dominant among emigrants (40.3%), followed by the 30-39 year-old age group (22.1%).

A study on the link between migration and education and training was conducted by the ETF in 2007. The sample comprised 2,000 people, namely 1,000 potential and 1,000 returning migrants. The findings can be summarised as follows:

- People with high level of qualifications are not in high demand due to the economic situation. The government has identified that there is a lack of professionals at medium-technical level and the process of modernisation of VET to match the demand of the labour market has therefore become a top priority. Special incentives (i.e. free board, etc.) have been granted since last year to boost VET enrolment.
- Labour market demand for university graduates, and in particular lawyers and economists, is low. Young people believe that higher education does not give them a chance for a better life neither in Moldova nor abroad as many returning migrants with university degree reported to have worked in construction and household work.
- The very low salaries and bad working conditions are among the main reasons for migration.
- Most of the migrants initially went to Russia because it was cheaper, while now there is re-orientation towards western Europe.

Poverty levels have decreased significantly since 1999, when 70% of the population lived below the poverty level. Rural poverty was in decline until 2003, but seems to be on the increase again due to the fact that prices for agricultural products remain low, whilst farming costs are increasing. The poverty rate is relatively low among households headed by people with a higher or vocational education<sup>6</sup>. The global economic crisis started to manifest its negative effects on the Moldovan economy from 2009.

As regards women's participation in society and in particular in the labour market, the situation is as follows<sup>7</sup>:

- 52% of the total population are women;
- Men and women employed in agriculture account for one third of extremely poor people;
- Women work primarily in the service sector (45%) and in agriculture (30%) - both areas with low earning potential;
- A woman earns about 70 to 80% of a man's salary (75% on average according to NBS 2008 data);
- Women lose their jobs three times more frequently than men;
- Women represent three quarters of the unpaid labour force

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<sup>6</sup> 'Improving public expenditure efficiency for growth and poverty reduction – A public expenditure review for the Republic of Moldova', – The World Bank, February 2007

<sup>7</sup> International Fund for Agricultural development (IFAD) – Republic of Moldova, gender profile – March 2007

- Moldova is the source of 60% of trafficked girls and women in western Europe, the Balkans and the Middle East
- In some villages, as much as 75% of women have left home in search of work.

## 2. Key policy issues and strategies in the human capital development sector

The reduction in the number of working population and the increase in the average age of employees in the national economy have resulted in complex consequences for the country's social and economic development, with a direct impact on the overall supply of labour force, investments, income distribution, public expenditure for social insurance, etc. The ongoing aging of population will result in serious shortages of human capital needed for a sustainable development of the country.

The government has approved the National Development Strategy (NDS) for 2008-2011, which addresses this constraint from different angles (beside many other important aspects of the country's development). The NDS is the main internal medium-term strategic planning paper which defines the development objectives of Moldova by 2011 and identifies the priority measures and actions to achieve these objectives. The key objective set forth is to ensure a better quality of people's lives by strengthening the foundation for robust, sustainable and inclusive economic growth. This key objective encompasses reducing absolute poverty to 24% by 2011.

The spirit and vision of the strategy is entirely oriented towards Moldova's alignment with European standards and, consequently, towards the accomplishment of the European integration goal. All priority development areas set out in the strategy aim at adjusting relevant national policies to European ones. The formation of a new government following the general elections in 2009 has strengthened the orientation towards the EU even more strongly.

The five proposed priorities are: 1) strengthening democracy based on the rule of law, and respect of human rights principles; 2) settlement of the Transnistrian conflict and reintegration of the region; 3) enhancing the competitiveness of the national economy; 4) developing human resources, providing for employment opportunities, and promoting social inclusion; and 5) regional development. Two of these priorities explicitly relate to the nation's human capital and its current constraints.

NDS priority 3 envisages a number of actions to progressively move from competitiveness based on cost to one determined by efficiency and quality, i.e. increased added value. Some of these actions are directly connected to human resource development and up-skilling. As an example it is worth mentioning: the creation of entrepreneurial spirit and skills among youth, notably those enrolled in VET, as a measure to support the creation and consolidation of SMEs; the promotion of technical education and training; the improvement of managerial skills across the economy; the foundation of a system of lifelong learning.

Priority 4 covers education, health, employment, and social security. As regards education, the main issues are quality and equity of access, with a view to underpinning both poverty reduction and increased economic competitiveness. Identified measures for 2008-11 are:

- On quality, (i) improving efficiency of spending for the sector; (ii) strengthening the management of education facilities, (iii) developing human resources and retaining teaching staff in the system; (iv) updating formal and informal curricula; (v) providing technical and didactic equipment.
- On equity, (i) mapping the phenomenon of limited access, (ii) eliminating child labour, (iii) direct financial and material support to children of poor families and children with special needs, (iv) optimising the network of education facilities and developing of access infrastructures, (v) developing community-based social assistance mechanisms, and (vi)

developing a regulatory framework to account for the special funds obtained through sponsorships and targeting the resources to improving the quality.

As regards employment, ongoing efforts deployed by the Government in an attempt to increase employment rates include the creation of a Moldovan labour force information system, and the sharing of information and mediation services. A National Employment Strategy 2007-15 was approved in 2006, putting the following objectives into the spotlight: (i) increasing employment rates and actual salary levels; (ii) levelling out discrepancies on the labour market; (iii) avoiding mass layoffs, decreasing unemployment rates and increasing the number of jobs; and (iv) building human capacity by changing training and re-training systems, and improving human labour mobility.

Reforms in the education and training systems are aimed at Moldova's integration into the European Education Area. Their policy and legal framework is based on the "2005-10 Strategic priorities for the modernisation of the education system", approved by the President in February 2005; and the "National Programme for the modernisation of the education and training system", approved by the Government in August 2005.

Issues like quality, relevance, equity and efficiency of provision continue to be concerns for stakeholders, the Ministry of Education and Youth and providers alike. Interventions have tended to be fragmented, whereas a holistic approach to the education and training system would probably be more effective. A selection of specific problematic aspects are summarised below.

Dropouts remain a significant issue in spite of the fact that the improving economic situation of families has contributed positively to participation levels in education. At the end of lower secondary education more than 20% of pupils leave the education system, especially in rural areas. It is unlikely that these early school leavers will ever return to education.

A shrinking school-age population is another critical factor. The demographic peak has already reached higher education. At the same time pupils in primary and secondary general education have declined by more than 20% since 2000. The number of students is stagnating and is expected to decrease further in the coming four to five years. Although the total numbers are likely to do the same over all levels of education (apart from pre-school and adult learning), trends in the different sectors of the education system have varied.

Recent reforms have mainly aimed at increasing participation, in particular into general and higher education. There has been indeed a clear shift from vocational education to general education during recent years. Participation in vocational education over the past five years has decreased from 22% to 8% of the population in secondary education, in a continued decline from much higher levels of participation. As a consequence, half of the vocational schools have already been closed, mainly in smaller towns. In Chisinau there are currently 17 schools with 5,300 students, compared to 18 schools with 15,000 students in 1990.

With hardly any investment in the VET sector, obsolete equipment and aging teaching staff, the sector is no longer attractive to students and their parents. Reforms in the vocational education system have received some EU support in the past with a Tacis project implemented during the period 1998-2000. This has led to experiments with more decentralised schools and to the development of the multifaceted school, providing four years of secondary education and thus providing potential access to higher education.

The government has been trying to turn around the demise of vocational schools, with the idea of abolishing craft schools and introducing a new type of full-secondary VET, the professional lyceum. This idea is part of a new VET strategy that has been under discussion for quite sometime and includes also the proposal of turning group schools into regional training centres that can better respond to regional needs, starting a decentralisation process of VET and increasing the role of stakeholders.

The pace of reform in VET undertaken by the Ministry of Education has been rather varied. Understaffing at the VET Department has been a major obstacle in undertaking the modernisation ahead. Activities carried out have mostly been driven by donors (Sweden, Austria, Switzerland and the Lichtenstein), but with little steering and co-ordination on the part of the Ministry. An overall strategy for the sector has been drafted with the support of the SIDA-funded project but approval is pending. Both Sweden and Switzerland have brought

their respective projects to an end, leaving the VET sector deprived of important assistance as from 2010.

Adult training and retraining is an urgent priority. The level of participation in adult learning is very low and not in line with the retraining needs of the working population. The most common form of continuing training are the courses financed by the National Employment Agency, and training provided by NGOs. The private sector's contribution however is soaring, with the investment in staff training increasing eightfold over the last few years.<sup>8</sup>

The Government is elaborating a new Education Code. Moreover, in the negotiations towards a future Association Agreement with the EU, the Government has requested the inclusion of vocational education and training in the chapters of the priorities. These are new developments, which may lead to innovations in the Ministry of Education's strategy in 2010 and the years to come.

### 3. EU and other donor interventions

#### 3.1. EU and the Neighbourhood Policy (ENP)

The EU-Moldova ENP Action Plan was adopted in 2005 for a period of three years and prolonged by mutual agreement beyond February 2008. The ENP Progress Reports of 2008 and 2009 stated that during the reporting period Moldova made good progress in most of the areas covered:

- Political dialogue and reform (Democracy and the rule of law, Cooperation on foreign and security policy, conflict prevention and crisis management)
- Cooperation for the settlement of the Transnistria conflict
- Economic and social reform and development (including employment and social policy, and sustainable development)
- Trade related issues, market and regulatory reform
- Cooperation on justice and home affairs (including migration issues)
- Transport, energy, telecommunications, environment and Research, development and innovation
- People-to-people contacts.

The Progress Report noted that in higher education, Moldova progressed in the introduction of the three-cycle structure in line with the reforms under the Bologna Process with due attention paid to the modernisation of curricula, accreditation and quality monitoring. Higher education institutions systematically used Tempus projects (that have supported developments in higher education since 1993) to explore and pilot elements of the Bologna Process, eventually proposing implementation at national level. Participation in the Tempus and Erasmus Mundus programmes progressed well, further underpinning education reform and promoting academic mobility and excellence.

Progress on reform of vocational education has been less with low levels of participation in continuing vocational training and its provision out of step with the needs of the labour force. Cooperation with social partners and other stakeholders in the context of future plans for the decentralisation of vocational education and training would be required to address this situation. In addition, a lack of resources and political initiative continue to stall the momentum of education reform. It is worth noting that in 1998-1999 the Tacis Programme funded a

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<sup>8</sup> ETF 2009, Human capital development review in the Republic of Moldova (unpublished draft)

technical assistance project aimed at reforming the vocational education and training system; the reforms introduced however were not sustainable.

Moldovan young people and youth workers have continued to benefit from the possibilities offered by the Youth in Action programme with participation rates on the rise.

More specifically, the National Indicative Programme (NIP) allocates financial resources. The envelope for 2007-10 is €209.7 million to assist with the priorities illustrated in the Country Strategy Paper 2007-13. On the basis of the overall Country Strategy, the current NIP concentrates on three priority areas. The broad education sector (including education exchanges, education and training system reform, science and research) is mentioned under Priority Area 1: Support to Democratic Development and Good Governance, as well as under Priority Area 3: Support for Poverty Reduction and Economic Growth.

The NIP foresees assistance for reforming and upgrading the education system in view of the convergence with EU standards and practices. The expectation is that in the long-term this would positively impact on improved democratic development, economic competitiveness and social stability. Visible results would include quality, capacity and relevance to the needs of society and the economy on the part of the education and training system and their convergence with EU standards and practices; greater research capacity with a focus on scientific excellence; and stronger links between scientific and research communities in the EU and Moldova, including education institutions and networks. At the same time the provision of, and access to, quality services particularly education and health would contribute to both poverty reduction and economic growth, thus diminishing social inequality and improving living standards.

The Mobility Partnership agreement was signed between the European Union and Moldova in June 2008. Among other issues that have a special relevance for migrants, the agreement covers issues of bilateral recognition of qualifications. The ETF has been asked to provide technical contributions to the latter, in coordination with Sweden, the member state that has the lead on the agreement's labour market related aspects. A Task Force will be set up to coordinate and monitor the implementation. The Mobility Partnership is an innovative instrument for cooperation between the EU and third countries, bringing together EC and Member State actions.

### **3.2. Donors**

The World Bank has supported primary and lower secondary education with a general education loan. Investments in school buildings from the Social Investment Fund are partially covered through the World Bank and the EU support. The World Bank also supports fast track support for preschool education. On the initiative of the World Bank, the Ministry of Education has developed a database mapping the state and development in each general education school in Moldova. This mapping exercise should help to define the most viable institutions that will be eligible to support for equipment, furniture and text-books in the framework of the World Bank Quality education in rural areas project.

UNICEF has focused its activities on helping to create a protective environment from abuse for children. It does not work directly on the reform of the education sector.

For several years USAID Moldova has been supporting a programme on 'Reform and the Nonprofit Sector'. Through the Eurasia Foundation grant-making programme small grants are awarded to strengthen the non-profit sector's involvement in reform. Grant proposals are reviewed in business development, business education and management training, economic education and research, public administration and local government reform, NGO development, rule of law, media and electronic communications.

K-Education Austria has been supporting the Reform of Teacher Training, a Pilot Project on Teacher Training in Rural Areas, the project 'Agricultural Schools as Centres of Competence for Regional Education and Training' (which attempts to contribute to poverty reduction by improving the ability of school leavers to develop sustainable business activities based on and centered around existing small and medium sized family-farmsteads).



Sweden through Hifab is supporting the Ministry of Education and Youth in the development of VET policies, labour market needs analysis, teachers training, guidance, actions for vulnerable groups, social dialogue, etc. The project was supposed to finish at the end of 2008. A twin-project implemented by the Swedish National Labour Market Board is supporting the capacity and quality of public services supplied by the National Employment Agency. Sweden is expected to provide additional support to labour market developments under the framework of the newly agreed Mobility Partnership.

The Swiss Agency for Co-operation Development through a German company called INBAS provides support in the field of development of occupational standards. So far, six standards have been developed following DACUM methodology.

Liechtenstein is planning to support the reform of VET mainly with the supply of equipment to some vocational schools.

The 2006-07 ILO Decent Work Country Programme is assisting the country's promotion of its national decent work agenda on providing jobs and reducing extreme poverty, increasing access to qualitative social services, particularly for vulnerable groups and promoting and protecting human rights. Lately, Moldova's commitments to decent work for women and men have changed for the better: the Moldovan Parliament has recently adopted the Law on Gender Equality. Within the overarching theme of "Decent Work for All" the ILO concentrates on three country programme priorities in Moldova, which should be seen as long-term goals: employment and labour market policies and programmes to meet national needs and EU standards; more effective social protection policies, particularly for vulnerable groups; and promotion and strengthening bipartite and tripartite social dialogue.

## 4. ETF intervention strategy 2009-11

The general elections of 2009 led to the formation of a new Government that put alignment with the European Union at the centre of its programme. As regards education policies, two new elements are worth noting. First, the Ministry of Education is working on a new Education Code, which may affect the structure of the system. Second, education, including VET, is mentioned in the draft priorities to be discussed with the EU in view of the future Association Agreement. These new developments might bring changes in the Ministry of Education's policy in 2010 and the years to come, that the ETF will need to take into account.

As of early 2010, the Government is fully supporting the existing National Development Strategy 2008-11. With the NDS, Moldova has equipped itself with strategic priorities along with targeted action plans for implementation. Distributed economic growth and poverty reduction are the overarching goals, spelled out in the medium (2011) and long-term (2015) objectives and results. As part of this, competitiveness of the national economy and the inclusive development of human resources and social sectors are two priorities. These are further supported by the National Employment Strategy 2007-15 and the Modernisation of the education and training system 2005-10.

Moldova is endowed with highly capable and trained civil servants, and awareness of problems is clear as is the understanding of the necessary solutions. The relatively high degree of centralisation of public administration may however create some difficulties in turning the policies into practice. Understaffing in some key ministerial departments represents a further constraint.

Massive outflows of people of working and reproductive age is a highly problematic national issue. As analysed in previous sections the effects on the labour market and society as a whole are serious. The EU- Moldova Mobility Partnership agreed in 2008 aims at managing this phenomenon by providing incentives for circular migration.

In summary, the shift of economic competitiveness from low-cost to quality and efficiency, on one side; and equity of access and opportunities, on the other, are two overarching questions identified in the Moldovan National Development Strategy as being crucial for balanced development. The link between these two questions and human capital development needs is clear, as the summary of findings in this note have illustrated.

The ETF approach in 2009-11 fulfils the objectives of improving labour market demand analysis and reviewing education and training in this light; supporting the EU external policy instrument; supporting the social partners to effectively play their role in vocational training reform.

With that in mind, the ETF will build on the existing strategy by continuing the initiatives of 2008-09 and consolidating results towards new initiatives, namely:

- a) Assisting the European Commission (EC) in its priority of socio-economic development and better employment, to improve the economy and reduce poverty. The ETF will contribute to human capital-related aspects, identify short and long-term policy issues and work on those, as follows:
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## 5. Summary table 2010

Intervention	Themes and functions	Expected results	Activities	Project Outputs	Duration
<p>Title: Skills' transparency for the Mobility Partnership</p> <p>Objective: Employers, employees, and state authorities acquire understanding and familiarity with the conditions for skills' recognition: occupational standards, relations with educational standards, assessment, approaches to recognition of prior learning, and options for validation (certification) of adult learning.</p>	<p>Theme B</p> <p>Theme C</p> <p>Function 2</p>	<p><b>R1</b> Reference Group (RG) setup and operational: a set up of transparent and widely accepted occupational standards, developed, tested and validated using a methodology that meets international standards for quality assurance.</p> <p><b>R2</b> Policy Dialogue Group (PDG) setup and operational.</p> <p><b>R3</b> An RPL policy position covering issues of standards, quality assurance, certification and funding produced</p> <p><b>R4</b> Practice of social dialogue on sector skill needs compiled</p> <p><b>R5</b> Finalised mapping of VET qualifications in 1 sector relevant for returning migrants (policy review and analysis)</p> <p><b>R6</b> The national staff involved in the clearing house becomes more competent and familiarised with recognition of prior learning practice</p> <p><b>R7</b> Coordination with the Mobility Partnership actors</p>	<p>Social partners in the RG check the recently developed occupational standards</p> <p>Comparison of the Moldovan standards with some of the standards in hosting EU countries</p> <p>Development of new occupational standards</p> <p>Organisation of awareness raising and capacity building</p> <p>Expert support (short term input)</p> <p>Organisation of a study visit for RG and PDG members</p> <p>Social partners and policy makers discuss and agree upon quality assured skills' assessment for adult workers, and options for certifications</p> <p>Social partners and policy makers envisage a mechanism for RPL in the Rep of Moldova</p>	<p>Members of the Reference Group and the Policy Dialogue Group are familiarised with sector analysis and identification of skills needs</p> <p>Members of the Reference Group and the Policy Dialogue Group are exposed to international developments in the field</p> <p>An RPL policy position covering issues of standards, quality assurance, certification and funding</p> <p>Practice of social dialogue on sector skill needs</p> <p>Seminars, study visit</p>	2010-2011
<p>Title: assessments and reviews of education and training policies</p> <p>Objectives: HCD and Equity Review complemented with an appraisal on gaps in the VET system and a shared understanding on priorities for VET reform through the "Torino Process" and "Education and Business &amp;</p>	<p>Theme A</p> <p>Theme C</p> <p>Function 3</p> <p>Function 4</p>	<p><b>R1</b> Appraisal of strong and weak components of the VET system in Moldova, according to the ETF analytical framework</p> <p><b>R2</b> Overview of the existing relationship between education and business, in the Republic of Moldova</p> <p><b>R3</b> Completion of budgeted policy options, based on HCD Review and the Torino Process</p> <p><b>R4</b> Validation event</p>	<p>Action-oriented dialogue notably with the Min. of Education and Youth</p> <p>Organisation of Workshops</p> <p>Identification of where donors could suitably contribute, within their respective priorities (e.g. regional development and poverty reduction for the EC).</p> <p>Joint workshop or working meeting with Ministry and donors, if the above accepted.</p>	<p>Appraisal of strong and weak components of the VET system in Moldova, according to the ETF analytical framework</p> <p>Overview of the existing relationship between education and business, in the Republic of Moldova</p> <p>Completion of budgeted policy options, based on HCD Review and the Torino</p>	January – October 2010

Education Study" Policy Analysis			Other technical support as appropriate.	Process Validation event TRP and E&B National workshop and smaller meetings on HCD and equity	
<p>Title: Eastern Partnership Employment Reviews</p> <p>Objective: These reviews represent a follow up to the project which is aimed at improving understanding of the selected labour market issues both at the country and regional level</p>	Theme B Function 4	<p><b>R1</b> Better understanding of the selected labour market issues both at the country and regional level, with a special emphasis on how outputs from the educational systems are used in the labour markets.</p> <p><b>R2</b> Enhanced awareness and knowledge of the key stakeholders on the themes of the labour market analysis in six countries (Armenia, Azerbaijan, Belarus, Georgia, <b>Moldova</b>, and Ukraine).</p> <p><b>R3</b> Identified policy intervention areas for national stakeholders, European Commission services and ETF management to be used in future actions.</p>	Organisation of one regional conference for the dissemination of project findings with participation from the countries involved in the study	Finalisation of the regional study in EN and RU	January - December 2010