

TORINO PROCESS

REPUBLIC OF
MOLDOVA

DECEMBER 2010





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Republic of Moldova

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Table of contents

Foreword	5
Executive summary	5
1. Vision and state of the art in vocational education and training (VET)	6
2. External efficiency: Addressing economic and labour market needs	7
3. External efficiency: Promoting equity and addressing social demands for education and training	12
4. Internal efficiency, quality, governance and financing	16
5. Innovation, partnership and entrepreneurship	19
Recommendations	20
Annex - VET system scope, legal and institutional frameworks, additional data	22
Bibliography	27

List of abbreviations

ALMP	Active Labour Market Policies
EBRD	European Bank for Reconstruction and Development
ETF	European Training Foundation
GDP	Gross Domestic Product
ICT	Information and Communication Technology
ILO	International Labour Office
IMF	International Monetary Fund
ISCED	International Standard Classification of Education
KILM	Key Indicators of the Labour Market
LFS	Labour Force Survey
MoldCED	Classification of Education Programmes in the Republic of Moldova
MDL	Moldovan Lei
NEA	National Employment Agency
NBS	National Bureau of Statistics of the Republic of Moldova
NCC	National Coordinating Council
R&D	Research and Development
VET	Vocational Education and Training

Foreword

Analysis for the Torino Process in the Republic of Moldova was undertaken on the basis of a high degree of participation. The Ministry of Education appointed the Republican Centre for Vocational Education and Training (VET) Development to collect qualitative and quantitative evidence and ensure broad consultation. The Republican Centre actively organised four focus group discussions and a number of individual interviews involving experts, teachers, school directors, high level officials and representatives of the private sector. The Centre also gathered other relevant data and drafted a self-assessment report.

The main content and preliminary conclusions of the self-assessment report were presented at a seminar on 25 May 2010 in Chisinau where ETF shared its analysis of key areas and priorities for improvements in VET. The Deputy Minister of Education stressed the importance of framing VET in a lifelong learning perspective, explaining that the lifelong learning concept is central to discussions in the Platforms of the Eastern Partnership and that it is related to the draft Association Agreement. Those social partners present expressed their support for the Torino Process review and requested greater involvement in future planning and management of the VET system.

ETF used the outcomes of this vivid debate and extensive feedback from the meeting to build on the self-assessment document and draft this Torino Process report. The document also embeds elements from recent ETF studies of the human capital and the labour market in the Republic of Moldova.

Executive summary

VET-related legislation in the Republic of Moldova generally lacks a lifelong learning perspective and few active measures are taken to ensure progression and continuity, different entry points, non-formal and informal education, easy access and diversification of learning styles and approaches. Recent education-related legislation and other policy documents have largely concentrated on school-based secondary vocational education while tertiary formal levels and continuous training have generally been omitted from the VET category. Work-based learning is not envisaged as an acceptable option for legally recognised certification processes.

In contrast, VET stakeholders consulted through a focus group methodology for this report provided a more comprehensive picture. School directors, employers and employees, ministerial representatives, district and municipal staff, education specialists and parents described VET as a system that should entail: social dialogue, adult learning, anticipation of skill needs, secondary and tertiary level qualifications, a combination of theoretical and practical learning, learning within enterprises and the development of public-private partnerships. All of the constituent groups viewed changes in this direction as positive.

VET users in particular recommended changes to address the existing mismatch between the qualifications provided and labour market requirements. Many of the course profiles offered by professional institutions are no longer in demand and some of those that are demand-oriented do not contain adequate content to provide graduates with the skills and competences they need. Employers and employees alike are dissatisfied with the quality of training as they believe the relevance and quality of education and training should go hand in hand.

Skill demand in Moldova is shaped by the requirements of an economy marked by three main challenges: (i.) economic restructuring where services have replaced agriculture as the main contributor to GDP (many of the jobs created during the economic recovery demand high or medium level skills that were not required under the old economic structure); (ii.) foreign investors continue to operate in niches where they tend to employ a qualified workforce with specific key competences that most jobseekers cannot offer due to their poor preparation (foreign investors show a higher propensity for corporate training than Moldovan enterprises); (iii.) most companies make limited investments often associated with low productivity and unattractive salaries, as a consequence the skill levels demanded are generally low and employees are offered no opportunities to upgrade their competences.

Social challenges also have an impact on skill demand. Perhaps the strongest negative tendencies are generated by the economic divide between rural and urban areas, where the widening gap is depriving the rural youth of opportunities. Meanwhile, a positive challenge can

be seen in the value of education as leverage for social mobility where more families are realising their aspirations by supporting their children in education through to university graduation. Unfortunately, the decline in quality and low social prestige of VET have made it unattractive for families despite the fact that VET brings returns in terms of employability and decent salaries on the labour market where employers are in need of middle level skills. Finally, emigration has a huge impact in Moldova where large numbers of skilled-workers have been attracted to jobs in the Russian Federation and European countries often leaving their families behind. International labour migration has become a key trait of Moldovan development over the last decade, bringing positive and negative aspects with it. This now presents an economic challenge as much as a social one.

There is concern about the overall efficiency of education given that the quality of provision remains poor in spite of expenditure equivalent to 9% of GDP (2009). The main indicators of this can be seen in the impoverished infrastructure, high turn-over of teachers and decreased staff re-training, unfilled vacancies (especially in rural schools), poor involvement of key actors including social partners, outdated teaching methods and lack of school management expertise. Quality continues to be defined according to input indicators, such as the number of teaching hours, rather than output in policy and planning documents.

The VET governance structure of is characterised by the concentration of policy processes and implementation functions within the Ministry of Education. Intermediary bodies have been created over the years but they are not operating effectively. There is ample room for greater involvement of the labour market and social actors in governance within clearly defined roles.

The draft Education Code under discussion in 2010 envisages desirable innovations and, if approved, the Code could provide VET with a renovated legal basis to underpin important changes including the involvement of social partners, work-based learning and the promotion of public-private partnerships.

Policy priorities identified in this analysis can be summarised as follows: (i.) a clearer role for social partners in system governance (bringing education and training closer to actual demands, making regular use of labour market need assessments and developing work-based learning approaches); (ii.) the expansion of adult learning services and opportunities, to respond to present and expected gaps in the labour market (enhancing adult learning would indirectly benefit initial education, through improved status, capacities and resourcing in VET schools); (iii.) a new funding structure for the system (re-thinking the relationship between public and private, and consolidating new partnerships). The ultimate aim of all the policies outlined here is an improved quality of education and training.

1. Vision and state of the art in vocational education and training (VET)

In Moldova there are a relatively high number of laws and regulations containing provisions on VET, and there are many more relating to the relationship between the education system and the world of work in general. Different texts cover regulations on the organisation of education, the nomenclature of professions and anticipation of labour market needs, requirements for teachers and prescriptive plans for enrolment in secondary and post-secondary vocational education. There is a separate legal framework for the training and retraining of adult workers and specialised professionals.

The dominant vision that emerges from education-related legislation and other policy documents of recent years is that school-based, secondary vocational education is at the centre of the system, whereas tertiary formal levels and continuous training are normally not covered within the VET category. Also, work-based learning is not viewed as an accepted route to legally recognised certification. In general terms, the legal framework for VET in the Republic of Moldova lacks the lifelong learning perspective that would allow for progression and continuity, different entry points, non-formal and informal routes, easy access and diversification of learning styles and approaches.

Students who chose secondary vocational education are unable to subsequently access higher education and this educational dead-end bears heavy negative connotations for VET. The ill-defined position of the colleges is an additional peculiarity of the Moldovan VET system, as college courses can lead to both secondary and post-secondary graduation along pathways that

are not always organised in a distinct manner (see the education system diagram in the Annex). The closed horizontal and vertical pathways and the ambiguous status of the colleges contribute to the conclusion that secondary VET does not have a defined status and role within the education system.

The limitations of the VET system are reflected in the labour market. Most of the professions coded in the national qualifications framework classifier refer to level 3 qualifications corresponding to upper-secondary VET graduation and to the level 4 awarded by the post-secondary colleges. There is no room for career progress from vocational and technical jobs, as jobs above level 5 in the public and private sectors are reserved for managers and decision-makers who tend to be university graduates in fields not offered by post-secondary colleges.

Continuous training is not a priority in the current system and the only types of adult training available are either commissioned by the National Employment Agency (NEA) for the unemployed or delivered to employees internally on the initiative of individual companies. There are no procedures for the certification of non-formal and informal learning of adults beyond the offer in the formal VET qualifications catalogue. A project is, however, currently underway to address this aspect.

The opinions collected in the research for this report, however, point to a more comprehensive understanding of VET among stakeholders. The four focus groups involved a wide group of contributors including directors of VET institutions, employers and employees, ministry staff, district and municipal staff, education specialists and social analysts. The following important issues were raised in the focus group discussions: social dialogue, adult learning, anticipation of skill needs, demand for higher level qualifications, involvement of enterprises in practical training, promoting a culture of learning within enterprises and developing public-private partnerships.

This type of comprehensive and lifelong oriented vision is better matched to the stated goals and priorities of the National Development Strategy 2008-2011: the re-launch of economic competitiveness and achievement of social inclusion through human resource development and other policies.

VET policy priorities expressed by the Government in the 2010 *Rethink Moldova* report (GoM, 2010) (a document that built on the National Development Strategy and the mid-term expenditure framework) aimed to increase the quality of VET and provide better prepared human resources for the economy, establish VET responsive to the labour market and optimise the school network while approving the draft VET Strategy developed with the support of international partners.

Feedback from the focus groups also highlighted the need for a new strategic framework for VET. The draft Education Code under public consultation in 2010 does in fact contain the necessary elements for such a policy framework. The draft document mentions an increased role for social partners in the VET system, the concept of quality assurance, openness to internships and initial forms of apprenticeships and the acknowledgment of adult learning as part of the education and training system. When approved, the new Education Code will frame the changes of recent years within a modernisation of education perspective. The changes that have occurred to date have been scattered, and have mainly consisted of the reorganisation of some sector profiles (extending access to the most highly requested areas), the transformation of two vocational schools into vocational lyceums and the production of a new list of jobs.

2. External efficiency: Addressing economic and labour market needs

The Republic of Moldova passed through a difficult transition during the last decade of the 20th century. National GDP fell in the order of 65% between 1990 and 2000 until the trend finally reverted from 2000. Economic restructuring and privatisation coupled with social and political unrest were major causes for the decline.

The period from 2000 to 2008 was marked by real growth and recovery but at least a third of GDP became dependent on remittances from emigrants. The national economic fabric remained fragile due to insufficient investment in both physical infrastructure and non-physical assets such as knowledge; low productivity (especially in traditional sectors such as agriculture) and low-added value services; and the suboptimal use of human capital.

The global financial crisis and recession in major economies from 2009 has affected the Moldovan economy. The National Bureau of Statistics registered a decline of about 7.7% in GDP in January to September 2009, compared to the same period of 2008. This contraction was mainly prompted by the lower demand for industrial goods on the external market and the consequent reduction in consumer prices was reflected in a declining inflation rate in 2009.

Forecasts for GDP growth in 2010 are marked by prudent optimism: the International Monetary Fund (IMF) expects + 2.5%, the National Bank of Moldova has adjusted its forecasts to + 3.4%, whereas the European Bank for Reconstruction and Development (EBRD) expects + 4% by the end of the year. The State Chamber of Registration has registered over 260 enterprises with foreign capital in the first half of 2010, up 42% on the analogous period of 2009.

The National Development Strategy 2008-2011 aims to recover economic competitiveness by addressing existing weaknesses. The core of the Strategy rests in increasing the value added of national output by upping the quality of production and increasing productivity in place of a model based on low-cost factors as the main driver of competitiveness. Some progress has been made on enhancing the business environment (World Bank, 2009) and attracting foreign investors but the structural problems persist.

Within this context, the three most important challenges shaping the demand for skills can be summarised as follows: (i.) economic restructuring based on services rather than agriculture (both knowledge-intensive sectors like financial services and medium-skilled areas like real estate, hotels and restaurants and trade); (ii.) foreign investment (currently low but gradually increasing) that requires a qualified workforce (moreover, foreign investors show a higher propensity than Moldovan enterprises to provide corporate staff training); low productivity that allows low skill levels to persist in the labour market and that impacts negatively on skills demand (this factor is largely responsible for the loss of competitiveness in individual companies and relevant branches of the economy).

Table 1 shows how the recent modifications in economic structure have affected distribution of employment by sector. Agriculture has lost its position as the most labour-intensive sector after experiencing the most dramatic drop in employment. Financial services, construction and related (real estate services) have boomed while tourism and trade have developed fast, along with transport and telecommunication. Industry has both destroyed and created jobs, where employment creation has been facilitated by the emergence of businesses in fields such as food production and ICT.

Table 1 – Structure of employment by sector of economic activity (%)

	1998	2007
Agriculture, forestry and fishing	45.7	32.8
Industry	11.0	12.7
Construction	3.5	6.1
Trade and repair, hotels and restaurants	12.7	15.9
Transport and communication	4.7	5.5
Public administration (incl. education, health, social services) and defence	17.5	20.0
Other activities	4.9	7.0
Total	100.0	100.0

Source: ETF 2010a

Where high qualifications are required, newly emerging sectors show a tendency to employ young graduates (typically in financial and other services) while employment for the lower qualified tends to be given to people moving in from other sectors and geographical areas. Domestic migration is pronounced and the two largest cities, Chisinau and Balti, are growing rapidly in comparison to rural areas. Construction has created many new jobs, as have transport and communication, hotels and restaurants, and trade. These sectors, notably construction, have also absorbed low-qualified workers from other sectors.

Foreign investors are attracted to the Republic of Moldova by its proximity to Europe and Russia, and by the low-cost of labour. The Government has eased the regulatory framework with a view to making the country more attractive to investment with positive results. Political instability however continues to form a threat to foreign investors. ICT (both production and distance services like call centres); construction materials; agriculture (including wine-making and industrial food processing); financial services (notably banking and insurance), and; textiles, to some extent, have all been subject to revised regulations. Other sectors, such as energy, have benefited from foreign investment and appear to be attracting interest for the future. Foreign investors in these sectors bring demand for medium to highly-qualified employees (European Training Foundation, 2009 and 2010b).

Low productivity and informality remain important features of the Moldovan economy, especially in sectors like agriculture where the level of investment is far below that needed by a modern productive environment. The low productivity factor is present in both the informal and formal economy, and the factor operates as both a cause and effect of insufficient company investment in technology and human capital.

Low productivity reduces competitiveness and affects the demand for skills through a two-pronged mechanism. Employers offer low salaries and expect little return while providing no further training to employees. This means that people with low or outdated skills can still find employment on the labour market and that they have no incentive to engage in skill development.

Labour market statistics provide good insight into how well available skills are matched to the multiple demands of the Moldovan economy.

The country recently showed the lowest activity rate of the six Eastern Partner countries for the 15-64 age group at 51.1 % in 2007, following persistent decline from 69.9% in 1995, through 61.8% in 2000 and 53.5% in 2005 (ILO-KILM). These striking figures can be largely explained by the fact one fifth of all people classed as inactive in Moldovan national statistics are in fact emigrants.

Table 2 shows the key indicators for the population aged 15+. The lack of an upper age limit is appropriate considering that the activity rate of people of pensionable age is relatively high due to the low levels of pensions and social assistance, poverty and diffuse subsistence agriculture. Both employment and unemployment are in decline: the first due to significant job destruction during the changes in economic structure; the second largely to emigration that contributed more to the reduction of unemployment than economic growth.

Table 2 – Key labour market indicators, age 15+ (%)

	1995	2007	2008	2008* 4th quarter	2009* 4th quarter
Total activity rate	62.1	46.6	49.1	41.8	40.4
Total employment rate	55.6	44.3	44.7	35.6	37.9
Total unemployment rate	8.5 (year 2000)	5.1	4.0	3.9	6.2
Youth unemployment (age 15-24)		14.5			13.7 (11.1 age 15-29)

Source: ILO-KILM, cited by ETF 2010a

* Source: NBS, cited by Ministry of Education, Institute of Educational Science, Republican Centre for VET Development, 2010

This labour market background and the three main challenges raise important questions on the skill match situation, especially in terms of how well education and training meet labour market demands.

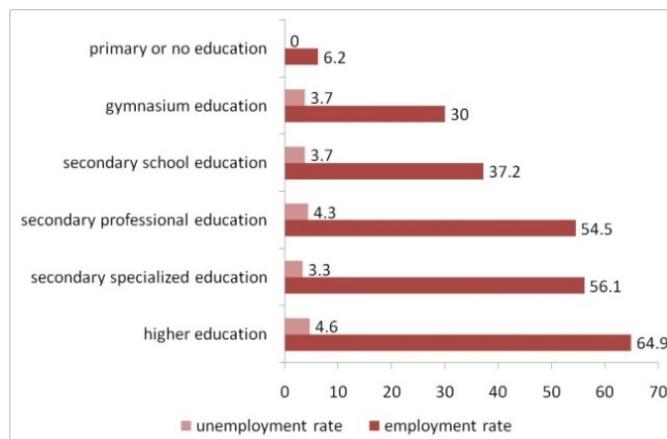
Chart 1 clearly shows that in 2008 tertiary education provided better chances of employment, with a 64.9% employment rate for university graduates against 54.5% and 56.1% employment rates for secondary and post-secondary VET graduates. The Labour Force Survey and school-to-work transition surveys however highlight that the jobs offered to university graduates are not always of a corresponding high level (European Training Foundation, 2009; Ministry of Education et al., 2010). Although they may be formally overqualified for the job, tertiary education graduates are preferred by employers. One explanation for this is the declining quality of non-tertiary education, notably secondary and post-secondary VET.

This decline in quality, or lack of responsiveness, is widely attested by surveys of enterprises and individuals. Over 40% of Moldovan respondents to the World Bank enterprise survey in 2009 stated that labour skill level was a major potential constraint to their business operations. Strikingly, this percentage increased almost threefold between 2003 and 2009, indicating how acute the problem has become (World Bank, 2010).

Specific surveys conducted by ETF among employers confirmed the increasing attention paid by companies to internal training in order to compensate for the lack of skills of employees. Statistics further reinforce this conclusion by showing that private sector expenditure for training has more than doubled between 1998 and 2008. In interviews in 2009, individuals reported that their training had been stronger on core or general skills (flexibility, communication, independence) than technical skills and the use of technology (European Training Foundation, 2010b).

Unemployment statistics are low mainly as an outcome of emigration as a labour market solution and the high number of discouraged unemployed who stay in the country but cease searching for a job. Youth unemployment rates are among the highest in the Eastern Partnership region and there has been heavy emigration of highly skilled young people in recent years. If this trend continues in the future, the average migrant profile will move toward younger, better qualified people. At present, the majority of migrants are secondary or post-secondary graduates, as will be shown in the next section.

Chart 1 - Employment and unemployment rate by level of education – 2008 (%)



Source: NBS, cited by ETF 2010b

The increased presence of higher education graduates in the labour market provides a signal that guides student choices, with an increasing number opting for the secondary general plus higher education route. Even though the phenomenon of youth unemployment is on the increase for all levels of qualification, tertiary education is perceived to offer better preparation for life by families.

VET has become unattractive despite the fact that professional and technical competences are in demand in the labour market. One particular reason for this is that the system has distanced itself from the actual requirements of the contemporary Moldovan economy. As a matter of fact, the VET system suffers from a double mismatch: the first between the classifier of occupations and the list of official qualifications; the second between the formal system (the classifier, qualifications) and the demands of a changed labour market. Course content and the catalogue of qualifications are in need of updating but improvement is hampered by fragmentation in the legal framework and a tendency towards overregulation.

VET has also lost out due to the effective absence of horizontal pathways between vocational and general secondary education and vertical openings towards higher education. The legitimate aim of increasing the quality of secondary VET has led to the creation of many different types of school (such as multi business schools, vocational schools, vocational lyceums and vocational high schools) but has also raised uncertainty in the VET internal structure. Post-secondary VET colleges have also been penalised following changes driven by the Bologna Process and the adaptation to ISCED and MoldCED. Colleges can be accessed after lower-secondary and upper-secondary; they offer both upper-secondary and post-secondary qualifications that may or may not lead to university. The taxonomy of secondary and post-secondary is not homogeneous across policy documents.

Public adult training is mainly supported within the framework of active labour market measures. The Ministry of Labour, Social Protection and Family reinforced measures to counteract adversity in the labour market following the profound crisis in the late 1990s (details of the legislation are given in Annex 1). At the moment, 31 public and 9 private institutions are legally accredited to provide adult training on a contract basis targeting the unemployed, the employed at risk of job loss and young people in transition between education and the labour market.

Other NEA programmes have been tailored to women. The New Perspectives for Women project is an effective collaboration between the NEA and Winrock International to develop employment and entrepreneurial skills amongst young women in rural areas, while providing funding and support for small businesses. The Alliance for Education and Employment in Moldova (META) has undertaken a cooperation programme to provide employment skills and relevant placements in the labour market for young women aged 16-25. The project also aimed to reduce the risk of human trafficking, especially for young women who intended to work abroad.

The territorial agencies of the NEA are currently implementing a project on training and professional integration under the management of the nongovernmental Business Advisory Centre. Activities are aimed at people aged 15-25 who are experiencing social difficulty. Through this project, 83 individuals from vulnerable families are currently attending training courses and receiving grants of 300-500 MDL during the training period; four of them will also receive a monthly salary supplement of 500 MDL for three months after finding employment.

These valuable initiatives stand out against the background of an almost non-existent adult learning system. The demand for good quality learning services is growing (not least due to demographic pressure) but remains mostly unmet. Workers from sectors that have shed jobs, notably agriculture, have not been provided with the training they need to become employable in other sectors while new emerging sectors have been given no incentives to up-skill their human capital. Many individual companies have invested in their own training schemes in an isolated manner. The Government and the business community have not created sector funds or mechanisms to share experiences and costs. As a result, only medium and large companies are able to devote part of their investment to staff training and foreign companies take a significant lead in this respect. The 2% payroll levy for training established by law is not enforced.

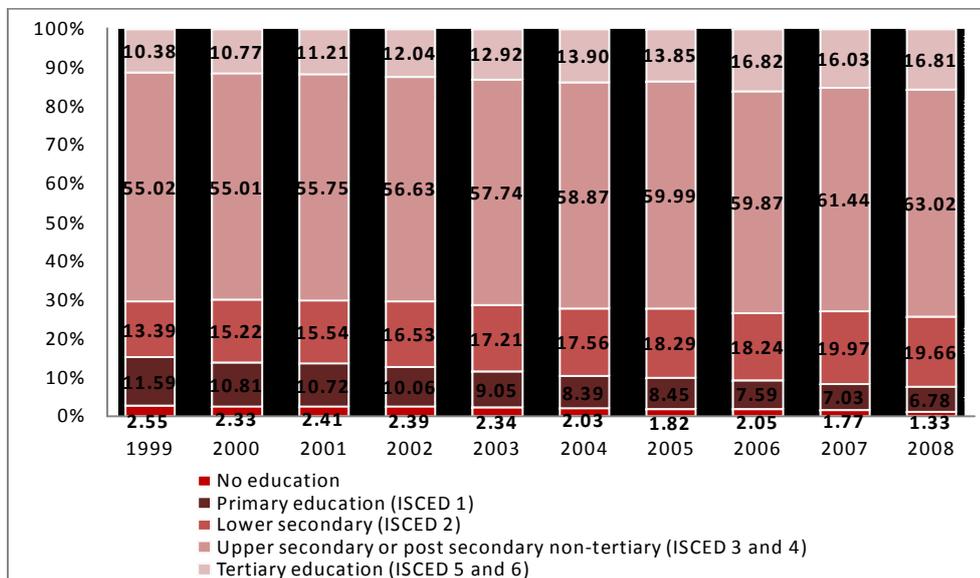
Adult training is further penalised by legal barriers on professional education. In a highly centralised system, only the Ministry of Education can approve certification and it does so on the basis of outdated job classifiers and nomenclature of qualifications. In active labour market policies (ALMP) the NEA contracts universities and other institutions to train the unemployed and young jobseekers looking for a first job or to retrain of employees at risk of dismissal. The legally recognised certificates do not match this type of course, hence course providers cannot award certificates that correspond to the actual training delivered; and the beneficiaries of the ALMPs therefore are unable to show the value of the training received on the labour market.

3. External efficiency: Promoting equity and addressing social demands for education and training

Human capital development in the Republic of Moldova during the last ten years has been characterised by both positive and negative trends. Improved literacy and increased higher education attainment have been counterbalanced by growing rates of early school leaving, a mismatch of skills in the labour market mostly in relation to VET and an overall dissatisfaction with the quality of education amongst families and employers.

Chart 2 shows the general picture for education attainment in the population. There is a clear trend for more successful completion of higher education and a slowly diminishing percentage of only primary education attainment although an increasing percentage of individuals end their education at lower secondary level.

Chart 2 - Educational attainment level of the population above 25 years old (%)

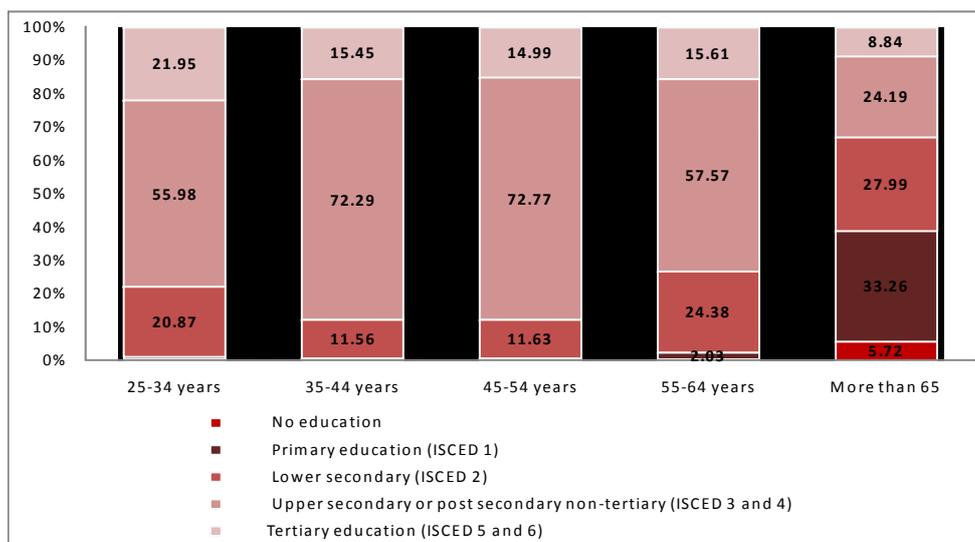


Source: NBS, cited by ETF 2010b

Further analysis indicates that low achievers are highly represented in the 25-34 age group. This means that while the literacy rates have improved naturally as the uneducated older generations have died (there was no compulsory education before the Soviet Union), the percentage of early school leavers started to increase during the early years of post-Soviet transition.

Chart 3 clearly shows that teenagers in the 1990s dropped out of school more frequently than previous cohorts. This results in polarisation between a large group of higher education achievers and a similarly large group of young people who leave formal education without any qualifications. The trends appear to consolidate in 2009.

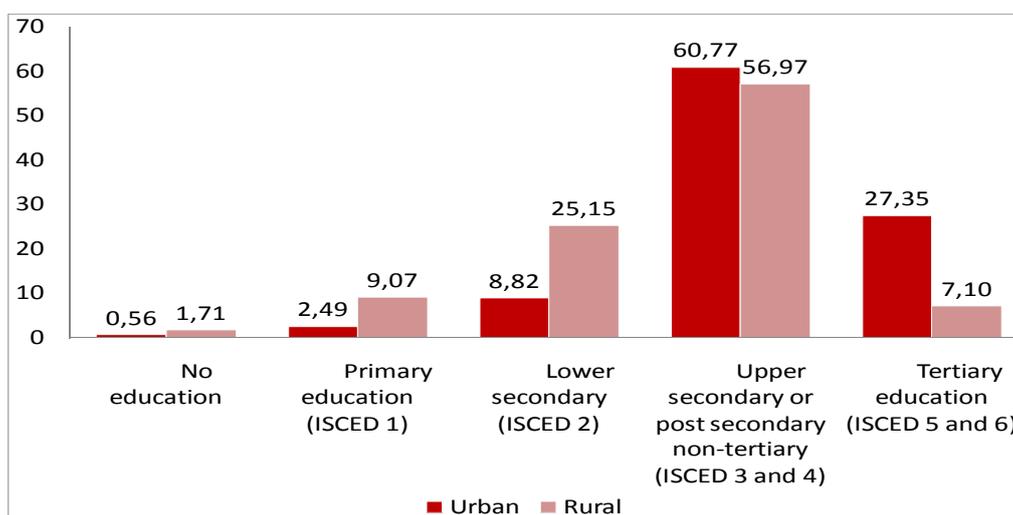
Chart 3- Educational attainment level by age groups, 2008 (%)



Source: NBS, cited by ETF 2010b

Chart 4 shows those most affected by low educational achievement appear to be residents in rural areas. In 2008, rural area residents were almost three times as likely to exit the education system after lower secondary level than their urban peers, while urban residents had almost four times greater probability of completing a degree in tertiary education. Gender differences were less significant or favourable to female students, as boys are more likely than girls to leave school early in low-income rural households to contribute to family income.

Chart 4 - Educational attainment by urban and rural areas, 2008 (%)



Source: NBS, cited by ETF 2010b

The large gap in educational attainment between youth in rural and urban areas is the strongest social challenge facing Moldova, deriving largely from the economic divide between the rural and urban residents. This is closely followed by the value of education as leverage for social mobility, which drives all those who can opt for the general secondary plus university route. While VET leads to returns on the labour market, in terms of employability and decent salaries, it is negatively affected by the reduced quality of provision and low social prestige. On paper, university is not precluded after secondary and post-secondary VET but the subjects offered on

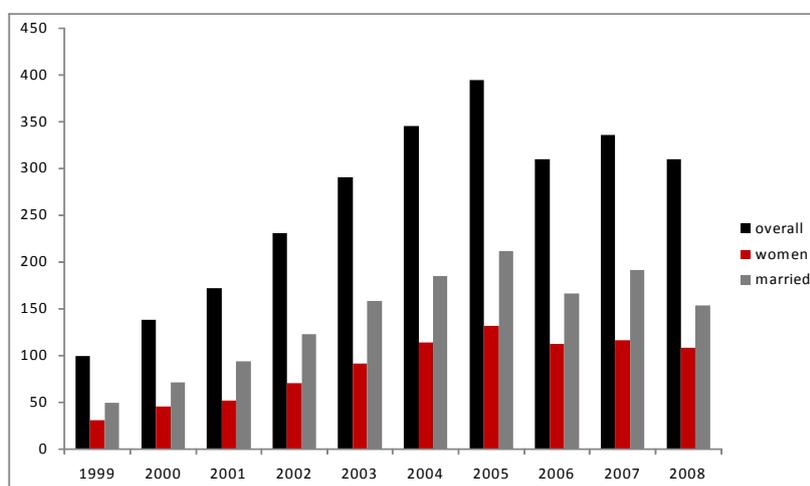
university curricula do not fit with those of professional level preparation so there are no pathways open in practical terms.

The third social challenge is migration. International labour migration has been a key feature of Moldovan development over the last decade, with secondary graduates constituting the bulk of emigrants. Even in the context of the global crisis, labour migration is expected to remain a prominent factor for the country and it will form a significant economic and social challenge.

Emigration became important in the late 1990s as one result of the prolonged economic recession that followed the Russian financial crisis. In the presence of a shrinking economy, falling incomes and shedding labour, migration appeared the most reasonable route out of poverty and to ensure a decent standard of living for many Moldovan households. In the early stages, migration was mostly shaped by push factors like the lack of economic opportunities and widespread poverty. This strong wave of migration was preceded by a serious 'brain-drain' from the R&D sector after State funding to the sector dropped dramatically as a share of GDP. One of the earlier National Human Development Reports noted that in the first years after independence the National Academy of Science lost over 760 associated researchers and 100 PhDs. All these factors together clearly demonstrate the strong impact of migration on national human capital development.

Estimates of the scale of migration vary, but it is generally seen to have increased from 1999 to an apex in 2006-2007¹. Overall, migrant stock rose more than three-fold during that period, reaching around 340,000 in 2007: equivalent to 16% of the working age population or around 25% of the economically active population according to official estimates (NBS, 1999-2008; and Luecke, Mahmoud, Steinmayr, 2009). The majority of migrants are aged between 20 and 49 years and this accentuates the aging of the active population in the Republic of Moldova. Over a third of migrants are women. The share of married and single individuals is almost equal and the high rate of family division places enormous stress on families and children in particular. It is hardly surprising that family issues are the most widely cited reason for a return home by migrants.

Chart 5 - Total migration and migration by gender (women) and marital status (married – both men and women), 1999–2008 (thou. people)

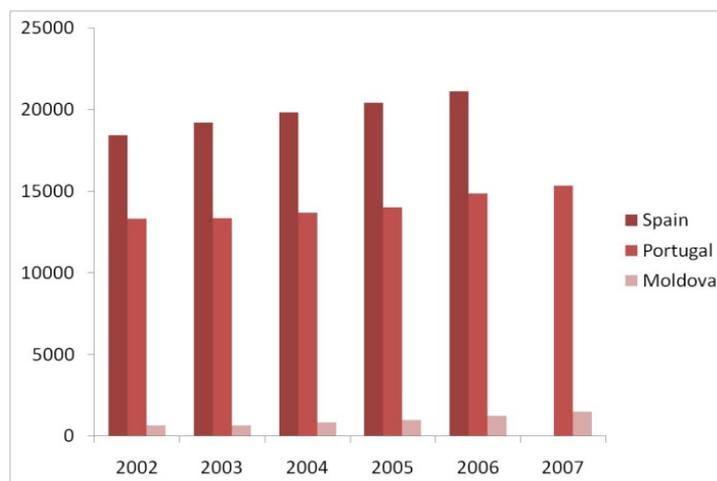


Source: NBS, cited by ETF 2010b

Migrant stock continued to increase even during the economic recovery of 2000 to 2008 when the pull factors became more important. Jobless growth was characteristic of the recovery meaning few new jobs came on offer, in fact jobs were even shed in many sectors (agriculture is illustrative in this respect). The economic growth was largely built on internal consumption fuelled by remittances. Chart 6 shows that wage gaps between the Republic of Moldova and receiving countries remained significant thus explaining the role as a pull factor.

¹ The NBS methodology changed after 2005 meaning that data from following years are not comparable. However IOM-Moldova surveys show that outward migration peaked in 2007

Chart 6 - Gross average annual earnings by country (EUR), 2002-2007



Source: ETF, 2010b.

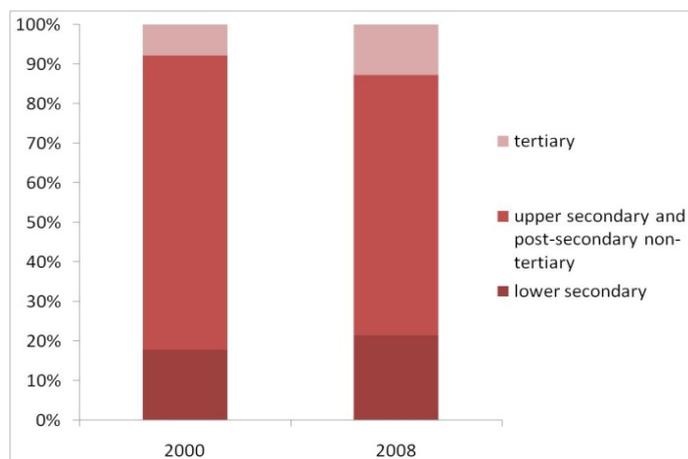
These developments led to some changes in the profile of Moldovan migrants and a survey conducted by ETF in 2006-7 (European Training Foundation, 2007) revealed the following key features of migrant skills.

- Migrants do not expect their skills to be used abroad, thus most well-educated migrants end up in menial jobs.
- Potential migrants pay little or no attention to pre-departure training, ignoring the opportunities of getting better paid jobs as a result of such training. Younger urban migrants seem to be more aware of the opportunities available but uptake of training is mainly limited to language courses.
- The mismatch between skills and jobs taken abroad may widen further as the share of migrants with higher education increases.

From 2007 to 2008 there has been a greater tendency for the well-educated to become migrants or potential migrants. Most migrants come from rural areas with rural migration of 10.1% against 6.6% in urban areas in 2008. The urban migration rate also represents an increase on 2001 figures that coincides with the increased number of migrants with tertiary education.

The emigration of skilled people of working age contributes to a shortage in a national labour market where adult learning is not sufficiently well developed to compensate for the loss. In more general terms, domestic economic development is needed to work against the pull factors and prevent excessive migration. Measures aimed at legalising migration flows are being deployed with a view to encouraging circularity (alternating emigration and temporary returns) and eventual permanent returns. At present, a quarter of the active population are working abroad, 80% of them having completed at least upper-secondary education.

Chart 7 - Educational attainment of migrants 2000 and 2008



Source: NBS

The Government is currently implementing policy measures to target the three challenges of the rural-urban economic divide, the social value attributed to education and the dramatic migration phenomenon.

The role of VET within this picture is interesting as the Government has provided incentives to schools and families to counter declining enrolment rates while simultaneously limiting enrolment in those higher education faculties that have poor perspectives for the labour market. In 2003, those enrolled in secondary VET represented 22.1% of total enrolment in ISCED 3 and Government incentives had returned the rate to 32.7% in 2007; closer to the 34.2% of 1999.

VET users believe quality has not been tackled as energetically as the quantitative dimension. The mismatch between VET provision and the labour market is seen as the most fundamental issue. Addressing the mismatch would respond to the problem of poor relevance that is even more acute in rural schools. Better quality through better relevance would make VET a worthwhile investment for low-income households, removing the current stigma as an unpromising choice.

The Ministry has imposed quotas on enrolment for rural students in higher education. Unfortunately a proportion of these students find they are unable to complete higher education, sometimes due to the poor quality of their basic and upper-secondary education. Meanwhile, higher professional education including short-term courses is not well enough developed and this means that skilled workers, specialists and technicians are deprived of opportunities for career progression.

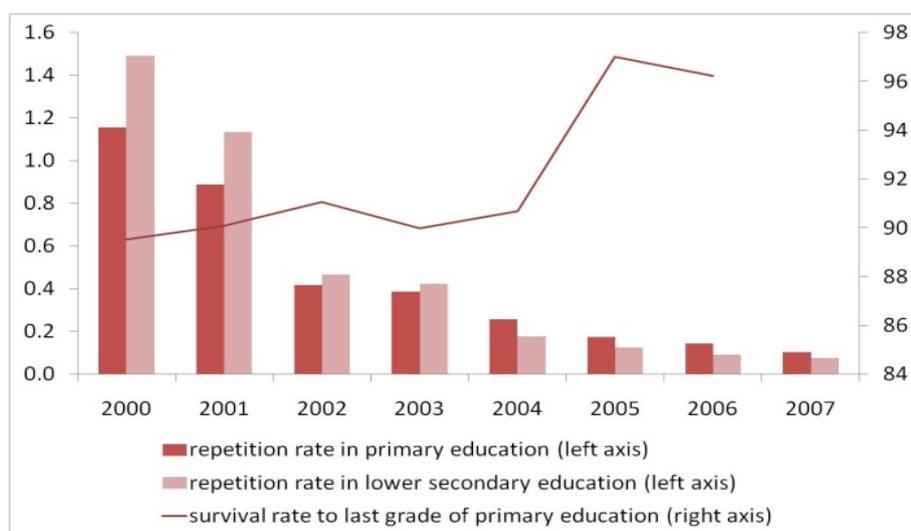
A number of international cooperation projects have worked toward closing the gap between offer and demand. They aim to develop VET as a convenient alternative to early drop-outs, especially in rural areas, making it as valid a route as general secondary education and forming a gateway to employability through the acquisition of relevant skills. The required knowledge and effective examples are therefore already in place and these can be used as source of inspiration for much needed structural modernisation of the VET system. More details are provided of valuable projects funded by Austrian, German, Liechtenstein, Swedish and Swiss cooperation in section 5.

4. Internal efficiency, quality, governance and financing

Data on drop-outs, completion and participation in VET by field of study are not easily available. Table 5 in the Annex provides an overview of the number of graduates in a selection of specialities. Chart 8 gives an idea of the extent of survival and repetition rates quoting proxy data related to basic education. This proves the issue is problematic for the education system and is likely to also affect the upper secondary level. The trend in basic education seen from 2000 to 2007 appears positive, especially in terms of the survival rate since 2005. This could largely be explained by a change in legislation in 2005 that allowed students to pass the grade with below

average scores. The decline of repetition rates may partly be explained by school drop-out rates given that non-completion of basic education has become more prominent since the 1990s.

Chart 8 - Survival and repetition rates (%)

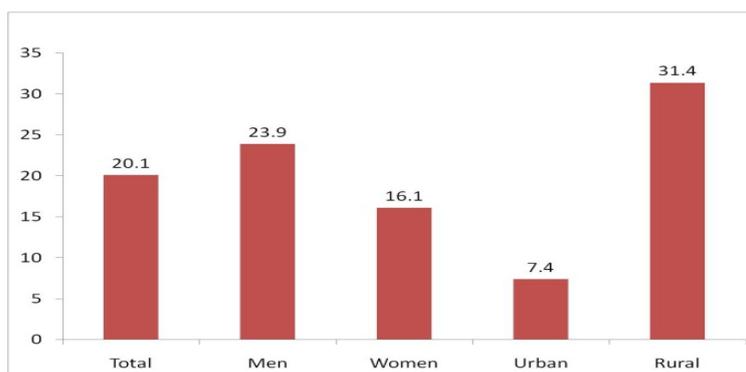


Source: Transmonee and UNESCO database

Achievements in completion rates are not evenly distributed. Chart 9 clearly demonstrates that rural residence, along with low-income, can influence early school leaving. Conditions are more unfavourable for rural boys who are often asked to drop-out from school early to help support the family.

Enrolment rates by income quintile confirm access to upper-secondary education is dependent on household income. In 2008, there was a significant difference in access to school for young people aged 16-18 years between the first and last quintiles: only 64.7% of those in the poorest quintile were in school against 92.9% of those in the richest quintile (NBS, cited by ETF, 2010b).

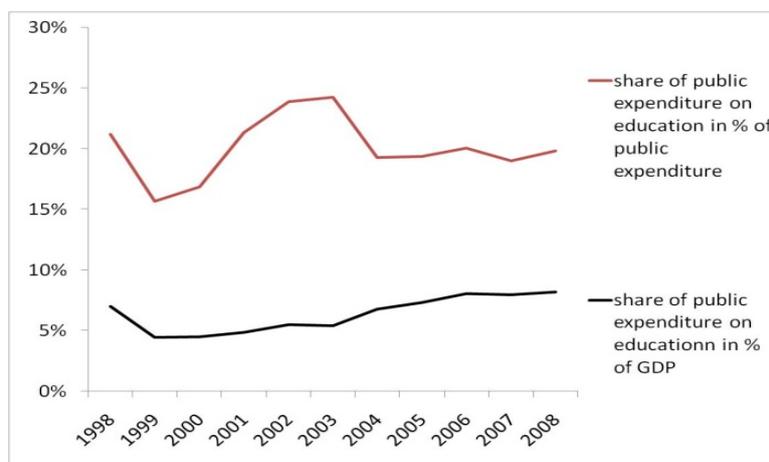
Chart 9 - Early school leavers rate, 2008 (%)



Source: NBS

The figures given above support the conclusion that the internal efficiency of the system is far from satisfactory in consideration of the fact that public expenditure on education is reasonable in terms of both total public expenditure and as a percentage of GDP. In 2009 education spending stood at 9% of GDP although total GDP was not particularly high.

Chart 10 - Public expenditure on education as share of GDP and total public expenditure



Source: NBS

Average per student expenditure is higher for VET than other education sectors. Table 6 in Annex 1 shows average expenditure per VET student in 2008 was MDL 9,258 compared to an average of MDL 4,032 for primary and secondary general students. While this is not unusual, the structure of expenditure within secondary VET seems uncommon when compared to other countries.

According to 2008 data from the Ministry of Finance, wages for teaching and non-teaching staff had less impact on the expenditure structure in VET than in the general secondary sector. Expenses devoted to capital investment and maintenance were strikingly lower than in any other component of the education system, validating claims from families and companies of inadequate equipment and overall infrastructure in VET schools in the country. The relatively high proportion of financial support to students reflects the Government policy of stimulating enrolment in professional education.

Table 3 - Structure of expenditures on education by level of education, 2008, (%)

	Pre-primary	Primary and secondary general	Secondary professional	Post-secondary non-tertiary	Tertiary	Post-graduate
Wages of specialised staff (including teaching staff)	15.3	36	26.1	33.3	32.8	26.6
Wages of non-teaching staff	21.1	15.2	12.3	14.7	17.1	12
Social and medical mandatory contribution	9.4	13.1	10	12.3	12.9	9.7
Utilities	12	8.6	10	7.6	7.5	6.3
Books and other publications	0.1	0.3	0.2	0.2	0.3	0
Meals for students	21	7.1	7.6	0.4	1.5	0.5
Capital investment and maintenance	10.7	9.3	1.7	5.1	12.4	11.1
Scholarships	0	0	18.9	14.8	10.1	26.8

Source: Ministry of Finance

Users perceive the quality of VET to be under threat on many fronts: surveys reveal how parent and employer expectations are not met. Current management of the system defines quality more in terms of input indicators, such as the number of teaching hours, than outcomes. This partly

explains the divergence of views and opinions that can be noted between the users and the providers of VET.

Teachers obviously play an important role in determining the quality of education. The general low level of teachers' pay (66% of the average wage for all categories of teachers) provides no incentive for students to plan a career in teaching. In the 2003/04 academic year there were between 2,000 and 3,000 vacancies in the education system. Staff turnover is especially severe in rural areas and subjects are sometimes taught by specialists in subject areas that are not their own.

The age of teachers in rural areas is higher than average and teaching staff outside the cities are commonly well beyond the retirement age. This group of older teachers is gradually growing, whereas the share of fresh graduates is decreasing. The Government promulgated a new regulation in 2008 providing free housing and financial bonuses to tertiary graduates who would teach in rural areas.

Other indicators show far more can be done to improve the quality of education. For instance, the level of extra-curricular activities and the teaching of foreign languages is far less developed in rural than urban areas.

The current narrow nature of the job profiles and certificates used by VET institutions form an impediment to employability and mobility in the labour market. For long-lasting improvements, the educational content should be restructured to reflect social and economic demands in a realistic manner. Core competences or life skills can be learned alongside technical competences. Entrepreneurial learning should be re-vitalised, for while this area was covered by secondary VET education in the past it has been largely abandoned partly due to insufficient trainer preparation.

The existing VET governance structure remains characterised by a concentration of policy processes and implementation functions within the Ministry of Education. Intermediary bodies have been created at times but these are effectively not operational. There is ample room for opening up the centralised governance system to the voices of the labour market and social actors, from schools to families, within well-defined roles.

Social dialogue on VET requires national and local mechanisms especially for the effective coordination and monitoring of secondary VET. If institutions were awarded a higher degree of autonomy they could partly adapt curricula to local needs, engage in dialogue with local enterprises and involve parents and employers in school boards. Quality and quality assurance would be an essential component of such a system.

5. Innovation, partnership and entrepreneurship

The drafting of the new Education Code in 2010 provided the opportunity for a reformed governance system that would distinguish the strategic role of the Ministry from that of the supervisory and implementing bodies, and from that of the schools and other institutions. Cooperation between education and business, with roles and responsibilities attributed to labour market actors and emphasis on public-private partnerships in funding and other areas, are important features of VET system governance that would be beneficial if introduced progressively in Moldova.

It is worth noting that a number of specific institutions have been created to support Ministry of Education functions including intermediary bodies. However, until a new legal framework brings coherence, these new institutions will operate with in isolation from each other with poorly defined roles. In 2006, the National Coordinating Council was created to coordinate development and modernisation of secondary VET according to labour market needs. However, the NCC was convened only once, in August 2006. In 2008, a Government decree established the National Council on Occupational Standards, Assessment and Certification that last met in 2009. At the end of the same year, the Ministry of Education inaugurated the Republican Centre for VET Development and this Centre is currently enhancing expertise in order to provide technical support to the Ministry of Education but it is strongly constrained by the limited resources available. The Continuous Training Centre, part of the Technical University of Moldova, provides training courses to teachers. In 2000, a Centre for Teachers Training was designed by a Tacis project, but until now the legal status of the institution has remained unclear and resources are not allocated.

A further two sector committees on VET were created in 2007/08, in the agriculture and construction sectors respectively, under a Swedish VET project that ended in 2009. Since that time, the two Committees have been involved by ETF in defining a methodology for occupational standards, covering both structure and process. There are no comparable committees for other sectors. Overall, the dialogue needed to contribute basic information on competence needs in the labour market for VET planning and delivery is not forthcoming. At the local level, schools are given no encouragement to cooperate and form links with enterprises in their environment.

Other initiatives have followed on the tail of the modernisation concept, inspired by both national and donor funded programmes, and some of these have generated interesting results.

New profiles for the agriculture sector have been introduced in two pilot schools with the support of Austrian Development Cooperation. The Austrian project is also promoting links between schools and local economic operators, familiarising students with the market economy and the private sector, entrepreneurial skills and the offer of adult training.

Projects with the Swedish Development Agency have brought about an entire strategy for the VET sector, the creation of the two VET sector committees, new curricula for specific profiles and experiences on the inclusion of at-risk children. The project worked on eight components and was guided by the fundamental goal of matching the VET system better to the actual demands of the labour market.

The Liechtenstein Development Service has concentrated on school management through a form of planning and organisational development that has been successfully modelled in VET schools, increasing school capacity to liaise with local business actors. Just like Austrian Cooperation, Liechtenstein is working on the training centre concept, preparing schools so that they can offer adult learning to enterprises and entrepreneurial training.

Swiss Development Cooperation has implemented a project to develop new, relevant occupational standards, inform education programmes and equip companies with tools for human resource management. This project is being used as the foundation of a consensual occupational standards framework by ETF.

These examples of effective innovative practice, of which there are many more throughout Moldova, provide the country with a remarkable set of experiences that have permeated participating schools, local employment offices, enterprises and business associations and which will continue to exert a good influence through time. The Ministry of Education is supportive of those innovations although changes at system level are far slower. Existing legislation and regulations do not yet reflect these new realities as they are still guided by an outdated centralistic approach to VET governance.

Recommendations

VET governance. Existing fragmentation in VET should be overcome through the creation of a coherent legal framework where the functions of strategy design and quality assurance do not overlap with technical functions and operational implementation. Institutional mechanisms and processes for the active contribution of social partners to the planning of professional education should be established. Economic actors should reinforce their capacity to negotiate their demands effectively at national level, but when schools are awarded greater autonomy they can also do this at a local level. The 2010 draft Education Code provides a positive starting point by opening perspectives for the possible attribution of roles and responsibilities in VET governance to social partners.

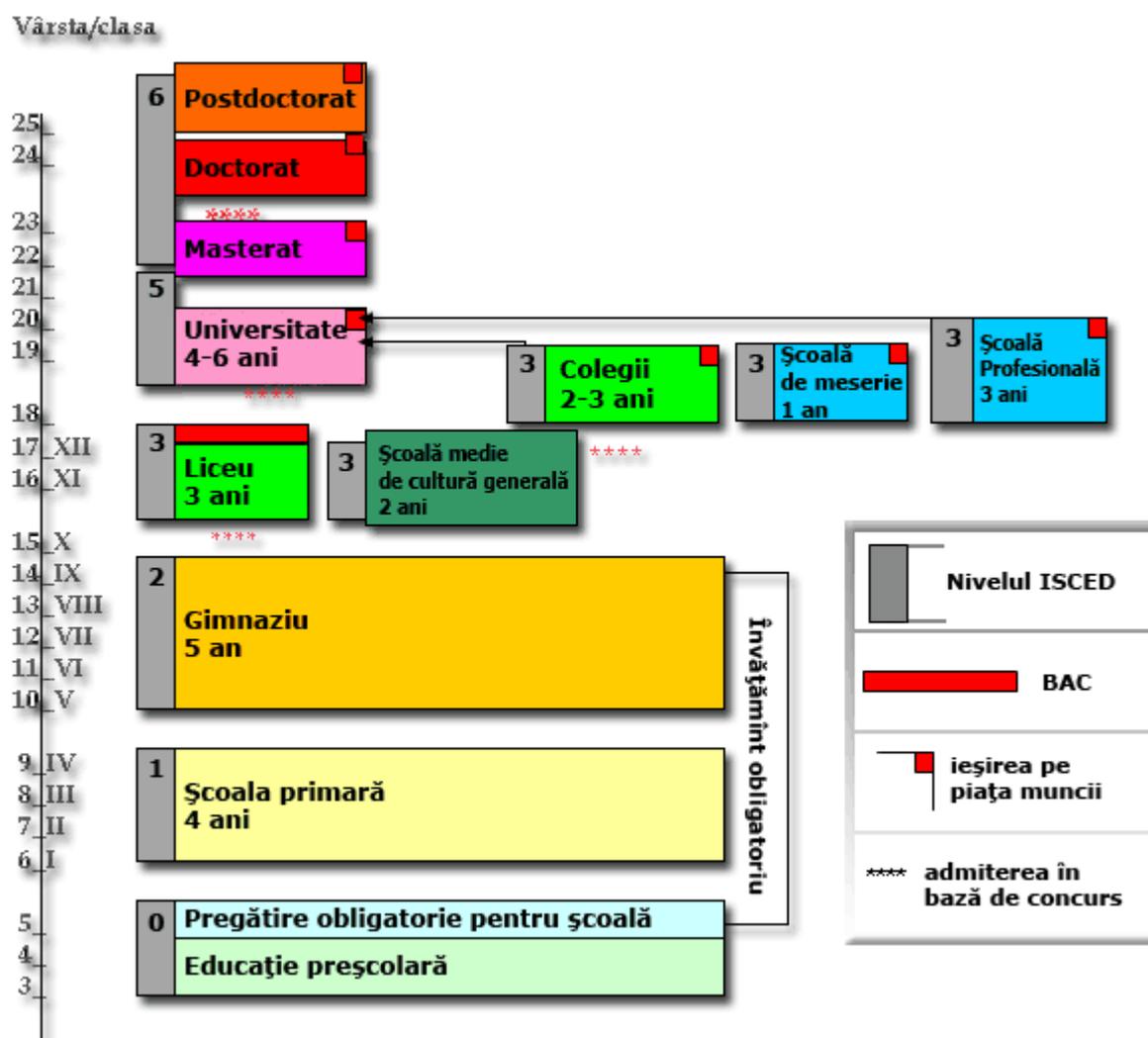
Lifelong learning. Initial VET and continuous training are equally important and should be connected to provide a continuum. This would entail revision of the qualifications system, the establishment of new pathways, the modularisation of curricula and flexibility of delivery, the enhancement of work-based learning approaches, the learning of core competences, new approaches to recognition of informal and non-formal acquisition of competence and the practical implementation of public-private partnerships.

Financing. VET in the Republic of Moldova suffers from both a lack of resources and inefficiency. The institutional network is in urgent need of optimisation and efforts should be made toward more efficient use of schools and training centres by offering continuous training courses and other learning services to enterprises and communities. Private sector contributions

must become a reality, starting with the identification of funding mechanisms that will be rewarding for both sides within existing limitations.

Annex - VET system scope, legal and institutional frameworks, additional data

Structure of the education system in the Republic of Moldova



NOTES:

1. Length of studies for a masters degree: 1-2 years;
2. Length of studies for a doctorate: 3-4 years;
3. Length of post-doctorate studies: up to 2 years;
4. Trade schools only provide access to the labour market;
5. Final examinations are taken upon completion of each level, except preschool education and compulsory preparation for schooling;
6. Education for the 3 to 18 age-group is supplemented by special and optional education (extra-curricular).

Source – Ministry of Education

Structure of the VET System

The VET system is managed by the Ministry of Education and all trade schools, vocational schools and vocational lyceums (with experimental status) are subordinate to this Ministry. Some colleges are also subordinate to other ministries, such as the Ministry of Agriculture and Food and the Ministry of Health while curriculum contents is exclusively approved by the Ministry of Education. According to the Law on Education (Art. 12), the VET system comes in at stage 2 of level III and at level IV of an education system with the following structure:

- I. Preschool education.
- II. Primary education.
- III. Secondary education.
 1. Secondary general education:
 - a) gymnasium education;
 - b) lyceum education; general culture secondary education.
 2. Secondary vocational education.
- IV. Post-secondary education (college).
- V. Higher education.
- VI. Post-Graduation Education.

According to the National Classification of Educational Programmes in Moldova (MoldCED) 2006, vocational education and post-secondary education are at levels 3 and 4, as follows:

0. Preschool education.
1. Primary education (I – IV grades)
2. Secondary education, stage I – gymnasium (V – IX grades)
3. Secondary education, stage II – general culture secondary education, lyceum education, secondary vocational education.
4. Post-secondary education.
5. Higher education.
6. Doctorate and post-doctorate education.

Student/teacher ratios by education level, in VET and in general education (%)

Educational level	1999/2000	2004/05	2005/06	2006/07	2007/08	2008/09
Pre-primary (ISCED 0)	8.66	9.92	9.95	9.87	9.79	
Primary (ISCED 1)	20.88	17.95	17.05	16.25	15.86	
Lower Secondary (ISCED 2) Total	13.87	12.14	11.75	11.43	11.15	
Upper Secondary (ISCED 3) Total	11.22	14.58	14.24	13.94	12.13	

Source: UIS

Data concerning the secondary vocational and post-secondary education institutions (colleges)

	2000	2001	2002	2003	2004	2005	2006	2007
Institutions, total	80	82	83	83	81	78	78	75
Trade schools	27	29	30	29	28	26	26	23
Vocational schools	53	53	53	54	53	52	53	50
Students, total (thousand)	22.8	23.0	22.6	22.7	22.7	25.0	23.7	24.5
Students, trade schools (thousand)	4.5	4.4	4.6	4.8	4.6	4.2	4.0	3.3
Students, vocational schools (thousand)	18.3	18.6	18.0	17.9	18.1	20.8	19.7	19.3
Students per 10,000 inhabitants	63	63	63	63	63	70	66	68
Colleges	60	67	63	60	56	51	49	49
Students in colleges (thousand)	19.9	17.0	15.2	18.7	23.6	27.0	30.2	31.3
Students per 10,000 inhabitants	55	47	42	52	65	75	84	87

Source: NBS, *Statistics on Education*

Graduation in vocational schools, by speciality

	2002		2003		2004		2005	
	total	paying tuition fee						
tailor	1,696	311	1,615	320	1,605	207	804	30
cook	1,499	285	1,613	372	1,557	227	1,302	258
automobile mechanic	1,183	181	1,298	290	1,156	237	1,040	179
tractor-operator-machinist of agricultural production	905	29	852	30	791	0	357	0
plasterer	717	0	831	1	806	2	721	0
operator of computers	568	327	605	381	598	319	440	325
joiner	562	50	667	73	772	50	538	129
electro gas welder	495	28	697	68	640	87	480	53
bricklayer	582	0	525	0	511	0	327	0
cutter	311	184	371	240	355	266	272	176
electrical engineer on repair and service of an electric equipment	306	0	366	17	276	0	122	0
tractor-operator	432	0	429	0	290	0	376	9
radio engineer on service on the radio-television equipment	290	35	253	97	264	104	165	28
joiner in construction	380	0	222	4	93	0	112	0

Source: NBS, *Statistics on Education* (NB: vocational education is ISCED3 and ISCED4)

Average expenditure per student by level of education (MDL)

	2003	2004	2005	2006	2007	2008
pre-primary	2,388	2,920	3,647	4,832	6,410	7,757
primary and general secondary	1,378	1,669	2,178	3,220	3,933	4,032
vocational	3,708	3,991	4,432	6,122	7,267	9,258
post secondary	2,135	1,527	3,366	4,333	4,576	5,393
tertiary	1,561	1,403	1,795	2,100	2,687	3,267

Source: Expert Grup calculations based on data of Ministry of Finance

Legislation relating to education and training in the Republic of Moldova:

National Development Strategy 2008-2011 (Law no. 295-XVI from 21.12.2007)

Places priority on human resource development, increasing employment and promoting social inclusion. The main objectives under this priority are: improving the quality of education and increasing equitable access to educational services.

Institutional Development Plan of the Ministry of Education and Youth, 2009-2011 (Decree No. 2.3 of the College of Ministry of Education and Youth, of 14.07.2008)

The strategic objectives of this Plan are: to strengthen institutional capacities of the Ministry; increase the quality of education by building capacity for the practical application of knowledge; increase access to different levels of the public educational system for children from poor families and children with special needs; increase employment by connecting educational offer to labour market demand; strengthen capacities of young people to increase their level of participation in the socio-economic development of the country.

Modernisation programme for the educational system in Moldova, 2005-2009 (Government Decree No. 863 of 16/08/2005)

The priority directions are: (i.) conceptual and strategic substantiation of modernisation of the education system; (ii.) ensuring the legal framework of the educational system; (iii.) priority actions for the modernisation of pre-university education; (iv.) priority actions for the modernisation of non-university vocational education; (v.) priority actions for the modernisation of higher and post-graduate education; (vi.) computerisation of the educational system; (vii.) modernisation of funding mechanisms and financial management.

National strategy Education for All, 2004-2015 (Government Decree No. 410 of 04.04.2003)

The objective is to contribute to the development of personality, intellectual independence, the integration of graduates into professional life and their active participation in the development of society in conditions of genuine democracy. Priority directions are: (i.) early education and development; (ii.) access to good quality basic education; (iii.) education and development of at-risk children; (iv.) non-formal education.

National strategy and action plan regarding reform of the residential child care system, 2007-2012 (Government Decree No. 784 of 09.07.2007)

The purpose is to ensure and respect the right of children to be raised in a family environment; to be achieved through the reorganisation of residential institutions in accordance with a general conversion plan.

National Strategy on community actions to support children in need, 2007-2009 (Government Decree No. 954 of 20.08.2007)

The National strategy aims to provide opportunities for the social integration of children in need through relevant community actions.

Concept of secondary vocational education development (Government Decree No. 1334 of 03.12.2004)

The Concept aims to create a strong framework to develop active, independent and mature individuals, able to meet national and State needs, forming highly qualified professional individuals who will help uphold spiritual and material values, increase social welfare and participate in the development of a democratic society.

The legal framework underpinning adult training, in particular those measures established to counteract the negative effects of the severe economic crisis of the 1990s, is assured by:

- Law No. 0.102 of March 13, 2003 XV on employment and social protection of jobseekers.
- The **Regulation on the organisation of training for the unemployed** approved through Ruling No.1080 of the Government of Moldova, of September 5, 2003;
- The **Methodological norms on the organisation and conducting of training for the unemployed** approved by joint order of the Ministry of Education and the Ministry of Labour, Social Protection and Family

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