



## **Country Report**

### **TORINO PROCESS 2012**

### **REPUBLIC OF MOLDOVA**

This report was prepared in the framework of the ETF Torino Process.

Its contents are the sole responsibility of the authors and do not necessarily reflect the views of the ETF or the EU institutions.

## CONTENTS

|                                                                                                       |           |
|-------------------------------------------------------------------------------------------------------|-----------|
| <b>Executive Summary</b> .....                                                                        | <b>3</b>  |
| <b>SECTION A. VISION FOR VOCATIONAL EDUCATION AND TRAINING DEVELOPMENT</b> .....                      | <b>7</b>  |
| <b>SECTION B. EXTERNAL EFFICIENCY: ADDRESSING DEMOGRAPHIC, ECONOMIC AND LABOUR MARKET NEEDS</b> ..... | <b>9</b>  |
| <b>SECTION C. EXTERNAL EFFICIENCY (SOCIAL INCLUSION)</b> .....                                        | <b>25</b> |
| <b>SECTION D. INTERNAL QUALITY AND EFFICIENCY</b> .....                                               | <b>32</b> |
| <b>ANNEXES:</b> .....                                                                                 | <b>38</b> |

## **Executive Summary**

### **Main changes and progress compared to the Torino Process 2010**

VET has become more relevant in the political agenda of the Republic of Moldova, since the previous Torino Process reporting in 2010. There have been two prominent signs of it: the Government included VET among the priorities for EU support in 2011; and in the same year the new National Development Strategy 2012-2020 has set the alignment of skills to the needs of the labour market, through quality education and training, as the top of seven national strategic priorities.

There are two strategies relevant for VET: the Consolidated Strategy for Education Development 2011-2015 (CSED); and the VET sector strategy 2012-2020. The latter emphasises the need for better matching between the labour market needs and the education system. The Strategies underline the importance of getting entrepreneurial spirit into the schools.

The VET sector strategy makes reference to the Bruges Communiqué, notably as regards the aspects of quality and attractiveness of VET, as well as of ensuring a lifelong learning perspective to individuals, by expanding training and learning at any age and in any environment. The strategy sets out mechanisms for monitoring, reviewing and updating the priority policy measures; it identifies roles for the different stakeholders; and it outlines areas for further research and analysis.

In response to the Government's request in 2011, the EU has laid the basis for technical assistance (TA) to the Ministry of Education in the VET reforms implementation. The assistance will be provided from 2013-15 to establish the quality function (a transparent quality framework and the operational mechanisms to manage it), to build outcome-based qualifications and an NQF, to involve the diversity of stakeholders in the VET governance, with a view to a system oriented towards labour market demands. Support to the national budget is expected in 2014, to run in parallel to the TA.

The Ministry of Education has made the decision to prepare for an integrated NQF for VET and higher education. Whereas the Bologna Process levels are agreed and implemented, the VET levels remain to be worked out. To this aim a working group composed of Ministry's staff and VET schools' teaching staff has absorbed knowledge about NQFs elements and structure, and discussed options for the Moldovan case. The working group is currently elaborating a Concept of the future NQF.

Progresses from 2010 have taken place also in the labour market and support to SMEs' policies. In 2011 the national format for occupational standards was

approved by a decision of the Government. This marked the success of a participatory process where education specialists and labour market actors learned and tested their respective roles. The experience of 2012 shows however that the elaboration of new occupational standards lacks smoothness.

The Ministry of Education and the Ministry of Labour, Social Protection and Family have elaborated a Concept on Validation for non-formal and informal learning (VNFIL). The Concept was finalized in 2011; the Ministry of Labour has taken it up to a subsequent stage of elaboration, with a view to formulate a legally binding document in future. The VNFIL Concept was related to, and partly a consequence of, the work on occupational standards.

The Ministry of Labour, Social Protection and Family has taken the initiative to reform the system of professions; a draft Law on Professions has been prepared with support from the ILO, and reviewed by ETF notably as regards the interface between the occupations and the system of qualifications. The Law on Professions is going to stipulate the role for the Sector Committees for such a labour market-VET system interface, providing a strong legal basis for an effective role of the non-governmental stakeholders.

Concerning the restructuring of the schools' system, the Ministry of Education has reduced the number of secondary vocational schools from 74 to 66, following the decreasing enrolment trends in secondary VET: 20,300 students were enrolled in VET at the beginning of the school year 2011-12 compared to 24,500 in 2007-08. The Moldovan VET system also comprises 46 post-secondary non-university colleges, about half under the Ministry of Education and the remaining under line Ministries (Ministry of Health, the Ministry of Agriculture, the Ministry of Defence, the Ministry of Interior, and the Ministry of Culture). Funding is unconditional, no performance or quality indicators are defined.

The recruitment of schools' principals has become competitive and the assignment is limited to 5 years. Even with an un-changed job classifier, the schools that have a functioning relationship with local economy introduce new curricula driven by professions in demand. These curricula have a pilot status as are not always approved.

The Ministry of Economy has led the process of Small Business Act assessment for the Republic of Moldova in 2011-12, with support from EC, OECD, EBRD and ETF. Concerning the indicators on entrepreneurial learning and enterprise skills, the advised policy areas to be tackled as priorities were: policy partnerships and dialogue, transparency and quality of the training supply, training needs assessment, women entrepreneurship (in the latter the Republic of Moldova was doing well).

The SME sector strategy was adopted by Government decision in September 2012. The strategy's chapter "Development of HC through promotion of competences and entrepreneurial culture" conveys clear messages, such as that training would positively impact on SMEs productivity and competitiveness. The improvement of professional skills and the creation of a business culture is a priority within the strategy, marking a change in approach compared to the past when the role played by human capital was mostly disregarded. The goal is to improve the business, have less SMEs to fail; help them growing and generating employment. The obstacles to human capital development quoted in the strategy include: the poor quality of training, the absence of training needs' assessment, the absence of information (about training and access to it, about the quality of providers etc.), and the absence of orientation and of consultancy services to SMEs.

A Coordination Council for donors' dialogue will be established according to the Ministry of Education, even if donors' coordination in the VET sector is already a reality. The first informal donors' coordination was initiated by ETF in 2008, until it became a functioning mechanism for information sharing and mutual update, chaired by different donors on a rotation basis. The main donors' funded projects are implemented in VET schools, involving school principals and teachers in curriculum innovation, teaching methods, entrepreneurial learning for secondary VET students, responsible financial management, connection with the local economy, school rehabilitation. ETF is working at policy level with directly with the Ministry of Education, the Ministry of Labour, Social Protection and Family, and the social partners.

### **Priorities**

The Republic of Moldova has showed political commitment to the VET sector, with priority given to responsiveness to labour market demands and quality improvement.

The Torino Process 2012 has concluded that in order to fulfil the above priorities, key areas of work will continue to be:

**Governance of VET** should become better structured, with clearly identified functions such as: quality assurance and management, qualifications and qualifications framework's management, needs' assessment, teachers' training and re-training and improvement processes. Currently, these functions are partially ill-defined and/or not attributed.

**Lifelong orientation of education and training.** The VET sector strategy opens towards lifelong learning, although the legislation should be adapted accordingly and implementation mechanisms will have to be (re)designed. Progression and continuity, different entry points, non-formal and informal education, easy access and diversification of learning styles and approaches are not envisaged. Education-

related legislation largely concentrates on school-based secondary vocational education, tertiary formal levels and continuing training are generally omitted, and work-based learning is yet to be considered an option.

**Funding** aspects of the VET system should be reviewed, for an effective use of central funding and increased responsibility of schools and colleges. Balancing quality and efficiency will depend on both central funding and possible additional resources earned by schools through continuing training. Donors' projects are setting school management best practices; however with a view to design equitable and effective finance mechanisms an overall discussion should start.

## **SECTION A. VISION FOR VOCATIONAL EDUCATION AND TRAINING DEVELOPMENT.**

### **Strategic vision**

The match between labour demand and vocational training delivered by educational institutions will have a significant impact upon the country's economic development. Vocational education streamlining and professional development system improvement will help people adapt themselves to the changeable labour demands. The education-labor market partnership will generate an educational offer that will match labour demand in amount, quality and structure. This in its turn will reduce the unemployment rate, brain and skill drain along with the number of people exposed to the risk of poverty, their marginalization or social exclusion.

The educational policy shall be focused on vocational education quality to pursue the chosen strategy. National Quality Assurance Agency for Higher Education and Research is a crucial tool to be established for the purpose of evaluation and accreditation of educational institutions and programs for vocational training and professional development. National Occupational Standards Board activity shall be focused on competence-based education to meet labor market needs. At the same time it is necessary to promote labour demand forecast placing a particular emphasis on opportunities for lifelong professional development. The curriculum shall be focused upon practical training courses and promotion of research and innovation skills in universities.

It stands to reason that higher quality standards will limit the number of students enrolled to higher education courses depending on actual potential of educational institutions. The selection of the very best shall be seen positively since the evidence of such studies shall serve not only the diploma but also professional skills needed for career development. As a result it will promote vocational education thus optimizing expenses and concentrating financial resources on educational institutions facilities and equipment.

The curbs on corruption in Moldovan education system are a major prerequisite for education quality improvement. Thereupon the international experience illustrates that labour market tools turn out to be the most efficient solutions.

The amendments to university funding criteria that shall completely depend on the university efficiency in exchange to a greater financial autonomy shall promote a true competition between higher education institutions.

Well-trained skilled workers adapted to the economy needs will affect national Gross Domestic Product in some different ways. First of all, it concerns the



increased number of people employed as a direct factor of production. Secondly, the efficient use of one worker will be enhanced (production factor efficiency). It is possible to calculate and evaluate these two criteria over the next 10 years. Besides, a better education can contribute to national economy in some other ways: greater attraction of foreign investors; reduction of costs for personnel re-training; better qualified existent skilled workers; development of new skills necessary for innovation-oriented economy and state-of-the-art technology.

The VET Sector Strategy 2012-2020 (hereinafter referred to as Strategy) is a major document setting forth the policy priorities. Education, in which VET is inscribed, is a top national priority being perceived as a basic factor for cultural and human values genesis, human resources reproduction and development, attainment of educational ideal and goals, maturation of national awareness and identity and promotion of aspirations for European integration. Education is moreover a key issue for sustainable human development and development of knowledge-oriented society. The quality of education determines the quality of life and gives opportunities for complete self-fulfillment to each.

The VET strategy sets forth goals and objectives combining EU experience and aspirations for educational integration in Europe, and the country-specific context. It focuses on quality and efficiency, attractiveness and relevance through the following:

1. To restructure VET in two streams – secondary and vocational – and reconfigure the VET institutions network.
2. To correlate vocational training program for secondary and post-secondary vocational schools with actual needs and labour market demands.
3. Increase the quality of the VET by improving the efficiency of the financial resources use, and by creating and implementing the quality assurance system
4. To provide scientific, methodological and curricular support to VET.
5. To increase the quality of VET teaching staff, including by upgrading their initial and continuing professional development.
6. To increase the attractiveness and access to VET.

## **SECTION B. EXTERNAL EFFICIENCY: ADDRESSING** **DEMOGRAPHIC, ECONOMIC AND LABOUR MARKET NEEDS**

### **The main sociodemographic factors and trends and how do they shape the demand for skill at national/regional level.**

According to the Office for National Statistics (ONS) at January 1, 2012 estimated resident population of Moldova was 3,559.4 thousand people (2011 – 3,560.4 thousand, 2010 – 3,563.7 thousand), population growth rate was 99.9% and the growth rate was invariable over the last years (Table 1).

Population geographical distribution has not changed much over the last 12 years with rural population rate of 58.3%, and urban – 41.7%. The population gender distribution accounts for 51.9% of women, and 48.1% of men. The figures show that women outnumber men and gender ratio is 108 females to 100 males. No deviations have been registered in this respect during the last 5 years.

The young and old dependency rate at January 1, 2011 was 49.9%, of which: *young dependency rate – 23.2%, and old dependency rate – 23.2%* (Table 1).

The population age distribution reveals the ageing of population mainly due to the falling birthrate that resulted in a decline in absolute and relative number of young people. Compared to the statistics at January 1, 2000, the youth rate in 2010 (age group 0-14) was down from 23.8% to 16.4% (-280.3 thousand people), and the old population rate (age group 65 and over) was up from 9.4% to 10.0% (+13.6 thousand people). In 2010 the young dependency rate was 17.8% (2009 – 18.2%; 2008 – 17.1%), working age population rate – 66.7% (2009 – 66.5%), and people over retirement age 15.5% (2009 – 15.3%).

According to statistics at January 1, 2011 the 15-24-year-olds accounted for 633.3 thousand people, and had the rate 17.8% of the country's total population, of which 18.8% – men, 16.8% – women (Table 1).

### **The Dynamics of Population Key Indicators**

According to preliminary data live birth rate in 2011 decreased by 3.2% and overall birth rate was 11 live births per 1000 people.

Overall death rate in 2011 declined to 10.1 % compared with 2010, so the death rate was 11 deaths per 1,000 people. Thus it was actually the first time in the last 10 years that there was no population decline record.

The mortality of children under the age of 12 months accounted for 430 deaths, down from 476 deaths in 2010. Thus child mortality rate was down to 11.0 from 11.7 deaths per 1000 live births.

**Life expectancy at birth** has been increasing since 1996, and was 65.0 years for men (2009 – 65.3 years, 2008 – 65.6 years), and 73.4 years for women (2009 – 73.4 years, 2008 – 73.2 years). Such a significant gap reveals a high rate of early death in males. Due to the differences in death rates the average lifespan is higher by 4.4 years for men and 4.5 years for women in urban areas compared to rural.

### **Migration trends (outward or inward)**

According to the Ministry of Informational Technologies and Communication during the last year 3,920 people left Moldova to settle down abroad. The most popular migration destinations are Ukraine and Russian Federation (1,827, and 858 people, respectively). 538 Moldovans have chosen The United States of America as their destination, 204 left for Israel, and 179 left for Germany. The majority of migrants, both men and women are aged 20-29 and 30-39.

According to the Ministry of the Interior there were issued 2,704 residence permits (permanent and temporary) to foreign citizens and 654 to repatriates. The majority of foreigners originate from Israel (451), Ukraine (380), Romania (356), Turkey (261) and Russian Federation (239). The immigration reasons involved are the following: studies – 26.6%, work – 32%, family immigration – 31.6%.

### **Ethnic composition of the population (major ethnic groups)**

Ethnic composition of the Republic of Moldova population as shown in the census records taken in 2004 is as follows: Moldovans represent ethnic majority and make up 75.8% of the total population, up by 5.9% compared with 1989. Moldovans live beside Ukrainians who make 8.4%, Russians – 5.9%, Gagauz – 4.4%, Romanians – 2.2%, Bulgarians – 1.9% and other ethnic groups – 1.0% of the total number of population. About 0.4% of respondents did not mention their ethnicity.

Population structure by national identity/ethnicity reveals the changes that have been taking place over the last 15 years as a result of intensive outward migration and a decline in Ukrainian and Russian population by 2.9% and 3.9%, respectively. According to both censuses Ukrainian and Russian ethnic groups rate second and third of the total country's population.

At this period Gagauz population increased by 0.3%, Romanians by 2.1% rating fourth and fifth of the country's population.

Meanwhile the proportion of Bulgarians decreased by 0.1%, as well as of other nationalities by 1.7%.

We should mention the fact that the majority of Moldovans, Gagauz and Bulgarians live in rural areas, and Russians, Romanians and Ukrainians live in urban areas.

During the Census 2004, 78.8% of respondents pointed out that their mother tongue (their first native language) was the language of their ethnic group, but 20.8% pointed out another language different from their ethnicity. Among Moldovans 78.4% pointed out that Moldovan was their native language, 18.8% pointed out Romanian as their native language, 2.5% stated that Russian was their native language, and 0.3% pointed out other languages. Ukrainians pointing out that Ukrainian was their native language made 64.1%, and 31.8% responded that their native language was Russian. Among Russians 97.2% stated that their native language was Russian. The majority of Gagauz population considered the language of their ethnic group was their native – 92.3%, and 5.8% pointed out Russian. Bulgarians with Bulgarian language as their native made 81%, and 13.9% pointed out Russian as native language.

In addition to information about native languages Census 2004 respondents pointed out languages they usually speak. People who usually spoke Moldovan made 58.8% of the total population, 16.4% usually spoke Romanian, 16.0% usually spoke Russian, 3.8% usually spoke Ukrainian, 3.1% usually spoke Gagauz, and 1.1% usually spoke Bulgarian. People who usually spoke other languages made 0.4%, and the same rate concerns people who did not point out the language they used to speak.

Despite the fact that the majority of Ukrainians, Gagauz and Bulgarians pointed out that their native language was the language of their ethnic group, every second Ukrainian, every third Bulgarian and every fourth Gagauz would usually speak Russian. Moldovans who usually spoke Russian made 5.0% of the total number of respondents.

As for ethnic minorities 6.2% of Ukrainians, 4.4% of Russians, 1.9% of Gagauz, 2.2% of Romanians and 7.1% of Bulgarians pointed out that they usually spoke Moldovan.

For the first time the number of people surveyed in a census amounted to 3,371,082 people or 99.6% of the total population. Foreign nationals accounted for 6,486 (0.2%), and 5,374 people were stateless.

Dual nationality was declared by 12,705 people, and 390 did not point out their nationality.

**Population ageing.** At the beginning of 2011 the number of elderly people aged 60 years and over was 512.3 thousand (2010 – 500.3 thousand, 2009 – 490.5 thousand mii), with more than a half of women (60.6%). Two thirds of the total elderly people lived in rural areas. It has been found out that every fourth person

was aged 60 to 64, and 14.0% aged 80 and over. The rate of population ageing in 2010 increased by 0.4% compared to 2009, and by 0.7% compared to 2008, accounting for 14.4%. Around 15.2% of rural population was aged 60 and over (2009 - 15%; 2008 – less than 15%). Among the rural female population elderly women made 17.9% (2009 – 17.9%, 2008 - 17.7%).

### **Educational attainment of population by age and gender**

The number of people aged 15 and over having attained a tertiary level of education was 15.7% of the total population in 2011 (1.6 percentage points increase compared to 2009), 12.9% attained secondary vocational level of education (0.3 percentage points increase), and 18.2% attained secondary professional level of education (2.5 percentage points decrease). The number of people having attained secondary level of education has not changed over the last three years (about 22%), as well as of those having attained the lower secondary level of education (about 24%).

The age group 25-54 comprised a greater part of population (about 54%) having attained a higher level of education: higher education – 19.7% (compared to 17.8% in 2009), secondary vocational – 15.1% (compared to 15.7% in 2009), and secondary professional – 23.2% (compared to 27.5% in 2009).

People from the age group 65 and over have attained the lowest level of education, which is about 12% of the total population surveyed, and the rate of people having attained primary education or no education at all in this age group was 30.1% (compared to 36.5% in 2009).

Education attainment by gender was as follow: female population aged 15 and over made 52.6% with the following education levels attained: higher education – 22.0% (compared to the male rate of 17.3%), secondary vocational – 18.3% (11.7% of males), and secondary professional – 16.4% (30.5% of males).

The most vulnerable female age group was 65 years and over. In this age group women made about 62%, from which 36.7% having attained primary level of education or no education at all.

So far as education attainment by gender is concerned the trends over the last three years remained the same. There is an increase in people having attained higher level of education; the number of people having attained secondary vocational level of education has remained steady with a decrease in people having attained secondary professional education.

### **Educational attainment of population by urban / rural**

Rural areas experience a number of common challenges having an adverse effect on economic growth and employment such as migration and ageing of population,

lower level of education attainment, lower labour productivity and lower level of public services available. The urban/rural population rate has remained the same over the last three years accounting for 42.5% and 57.5%, respectively.

The survey in 2009 revealed that the average rate of adults having attained secondary and higher levels of education was 69.5%. The same indicator for rural areas was 59.5%. Notwithstanding the tendency for increase in the educational attainment and the average rate around the country of 78.4% in 2011, the educational attainment rate in rural areas was slightly down to 58.3%.

Labour force by educational attainment revealed an increase in people living in rural areas having attained higher education from 6.3% in 2009 up to 7% in 2011. However there was recorded a wide disparity as the same rate for urban areas was 24.6% in 2009, and 27.5% in 2011. The number of employees having attained secondary vocational level of education in rural areas has remained stable over the last three years accounting for about 9.7%, and has increased to 17.2% from 16.5% in urban areas. The number of employees having attained secondary professional level of education was in decline throughout the mentioned period both in rural (from 21.5% in 2009 to 19.4% in 2011) and urban area (from 19.5 in 2009 to 16.6% in 2011).

Among the reasons for such situation we can list few employment opportunities in rural areas, high-record of seasonal and temporary jobs, scarce investments in education both from private individuals and public authorities, decrease in people having attained higher education through migration to urban areas, and the decrease in the number of skilled workers occurred through outward migration.

### **Illiteracy Rate**

The illiteracy issue is not crucial in the Republic of Moldova as the illiteracy rate over the last years was less than 1%. The age group affected by illiteracy is 65 years and over.

The Millennium Development Goals Target 2 aim for the Republic of Moldova is to keep the literacy rate within the age group 15-24 up to 99.5 % and this rate has been maintained over the last years.

### **GDP and GDP per capita growth rate**

The annual GDP growth rate 2000-2010 was about 4.0%. A higher GDP growth rate occurred during the most successful years (6% in 2000-2004, 5.8% in 2005-2008), however a certain economic cycles of recession and long waves have been observed over the last 10 years. Thus local and global economic recession occurred in 1998 and 2008. Higher growth rates and better economic performance represent balancing effects, recovery after recession or an upswing before a recession. At the

moment despite its favorable climate and fertile soil Moldova is one of the poorest European countries with GDP per capita of just 2,937 \$.

### **Changes in employment by detailed economic sector**

Moldovan economy has been in continuous growth throughout 2011 mainly due to the consumption growth. The most significant growth occurred in international trade, investments and transport. Economic growth throughout 2011 affected structural changes to active and working population.

Thus the activity rate of population aged 15 and over was up to 42.3% in 2011 compared with 2010 (41.6%). The activity rate of urban population was higher and made 48.0% compared to rural population activity rate of 38.0%. The activity rate of 15-64 age group was 47.0%, 0.5 percentage points up compared with 2010.

The employment rate was 39.4% in 2011, 0.9 percentage points up compared to previous year.

The analysis of employment by economic sector revealed that 27.5% of the total number of the people employed was engaged in agriculture, the rate having remained the same as in 2010. The share of people employed in nonagricultural sector was 850.5 thousand, 2.6% increase compared with 2010. The share of people employed in industry was 13.1%, and 5.7% in construction.

The distribution by public private ownership was as follows: 66.4% of the population was employed with private companies, and 27.6% with public companies. Private companies prevail in agriculture (98.1%), construction (96.6%), trade (94.1%), and hotel business – 79.9%.

The working population structure by professional status reveals that wage workers made 70.6%, and self-employed 25.6% of the total number of the people employed.

The proportion of wage and self-employed workers has remained the same compared with the previous year.

The proportion of managers was still small of about 0.7% of the total number of people employed, of which 64.7% were engaged in trade.

The analysis by sector reveals a tendency to a slight growth in agriculture, processing industry, hotels and catering. There are several key reasons for agricultural employment: no employment opportunities in rural areas make agriculture the only additional source of income for many people.

## **Changes in employment by occupational field**

Population distribution by occupational field in 2011 has slightly declined in industry and construction (-0.6 percentage points) and slightly increased in services (0.7%) compared with 2010.

The average number of wage workers was 1,143.4 thousand people in 2010 having declined by 41 thousand people compared with the previous year, which was the direct economic consequence of the crisis. The most significant decline occurred in agriculture, industry and construction. Besides, there was a slight growth in public administration, education, health and social care (+2.1 thousand). The number of wage workers increased by 30.1 thousand in 2011 with an equal growth for all occupational fields.

Employment distribution by occupational field reveals that 46% were engaged in service sector (tertiary sector), 0.2 percentage points decline from 2010, and 0.9 percentage points increase from 2009.

People engaged in secondary sector (industry + construction) made 18.7% of the total number of people employed, 0.1 percentage points down from 2010, and 0.6 percentage points down from 2009.

The rate of workers engaged in agricultural sector (primary sector) was 27.5%, the same rate as previous year, and 0.7 percentage points down from 2009.

## **Enterprise start-up rates**

Small and medium enterprises (SME) are the main job generators and drivers for the country's economic growth. The Moldovan Government takes actions to focus all national policies on small business promotion. Such approach prompts that each initiative be considered with a view to small business and as an assurance that small business development is given the priority.

A highly competitive environment stimulates SMEs to be flexible and to adapt promptly to cyclical and structural changes in economy. From this standpoint a well-developed SME sector will strengthen the stability and promote the country's macroeconomic growth.

SMEs make 97.7% of the total number of the country's businesses and their performance dynamic analysis reveals a sustainable development due to the improvement of business environment and the evolution of the business-oriented regulatory framework.

According to the Office for National Statistics all SME indicators have improved, and this in its turn reveals the overall sector efficiency and positive impact on national income level. The SMEs share in GDP is 28.3%.



SMEs accounted for 45.6 thousand in 2010, having increased by 1.9 thousand (4.3%) from 2009, and by 10.2 thousand (28.8%) from 2006. Microenterprises have increased most of all up to 34.9 thousand in 2010, from 27.3 thousand in 2006, followed by small enterprises that have increased by 2.6 thousand to 39.5%.

The majority of SMEs were engaged in trade and accounted for 41 % of the total number of SMEs equated to 18.7 thousand enterprises in 2010. SMEs engaged in the processing industry accounted for 11% of the total number of SMEs equated to 5.08 thousand enterprises. The continuous increase in SMEs involved in the industrial sector prompts the sector growth that brings various implications since industrial SMEs follow complex organizational and production procedures requiring advanced infrastructure, skilled workers and market sustainability.

The growth in SME employment to 58.8% of the total number of working people in 2010, from 56.2% in 2006, points to SMEs potential to generate jobs during the crises. The SME sectorial distribution has remained the same: 25.5% of SME employees were involved in retail and wholesale trade, 16% in agriculture, hunting and horticulture, and 17% in processing industry.

SMEs Performance Regional Analysis reveals an uneven progress over the last 5 years. SME employment in 2011 equated to 164.4 thousand people in Chisinau area, 58.5 thousand people in the northern area, 49.9 in central area, and 40 thousand people in Gagauzia.

For 2009, SMEs in the majority of sectors recorded a decrease in performance. Decreased sales profits affected all SMEs excepting those involved in financial sector. For 2010, SMEs financial standing has not only recovered but also has considerably improved by growing profits. SMEs sales profit decreased by 77,504.1 million lei in 2009 compared to 2008, and in 2010 increased by 7,783 million lei amounting to 65,263 million lei compared to 2009.

SMEs showed such specific progress due to their flexibility as the majority has converted to micro-enterprises performing the functions of market intermediaries. This indicates SMEs extra versatility (come/go or promptly change their structure or focus).

The average SMEs sales profit per enterprise amounted to 1.4 million lei, having increased by 114 thousand lei (8.6%) from 2009. The average SMEs sales profit per worker amounted to 210.9 thousand lei, having increased by 29 thousand lei (16%) from 2009.

The global economic crisis had a varied impact on different indicators in terms of SMEs size classes. For instance with respect to the SMEs growth namely small and micro-enterprises showed a significant increase. Such impact points to the necessity to reinforce the regulatory reform and to reduce the administrative burden on SMEs.

The SME sector development strategy 2012-2020 describes the following vision: SMEs from the Republic of Moldova serve as a factor of steady economic growth and national competitiveness. The strategic objective is the: creation of a favourable environment, promotion of business culture in the course of SMEs support and assurance of social cohesion.

Six priorities are thus delineated:

- Adjusting the normative and regulatory framework to the SMEs sector needs;
- Improving access to financing for SMEs;
- Developing human capital through the promotion of competences and entrepreneurial culture;
- Increasing SMEs competitiveness and stimulating innovation spirit;
- Facilitating SMEs development in regions;
- Business partnership development.

### **Competitiveness Index**

Global Competitiveness Report 2011-2012 published by the World Economic Forum (WEF) covers major weak and strong points across the world and identifies top priority policy reforms. Global Competitiveness Report ranks 142 economies based on a research conducted on a sample of 15,000 business leaders.

Global Competitiveness Index (GCI) assesses the economy competitiveness based on a wide range of variables that affect business environment that are grouped in three subindexes, which in their turn are organized in 12 pillars.

Republic of Moldova ranks 93 according to Global Competitiveness Index, showing an increase compared with the previous year.

Republic of Moldova ranking in the period of reference results from weights attributed to each competitiveness subindex.

In order to strengthen the country's competitiveness we shall improve the variables that have been reported weak so far, such as: political instability, corruption, access to financing, government bureaucracy, infrastructure deficit, fiscal policy and inflation.

Moldova is 11 positions up to 89th place with respect to technological readiness with a value of 3.52 points.

The Moldovan ICT sector is one of the key factors for sustainable economic growth since it directly affects vital changes in all sectors of economy and provides high-quality governance and public services, directly contributing 8% to GDP, which annually exceeds 6 billion lei. Though with respect to this Moldova

managed to lay a sufficient foundation, our country still needs to define and take new actions to increase ICT investment opportunities.

Various factors can boost SMEs competitiveness such as the ability to access business promoting infrastructure, the efforts to enhance innovation capacity, and the ability to implement quality standards in order to improve the quality of products and services and to promote market competitiveness.

Innovation capacities as SMEs indispensable factor for 2011 improved their competitiveness and international performance in terms of boosting growth of the outlets and tough competition among economies.

At national level the Agency for Innovation and Technologic Transfer (AITT) is a major tool in innovation capacity development. Several researches on SMEs innovation spur have been conducted and set forth in the following documentation: *Draft Law on Republic of Moldova Innovation Strategy Approval; Draft Modifications and Amendments to Science and Technology Parks and Business Incubators Act # 138-XVI as of June 21, 2007; Draft Venture Capital Act.*

Innovation and technologic transfer projects spurred the innovation potential and performance of 35 enterprises over 2009-2011.

The AITT innovative infrastructure involves: Academica Science and Technology Park hosting 16 residents, Inagro Science and Technology Park hosting 14 residents and Inovatorul Innovation Incubator. Besides in 2011, the Supreme Council for Science and Technological Development under the Moldovan Academy of Science decreed to start up Politehnica Innovation Incubator and Universcience Educational Innovation Incubator.

A better innovation infrastructure will enable the start-up of innovation-oriented SMEs and create opportunities for innovations in products competitive both nationally and internationally.

For the first time in 2011 the research, development and innovation annual statistics were released, including SMEs estimates. The statistical data was published in Innobarometru (the journal was launched through innovation and technology transfer project on Innovation Statistics Implementation in the Republic of Moldova - Innobarometru). This project will bring improvements to SMEs innovation culture and awareness and provide resources for analyses essential for innovation policy development.

In order to integrate the opportunities for information access and use AITT and National Agency for Intellectual Property issued in 2011: *Newsletter Electronic Journal* (the latest news in innovation and technologic transfer); *INNOVIEWS* (Analytics newsletter); The Directory of Technologic Transfer Projects; *SMEs Guide on Investments and Profit Driven by Intellectual Property* and a number of

other publications and leaflets intended to give an awareness of the intellectual property significance in SMEs performance.

With a view to find solutions for intellectual property appropriate protection and usage AGEPI provided free pre-diagnosis for 78 SMEs and issued intellectual property patents to 1,386 SMEs.

With regard to promotion of SMEs competitiveness and investment opportunities AGEPI signed a cooperation agreement in intellectual property with ODIMM and *Entrance 2 Your Business* managed by the Ministry of Economy, and arranged a number of trainings for SMEs.

AGEPI experts provided 11,949 advisory services to enhance the awareness of intellectual property protection, in which 7,905 for legal entities and SMEs. At the same time AGEPI took part in 16 national and international fairs and provided information and advice on patents / intellectual property rights registration procedure.

Such activities resulted in a greater number of SMEs with intellectual property rights and an enhanced awareness of the intellectual rights positive impact on SMEs competitiveness.

Technology transfer project competitions involving SMEs made it possible to increase the amount of investments reserved for modern technologies purchase and implementation that have increased to 7.4 million lei in 2011 from 6.6 million lei in 2009. The investments of science and technology parks and innovation incubators residents have also increased to 28.7 million lei in 2011 from 1.8 million lei in 2009.

Soroca Business Incubator is one of the most successful business labs giving assistance to SMEs, motivating and growing entrepreneurial talents of 17 businesses with 119 employees in 2011.

The turnover of Soroca Business Incubator residents for 2011 was 6.8 million lei. Some residents managed to enter international market in just 2 years after start-up.

The Council for Business Incubators Startup and Development Coordination and Monitoring was established to build a network of business incubators. The Ministry of Economy with the assistance of district councils found premises to start up two business incubators in the districts of Leova and Stefan Voda. The renovation projects have been worked out as soon as the premises for business incubators have been examined. At the same time a selection of future residents across the mentioned districts was announced.

SMEs have a key role in cluster formation and build a model of responsible competitiveness where common efforts may give rise to simultaneous business

improvements and will considerably affect the society and the environment. With regard to this the Ministry of Economy is developing a concept for Moldovan Industrial Sector Cluster Development.

Thus on November 3, 2011 the Ministry of Economy had a round-table discussion with the representatives of district councils dedicated to Moldovan SMEs Development Policies following the Czech Republic experience. Czech experience and practices in cluster development emphasized the advantages of SMEs development based on clustering concept.

The efforts of the Moldovan system of cooperative societies in 2011 were focused on service sector infrastructure streamlining. The investments in marketplace facilities renovation amounted to 2.3 million lei. Prodcoop Chisinau Cooperative Society implemented quality control system (ISO 22000:2005) in honey and liqueur production thus gaining access to EU market. The investment to this sector amounted to 2.8 million lei.

The World Bank Promoting Competitiveness Project implemented in 2011 by the Chamber of Commerce and Industry overall objective was to promote the implementation of quality control systems. Through this project 51 companies received a 50% refund for quality control counseling and certification and 94 companies for supervision audit. The majority of beneficiaries represented service sector (27%) and food industry (24%).

The SMEs competitiveness promoting efforts in terms of export development were focused on specialized informational support.

In 2011, diplomatic missions provided informational support to 1,096 entities concerning the issues as follows: import regulations in the mission resident country, export regulations in the mission resident country, investment regulations. The number of inquiries about import regulations in the mission resident country has increased by 410 compared with 2010, and accounted for 67.5% of the total number of inquiries.

Balti Mayor's Office in cooperation with International SMEs Association Small Euro Business and Bati Regional Training Center Spectrum proposed a project Romania-Ukraine-Moldova Cross-Border SME Supporting Network aimed to promote cross-border cooperation and regional business partnerships. The project objective was to provide SMEs with informational services and counseling, in particular SMEs involved in organic production and sales in Balti, Botosani, Iasi and Chernivtsi.

The first phase of SME Development in the Republic of Moldova (implemented by Organization for Economic Cooperation and Development (OECD) in cooperation with ODIMM in 2010-2012) resulted in the assessment Fostering SME Development in the Republic of Moldova published in March 2011 that should be

taken in consideration when developing and implementing complex policies for the Republic of Moldova economic development. This partnership also resulted in the analysis of the Government's SME-oriented policies and identification of the major activities to be carried out by the Moldovan Government to enhance SME competitiveness.

Therefore the major actions to be taken to enhance SME competitiveness are as follows: to adopt OECD best practice SME-oriented policies, to make these practices known through informative events and trainings, to publish guidelines on inclusion of such practices in national policies and to organize trainings for institutions involved in SME development policies elaboration, implementation and monitoring.

### **Proportion of micro and small companies among active businesses**

A dynamic estimate of SME performance (the share of SMEs is 97.7% of the total number of businesses) reveals a sustainable growth due to the improvements both to business environment and business regulatory framework.

Through a network of local employment offices National Employment Agency provides employment services and its basic task is to contribute to labour force placement and thereby to reduce the unemployment rate at national level.

The services offered to job-seekers involve: matching the labour market supply and demand, provision of information and placement counseling, professional development programs, promotion of work-based training in public sector, organization of job fairs, payment of unemployment insurance benefits and allowances of professional insertion or reinsertion etc.

Vocational education for the unemployed is one of the Agency's common practices. The training targeting the unemployed is being governed by Regulations for Training the Unemployed approved by a common decree of the Ministry of Education, # 35, and the Ministry of Labour, Social Security and Family Protection, # 42/1 as of March 13, 2012.

Employment offices provide training by contracting educational institutions with regard to the procedure set forth in the Regulations mentioned above. Therefore National Agency annually published the Demand Occupations List to match the training for the unemployed with the Moldovan labour market needs.

In 2011, over 2 million unemployed entered training programs, in which about 71% have completed their initial training, 24% have been retrained, and 8.2% completed refresher training course. Those who found job having completed a training program account for 67 %.

There were contracted 41 training providers to train the unemployed for 40 trades in 2011. The occupations in high demand: chef (20% of the total number of trainees), hairdresser (17.6%), accountant (9.8%), computer operator (7.9%), manicurist (6.2%), mechanic (4.5%), bartender (4.2%), welder (4.2%), plasterer (3.1%).

During 2011, ODIMM implemented a number of programs to promote SME performance including:

- a. **PARE 1+1 pilot program for attracting remittances into Moldovan economy** 2010-2012 was approved under the Government Decree to encourage migrants and their first degree relatives to invest the remittances in launching and developing their own business

The results achieved through program implementation so far:

- over **2,200 advisory services** (in office, by phone and e-mail), 9,800 visits to official website <http://www.odimm.md/pare.htm> (dedicated to PARE 1+1);
- **12 business trainings** and **215 participants (migrants and their first-degree relatives)**;
- **73 businesses** were approved for funding. The investments planned for program participants equate to **35.45 million lei**, in which **22.3 million are remittances**, and **13.2 million lei PARE 1+1 grant**.

- b. **National Programme on Youth Economic Empowerment (NPYEP)** was approved by a Government Decree to promote and facilitate youth inclusion into business in Moldovan rural areas.

ODIMM achievements during January-December 2011:

- **1,800 people provided with advisory services** in the office, by phone and during subject meetings;
- **24 business training workshops** that attended 656 young people.

Besides, **240 projects** have been approved for funding by Credit Line Directorate in partnership with commercial banks. The projects total cost amounts to **69.17 million lei** with a **27.67 million lei** grant included.

- c. **Efficient Business Administration** is a part of Multiannual SMEs Lifelong Learning Project aimed to improve our businessmen knowledge base regardless of the business type and to lay a foundation for an efficient and competitive entrepreneurial class.

Efficient Business Administration results for 2011:

- **Advisory service provided to 1,800 people**;
- **67 training workshops** in **15 communities** attended by 2,173 people, in which 69% women.

- d. **Young Experiences Smart Solution! – Y.E.S.S.!** is the project funded by European Union, part of Romania – Ukraine – Republic of Moldova common programme for 2007-2013 aiming to increase the involvement and active

participation of youth in cross-border community development in order to achieve identifying, establishing and involvement in joint social and economic projects.

Thus there were organized several trainings throughout the project: Project Development and Management (length: 3 days) and Public Speaking Skills (length: 2 days) attended by 15 Moldovan and 45 Romanian young people.

### **Activity rates by gender and educational level.**

According to the Office for National Statistics the activity rate of the population aged 15 and over was 42.3% for 2011 having increased compared with 2010 (41.6%). The activity rate of men was higher than that of women, 45.6% and 39.3% respectively.

The employment rate was 39.4% in 2011, 0.9 percentage points increase compared with previous year. The employment rate of men (42.1%) was higher than that of women (37.1%). In terms of urban/rural distribution the employment rate was 44.1% for urban and 36.0% for rural areas.

Labour market trends in 2011 point to a widening imbalance between urban/rural labour market supply and demand. Rural unemployment rate was 64%, while the rate of available vacancies was 9% of the total number of registered vacancies. The unemployment rate decline is subject to a smaller number of candidates per vacancy that decreased to 12 from 15 in 2010.

In terms of educational level statistics show that the higher the educational attainment is, the higher the activity and the employment rates are, and the lower unemployment rate is. Thus in 2011 the activity rate of population having attained higher level of education was 63.0% and their employment rate was 59.2%, much higher than the average national rate. While the same category unemployment rate was 6.0%, 0.5 percentage points lower than the national unemployment rate (6.7%).

The activity rate of population having attained secondary vocational level of education was 53.9%, employment rate – 50.6%, 1.7 percentage points increase compared with the previous year. The activity rate of population having attained secondary professional level of education was 53.9% and 50%, respectively, having increased compared with 2010, and the same category unemployment rate was 7.2%, 0.5 percentage points higher than the national average rate (6.7%).

### **Public employment as a percentage of total employment**

Informal employment and ‘envelope wages’ is a widespread phenomenon not only in Moldova, but also in the Southeast Europe. According to preliminary estimates



for 2010 the wage of 57% of the total number of people employed was unreported, which on average amounted to 9.3 billion lei and this levels as 13% of GDP. Therefore national budget suffered losses of about 4.7 billion lei for 2010. Despite the annual 1.36% decline in the informal employment rate and ‘envelope payments’, the amount of unreported income annually increases by 6%.

According to the Office for National Statistics the rate of population engaged in *informal economy* was 12.7% of the total number of people employed in 2011 and actually matched the level recorded in 2010, while 30.7% of the total number of people employed had *informal jobs*, compared with 30.9% in 2010. Wage workers made 26.9% of the total number of the *informally employed*, while 11.7% of the wage workers had *informal jobs*.

At present Moldovan vocational education system is represented by 70 secondary professional schools and 46 secondary vocational schools (colleges). These schools attend about 52 thousand students who upon graduation either get a job or continue to a higher level of education.

Basically occupations and trades made available in VET system match labour market demand yet annually each school can make suggestions concerning the enrollment procedure or the list of available courses/trades to meet the needs of the National Employment Agency, business environment or public sector.

At the end of each academic year (April-May) Government revises and approves the Enrollment Schedule (government demand) on either a self-supporting or a state-funded basis. The Ministry of Labour, Social Protection and Family is a central government body responsible for Enrollment Schedule coordination with other ministries (Ministry of Finance, Ministry of Education, Ministry of Culture, Ministry of Agriculture and Food Industry, Ministry of Health, Ministry of Defense, Ministry of the Interior and others).

As soon as the Enrollment Schedule is approved each ministry being in charge of vocational schools shall approve the Government Schedule and develop a schedule for each school.

Both school managing and government bodies monitor the implementation of the schedule. Enrollment boards shall submit the enrollment reports signed by the head of the board (usually the head of the educational institution is appointed the head of the enrollment board).

### **Small Business Act Entrepreneurial Learning (EL) Index (source: ETF Entrepreneurial Learning Team)**

Entrepreneurial Learning is one line of the policy being part of the Integrated Education Development Strategy 2011-2015, approved by the Ministry of Education Decree # 849 as of Nov 29, 2010.

Through its support / projects for entrepreneurial culture development the Ministry of Education encourages the entrepreneurial spirit (creativity, innovation and independent activity) at all educational levels.

Winrock Moldova representative office implements Moldovan Employment and Entrepreneurship Education and Training Activity project funded by Liechtenstein Development Service (LED). One of the project achievements is a pilot modular curriculum that has been developed for a course in Principles of Entrepreneurship to be taught in 15 vocational schools from September 1, 2012 until May 31, 2013. With regard to successful implementation of the Principles of Entrepreneurship curriculum 22 teachers were taught to use new methods.

Taking in consideration the aforesaid course in the Principles of Entrepreneurship shall be taught in Moldovan vocational schools as follows:

- on secondary professional level – a compulsory course in Principles of Entrepreneurship (72 hours);
- on secondary vocational level (colleges) – as optional course or part of courses in economics.

Secondary professional school graduates started 61 enterprises and created 178 jobs through Employment and Entrepreneurship Education and Training Activity Project in 2010. In 2011, there were started 36 businesses and 91 jobs created.

KulturKontakt ECONET – Virtual Enterprise Project is funded by Austrian Agency for Development and Cooperation, through which virtual enterprises have been created in six pilot schools. Virtual enterprise is an innovative teaching concept focused at practical training as students get the opportunity to practice through business simulation.

## **SECTION C. EXTERNAL EFFICIENCY (SOCIAL INCLUSION)**

### **Participation in adult learning**

It is a common practice among vocational schools to provide training for adults (unemployed) through a 3 to 5-month training course. Such courses usually are self-supported, as for the unemployed the Employment Office bears all the costs.

The graduates at either stage have the opportunity to find a job or to continue their studies to attain higher educational level.

The cooperation with international projects, and ETF in particular, resulted in a number of draft regulatory acts and a set of methods necessary to promote the recognition of skills acquired through non-formal or informal learning.

Hence, the Republic of Moldova strategic objective is to create a knowledge driven economy, as the most competitive and dynamic economy, to create more and better jobs and to promote social cohesion. The adoption of lifelong learning principles is the only way to promote economic growth and higher employment rates. Recognition of non-formal and informal learning is another essential factor for employment rate improvement as certification of a competency will create new job opportunities.

EU – Moldova Mobility Partnership launched on June 5, 2008 provides a comprehensive framework to implement the three key objectives of the Global Approach to Migration:

- migration and development;
- legal migration;
- combating illegal migration.

It represents a long-term tool based on a political dialogue.

Based on the gained experience there was launched a project on Strengthening Moldova's Capacity To Manage Labour and Return Migration within the framework of the Mobility Partnership with the EU (February 2009). The project overall objective is to promote legal mobility between Moldova and some specific objectives are as follows: to facilitate the smooth reintegration into the Moldovan labour market of Moldovans returning home (voluntarily or forcibly) from the EU, and help Moldovan migrants to make the best possible use of the skills and resources acquired through the experience of migration for the benefit of their own and their country's development and to encourage Moldovans willing to emigrate to the EU to make use of legal channels of emigration.

Policy Dialogue Group and Reference Group in cooperation with ETF have developed a conceptual framework for recognition and validation of non-formal and informal learning finalized by the Republican Center for Vocational Education Development to comply with reference suggestions and requirements set forth in Government Decree on Rules and Standard Requirements to Policy Development Documentation # 33 as of Jan 11, 2007. The draft conceptual framework for recognition and validation of non-formal and informal learning was presented for the Ministry of Education approval.

The certification procedure for competency gained in a way other than formal:

1. Identification of learning outcomes;
2. Assessment of learning outcomes;
3. Validation of learning outcomes;
3. Certification of learning outcomes.

The project complies with European Union guidelines and regulates the implementation of the Education Act (# 547-XIII as of June 21, 1995), revised and amended.

The Ministry of Education is in charge of the herein procedure/concept countrywide coordination and implementation.

The basic features of competency assessment in terms of non-formal or informal learning are as follows:

- voluntary basis;
- correlation with occupational standards.

*Identification, assessment and recognition* of learning outcomes gained in a non-formal and informal way shall be carried out with a view to the following fundamental concepts:

- validation;
- credibility;
- correctness;
- flexibility;
- transparency;
- simplicity.

Public and private bodies approved/accredited for this purpose, hereinafter referred to as assessment centers, are in charge of identification, assessment and recognition of learning outcomes.

Public and private educational institutes and institutions, alone or in partnership with local authorities and other public and private institutes and bodies, education and training providers, community centers for professional development may operate as assessment centers.

Institutions approved to carry out the assessment of learning outcomes gained in contexts other than formal, perform the following functions:

- provide assessment services using the assessment criteria;
- provide counseling for people needing an assessment;
- treat all candidates fairly and exclude discrimination on grounds of gender, age, race, ethnic origin, political or religious opinion, and nationality;
- adapt assessment methods to suit the needs of people with disabilities;
- protect the confidentiality of the assessment data;
- provide candidates with the appropriate access to their data.

The assessor of competencies must be an expert with recent professional and/or coordination experience in occupation/skill he/she is appointed to assess.

Before proceeding to the assessment the candidate with the assistance of assessor analyze the learning outcomes obtained in non-formal or informal contexts and his/her professional performance in terms of occupational standards content.

The only way to motivate the overall acceptance of the continuous professional development is to build a reliable, flexible and transparent system for assessment and recognition of skills gained in formal, non-formal and informal context.

Recognition of the outcomes gained through one's experience and self-education is one of the ways of putting it into practice.

If professional competence stands for the ability to perform certain functions meeting specific requirement, then we should acknowledge that:

*A competent person is **not by all means** qualified.*

*A qualified person **should be** competent.*

*A competent person **may be** qualified.*

*1. A Memorandum on Lifelong Learning, Bruxelles, 30.10.2000.*

„Until now, formal learning has dominated policy thinking, shaping the ways in which education and training are provided and colouring people's understandings of what counts as learning.

The term 'lifelong' learning draws attention to time: learning throughout life, either continuously or periodically. The newly-coined term 'lifewide' learning enriches the picture by drawing attention to the spread of learning, which can take place across the full range of our lives at any one stage in our lives. The 'lifewide' dimension brings the complementarity of formal, non-formal and informal learning into sharper focus”.

Lifelong learning (*éducation tout au long de la vie*) emerged as a concept in 1972 following Edgar Faure's report, Learning to Be, who was the Chairman of the UNESCO International Commission on the Development of Education. The key idea of the Faure Report is to provide everyone a lifelong learning opportunity and to build a sense of personal responsibility. This idea gave rise to the principle of matching education with labour market demands and correlating the formal, non-formal and informal education.

Apparently, skilled and qualified workers more easily integrate into labour market; they are more flexible and better protected compared with those without any qualification. The number of people (67%) employed after training programme completion accounts for that.

## **Expenditure on active labour market policies (ALMPs) as a percentage of GDP**

### **Policies and actions addressed to reduce labour market disparities experienced by young people**

The proactive measures and actions to reduce unemployment are the top priority issues in the Republic of Moldova employment policy. Such approach is outlined in National Development Strategy 2020, National Employment Policy 2007-2015, draft Education and Vocational Training Strategy (2008-2015), Labour Code, National Youth Strategy (2009-2015) and Youth Act (1999).

Besides, a number of actions addressed to improve job opportunities for young people had already been implemented or are being put into practice in Moldova financed from internal and external sources. Among such actions a considerable support for vocational education and training and youth entrepreneurship. Moreover big companies offer internship programmes for graduates.

Since the majority of unemployed young people have attained just secondary level of education, all the efforts shall be focused on promotion and support for vocational training. The average learning outcomes of vocational education in terms of single training programme prompts a package of measures to provide young people with a more extensive support. Usually such package includes career guidance, training and placement. The majority of youth-oriented programmes implemented by USAID/PNUD and World Bank (such as Better Opportunities for Youth and Women, and Youth Inclusion and Innovation) are mainly focused on such activities.

Actually these kinds of activities are similar and are based on the services provided by the National Employment Agency. However such services are available just for officially registered unemployed. Therefore it seems that many young people are not registered or choose not to be registered as unemployed, but the statistics reveals that up to 50% of these young people could have been registered as unemployed. The reason such situation persists is that young people are either unaware of the benefits of being registered as unemployed or are discouraged by scarce job opportunities and/or low wages. A main concern about youth unemployment is still that the majority of the unemployed young people do not have access to services provided by National Employment Agency.

## **Proportion (number) of young people not in employment, education or training**

The total number of the unemployed who were registered during 2011 was 67.3 thousand people, down by 17.5% compared to the same period of the previous year. According to National Agency estimates the highest unemployment rate was registered for people aged 30-49 (44% of the total number of registered unemployed). People aged 25-29 were less affected and could find job easier (43.2%).

### **Poverty and inequality rates (or proportions)**

#### **Number of VET students as a proportion of the total number of pupils and students by level and gender**

At the beginning of 2011/12, the number of VET students was 20,320, by 5.1% down compared with the previous academic year, including 6,355 females accounting for 31.3%, and 68.7 % males of the total number of VET students. These figures show that this educational level is more attractive for men.

Out of the total number of VET students 79.4% attended professional schools, 11.8% – trade schools and 8.8% – vocational lyceés. Out of the total number of VET students 18,027 (88.7%) do their studies in urban areas. Out of the total number of public VET students (20.2 thousand students) the majority (97.0%) is enrolled on state-funded basis.

VET students age distribution reveals that the largest group make those aged 16 (30.6%) followed by 17-year-olds (27.1%) and 18-year-olds (18.1%).

As in previous years the trades/occupations in demand are as follows: chef (11.2% of the total number of students enrolled for 2011/12 academic year vs. 8.3% in 2010/11), mechanic (10.7% vs. 11.4%), plasterer (8.9% vs. 8.7%), seamstress (7.6% vs. 8.3%), welder-fitter (5.6% vs. 6.4%), computer operator (5.1% vs. 5.4%), carpenter (4.5% vs. 4.2%), tractor operator mechanic in agriculture (3.3% vs. 4.1%) etc.

The total number of students enrolled in *secondary professional stream* in 2011 was 13.0 thousand people, 8.4% down compared to the previous year. Out of the total number of students enrolled 17.8% attended trade schools, 74.0% – professional schools, and 8.2% – vocational lyceés. The rate of students from rural areas enrolled in secondary professional stream was 76.2%.

At the same time the number of students who were enrolled having attained lower secondary level of education increased by 10.6 thousand (81.5% of the students enrolled), in which 84.3% graduated school in 2011.

Trades/occupations in demand: mechanic (10.7% in 2011 vs. 11.4% in 2010), plasterer (8.9% vs. 8.7%), chef (11.2% vs. 6.0%), seamstress (7.6% vs. 8.3%), welder-fitter (5.6% vs. 6.4%), computer operator (5.1% vs. 5.4%), carpenter (4.5% vs. 4.2%), tractor operator - mechanic (3.3% vs. 4.1%) etc. Light and food industry sectors attracted more students compared with 2010/2011.

Number of VET students as a proportion of the total number of pupils and students by level and gender (see table)

### **Participation in VET as a percentage by field of study**

#### **Approaches addressing the needs of the vulnerable groups (in terms of providing access and integration into the labour market, active citizenship etc.) in VET system**

The Programme for Development of Inclusive Education in the Republic of Moldova 2011-2020 was approved by Government Decree # 523 on July 11, 2011.

The programme promotes inclusive education as a top education priority in order to avoid drop-outs from school and provide inclusion of children with special educational needs into mainstream schools. Under the provisions of the Programme for Development of Inclusive Education in the Republic of Moldova 2011-2020 and in order to improve the quality of education the Guidelines in Developing an Individual Education Plan (IEP) and IEP Model Form have been developed in cooperation with LUMOS Foundation Moldova and approved by the Minister Decree # 952 as of December 6, 2011.

The IEP intends to help children access general education and reach the set educational goal tailored to their needs.

During 2011, the Ministry of education in cooperation with local authorities and active NGOs introduced the concept of inclusive education into 150 pre-university educational institutes with inclusion of about 990 children.

- 139 people with sensory disabilities successfully completed vocational training programmes in two trade schools and 23 young people with physical and sensory disabilities completed higher education programmes;
- Public authorities provided young people with disabilities with access to vocational training by the following actions: 15% of the total enrollment units on state-funded basis have been allocated for children with 1st and 2nd grade disabilities and physical and sensory disabilities;
- Tuition exemption;
- State-funded scholarships for students with disabilities who are enrolled on contract basis with tuition;
- Free accommodation;.



## **SECTION D. INTERNAL QUALITY AND EFFICIENCY**

### **Republic of Moldova PISA 2009+ Results**

Republic of Moldova participated in the Programme for International Student Assessment (PISA) for the first time. PISA is a comparative survey of 15-year-olds' knowledge and skills in reading, mathematical and scientific literacy.

PISA measures how well young adults have acquired the knowledge and skills that are required to function as successful members of society.

A part of PISA survey involves a test including the aforementioned items and a background questionnaire. In addition, school principals are given questionnaire about their school education content, available resources and staff qualification.

PISA is performed in participating countries once in three years. Every period of assessment focusses on one of the three competence fields and general information is provided about the tendencies in the two others.

Initially 64 countries participated in PISA 2009+. Ten additional partner participants, who were unable to participate within the PISA 2009 project timeframe, participated in the PISA 2009 study on a reduced and delayed timeline in 2010. This is known as the PISA 2009+ project.

The PISA 2009+ countries are: Costa Rica, Georgia, India, Malaysia, Malta, Mauritius, Venezuela, Republic of Moldova, and United Arab Emirates. PISA 2009+ involved testing just over 46 000 students across these ten countries, representing a total of about 1 377 000 15-year-olds.

The testing in the Republic of Moldova involved 5,194 students attending 188 schools who were selected both from urban and rural areas, schools with different status and Russian and Romanian language of instruction.

Students in Moldova attained an average score on the PISA reading literacy scale below the average attained in all OECD countries and equivalent to the mean scores estimated for Albania, Argentina and Kazakhstan.

In Moldova, 43% of students are estimated to have a proficiency in reading literacy that is at or above the baseline needed to participate effectively and productively in life. The majority of students do not perform at the baseline level of proficiency in reading.

In Moldova, 39% of students are proficient in mathematics at least to the baseline level at which they begin to demonstrate the kind of skills that enable them to use mathematics in ways that are considered fundamental for their future development. This compares to 75% in the OECD countries, on average. There was no statistically significant difference in the performance of boys and girls in mathematical literacy.

Students in Moldova were estimated to have an average score on the scientific literacy scale that is statistically the same as that observed in the lowest scoring OECD country, Mexico. In Moldova, 53% of students are proficient in science at least to the baseline level at which they begin to demonstrate the science competencies that will enable them to participate actively in life situations related to science and technology. This compares to 82% in the OECD countries, on average. There was a statistically significant gender difference in scientific literacy, favouring girls.

### **Student/teacher ratio by programme.**

The student/teacher ratio in secondary professional level of education is really favourable: one teacher per 10 students versus 1 per 13.4 in secondary vocational level and 1 per 18 in higher level of education.

### **Information on costs of continuing vocational education and training**

Adults (aged 25+) having participated in lifelong learning in the four-week reference period prior to the interview.

According to the Office for National Statistics in 2011, the number of people having completed initial training, retraining and professional development course increased by 7,335 (12,3%) compared with 2010 and accounted for 66,947 people who were employed for about 5.8 thousand companies with the overall staff of 585.6 thousand people.

The number of employed having completed a development programme has increased up to 11.4% from 10% in 2010.

In 2011, the expenditure on professional development programmes amounted to 92,628.6 thousand lei, by 16.9% up versus previous year (79,208.7 thousand lei), in which 84.9% employer's expenditures; 6,319.3 thousand lei (6.8%) – government expenditures; 6,278.7 thousand lei (6.8) – local authorities expenditures, and 654.7 thousand lei (0.7%) contributions of foreign donor organizations.

The major share of resources of 82,019.6 thousand lei (88.5%) was allocated for civil servants training and professional development, in which a total of 68,479.7 thousand lei (83.5%) was the employer's expenditure.

In 2011, the number of employees having attained higher level of education has increased by 2,000 people versus previous year that accounted for 186.6 thousand people or 31.9% of the total number of staff.

The number of employees having attained vocational level of education increased by 953 people (0.7%) that accounted for 129.4 thousand people or 22.1% of the total number of staff.

The number of people who are completing a full- or part-time vocational course has insignificantly increased.

The employees having attained higher or vocational level of education and those who are completing a full- or part-time vocational course accounted for 55.9% of the total staff.

### **The role of donors in financing the system of vocational education and training**

The first EU support concerned secondary education  
TACIS Project – Reform of the System of Educations and Vocational Training in Moldova:

- experiments with more decentralized schools;
- development of the multifaceted school, providing four years of secondary education and thus providing potential access to higher education

Recent and current VET actors: Sweden, Switzerland, Liechtenstein, Austria, Germany.

#### **1. Developing Vocational Education and Training**

*Funded by:* SIDA

*Implemented by:* Hifab International

*Length:* 01/01/2006 – 30/12/2010

*Budget:* about 1,580,000 EUR

*Objectives:*

- To reform the system of vocational education and training;
- To develop links between VET, labour market, local authorities and social partners through the Republican Center for VET Development.

The project was particularly focused on vulnerable groups at risk of unemployment.

## **2. Moldovan Occupational Standards, Assessment and Certification (SOMEK)**

*Funded by:* SDC

*Implemented by:* INBAS & IFCP

*Length:* 01/03/06 – 31/03/10

*Budget:* 2'000.000 CHF

*Objectives:*

- to develop occupational standards (OS);
- to build up and institutionalize a national system of assessment and certification of vocational competences.

*Achievements:*

- capacity development in occupational standards and assessment at national level
- reactivation of National Council on Occupational Standards, Assessment and Certification (OSAC)
- eight (draft) occupational standards following DACUM methods

## **3. Strengthening Vocational Education and Training in Moldova (CONSEPT)**

*Funded and implemented by:* LED

*Length:* 2008-2014 (the 1st and 2nd phase)

*Budget:* Phase 1 – 1' 290, 000 EUR

*Objective:* Strengthen VET schools

Aiming at sustaining VET reform the project is focused on:

- Organizational development (Pro Didactica);
- Staff development (Technical University of Moldova/ business entities);
- Provision of equipment.

## **4. Agricultural Vocational Schools as Centers of Competence in Regional Education (MOLAGRI II)**

*Funded by:* ADA, ME, KulturKontakt Austria (impl.)

*Length:* 01/12/04 – 30/08/13

*Budget:* 560.000 EUR

*Objectives:* Promotion of entrepreneurial skills for small and medium-sized farms.

The project activities in 2 beneficiary schools involve:

- to adopt curriculum to regional labour market demands;
- to transform school into a Regional Development Center;
- to develop curriculum for wine-makers and vegetable growers.

## **5. Vocational School as Training Provider in Water Supply and Sewerage Sectors**

*Funded by:* ADA

*Implemented by:* IFCP

*Length:* 01/01/10 – 31/12/12

*Objective:* Two vocational schools participating in the project provide high-quality training and professional development programmes in water supply and sewerage.

Major activities:

- development of occupational profiles for mechanics and electricians;
- development of curriculums for two occupations;
- equipment purchase.

## **6. Virtual Enterprises (ECO NET Moldova)**

*Funded by:* ADA

*Implemented by:* KulturKontakt Austria

*Length:* 01/09/06 – 30/12/13

*Objective:* Virtual Enterprise (or training firm) is a practice-oriented innovative learning.

Business simulation.

## **7. Entrepreneurship and Employment Education and Training Activity (MEEETA)**

*Funded by:* LED

*Implemented by:* Winrock Moldova

*Length:* oct. 2008 – 2013 (Phase I & II)

*Budget:* 2'036.706 USD

*Objective:* Promoting youth employment in rural areas;

Revision of curriculum for entrepreneurship in VET.

Teacher training;

Job search training;

Youth self-employment training programme.

## **8. Promoting Craftsmen Training and Continuing Professional Development in the Republic of Moldova**

*Funded by:* GIZ

*Implemented by:* CCI Moldova & CC Koblenz

*Length:* July 2007 – 2012 (Phase 1 and 2)

*Objective:* Development of professional skills meeting labour market needs based on German dual education system model.

## **9. HIV/AIDS Prevention in Eastern Europe**

*Funded by:* GIZ

*Implemented by:* GFA & CMB

*Length:* 01/01/09 – 30/11/10

*Objective:* HIV/AIDS prevention in VET.

Development of a curriculum, teaching and resources and student's handbook for a course in *Healthy Living Choices*.

## **10. European Training Foundation (ETF)**

Areas of activities:

- Providing long-term assistance in reforming the system of education, vocational training and labour market;
- Coordination of activities with other donors in VET to work in synergy with the Mobility Partnership;
- Labour market and VET analysis, and social partnership promotion;

Recent studies in Moldova

- Torino Process (21/01/11).
- Moldovan Vocational Education and Training System and Its Relevance To Labour Market Needs (01/06/05).
- Lifelong Learning Challenges (01/06/05).

## ANNEXES:

Table 1

### Yong and Old Dependency Rates

|                                                                                                                                         | 2009    |         |         | 2010    |         |         | 2011    |         |         |
|-----------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                                                                                                                         | Total   | Men     | Women   | Total   | Men     | Women   | Total   | Men     | Women   |
| <b>Total Population (resident population, at the beginning of the respective year) (no Transnistria and Bender population included)</b> | 3567512 | 1714931 | 1852581 | 3563695 | 1713487 | 1850208 | 3560430 | 1712106 | 1848324 |
| <b>Population growth,%</b>                                                                                                              | 99.9    | 99.9    | 99.9    | 99.9    | 99.9    | 99.9    | 99.9    | 99.9    | 99.9    |
| <b>Dependency rates (people over and under working age) (as of January 1; over 100 people of working age)</b>                           | 50.9    | x       | X       | 50.3    | x       | x       | 49.9    | x       | x       |
| <i>Dependency rates (people under the working age)</i>                                                                                  | 28.2    | x       | X       | 27.4    | x       | x       | 26.7    | x       | x       |
| <i>Dependency rates (people over the working age)</i>                                                                                   | 22.7    | x       | X       | 22.9    | x       | x       | 23.2    | x       | x       |
| <b>People aged 14-24</b>                                                                                                                | 670443  | 340926  | 329517  | 654526  | 332775  | 321751  | 633344  | 322239  | 311105  |
| <b>Proportion of 14-24-year-old in the total population</b>                                                                             | 18.8    | 19.9    | 17.8    | 18.4    | 19.4    | 17.4    | 17.8    | 18.8    | 16.8    |

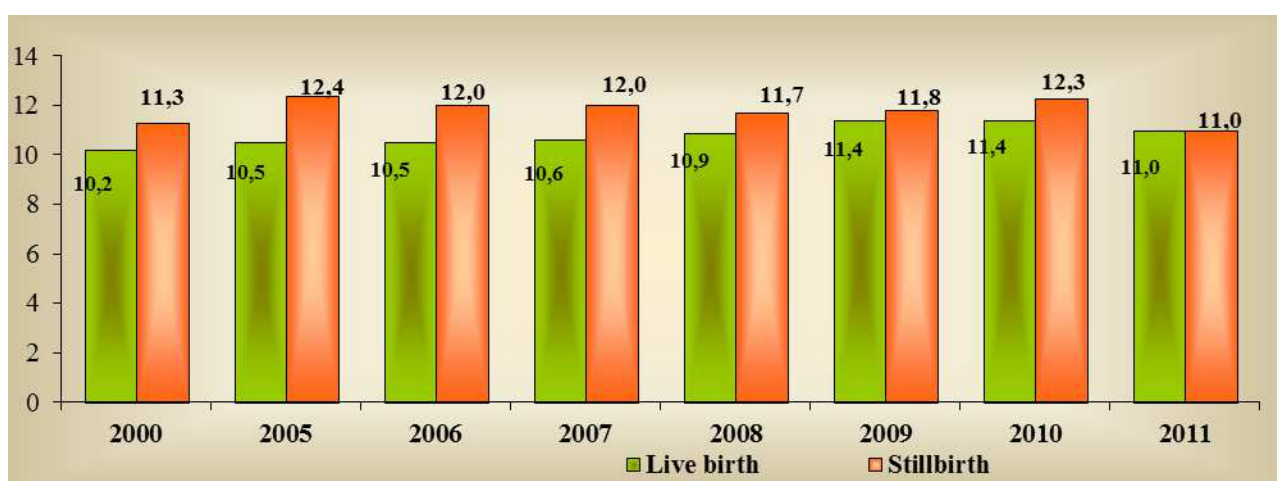
Table 2

### Population Dynamics

|                                               | 2009  | 2010  | 2011  | 2011 (%) vs. 2010 |
|-----------------------------------------------|-------|-------|-------|-------------------|
| <b>Live birth, people</b>                     | 40803 | 40474 | 39162 | 96.8              |
| <b>Stillbirth, people</b>                     | 42139 | 43631 | 39234 | 89.9              |
| <b>Including children under 1 year of age</b> | 493   | 476   | 430   | 90.3              |
| <b>Population decline</b>                     | 1336  | 3157  | 72    | 2.3               |
| <b>Marriages</b>                              | 26781 | 26483 | 25889 | 97.8              |
| <b>Divorces</b>                               | 11884 | 11504 | 11119 | 96.7              |

Source: NBS

Live Birth and Stillbirth per 1000 citizens, %



Source: ONS

Table 3

Life expectancy at birth by year, backgrounds and gender

|      | Total        |       |       | Urban        |       |       | Rural        |       |       |
|------|--------------|-------|-------|--------------|-------|-------|--------------|-------|-------|
|      | Both genders | Men   | Women | Both Genders | Men   | Women | Both Genders | Men   | Women |
| 2008 | 69.36        | 65.55 | 73.17 | 71.22        | 67.12 | 75.1  | 68.22        | 64.59 | 72    |
| 2009 | 69.31        | 65.31 | 73.37 | 71.51        | 67.48 | 75.33 | 67.95        | 63.98 | 72.18 |
| 2010 | 69.11        | 65    | 73.41 | 72.04        | 67.77 | 76.25 | 67.38        | 63.41 | 71.71 |
| 2011 | 70.88        | 66.82 | 74.92 | 73.24        | 69.1  | 77.15 | 69.45        | 65.51 | 73.56 |

Source: ONS

Table 4

Emigrants by age and gender groups, number of people

| Year | Gender | Age Groups, Total |     |     |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |     |
|------|--------|-------------------|-----|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-----|
|      |        |                   | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40-44 | 45-49 | 50-54 | 55-59 | 60-64 | 65-69 | 70-74 | 75-79 | 80-84 | 85+ |
| 2008 | Men    | 3237              | 1   | 3   | 38    | 205   | 407   | 624   | 497   | 347   | 248   | 215   | 162   | 183   | 103   | 71    | 67    | 33    | 25    | 8   |
|      | Women  | 3751              | -   | 1   | 37    | 209   | 503   | 604   | 450   | 345   | 262   | 274   | 276   | 270   | 132   | 130   | 127   | 73    | 42    | 16  |
| 2009 | Men    | 3138              | 145 | 162 | 163   | 214   | 341   | 470   | 407   | 272   | 200   | 191   | 191   | 149   | 114   | 44    | 36    | 22    | 7     | 10  |
|      | Women  | 3525              | 136 | 157 | 140   | 199   | 434   | 496   | 411   | 298   | 198   | 211   | 213   | 216   | 130   | 94    | 90    | 60    | 32    | 10  |
| 2010 | Men    | 2193              | 109 | 122 | 126   | 145   | 223   | 289   | 248   | 193   | 152   | 118   | 109   | 120   | 98    | 45    | 45    | 18    | 25    | 8   |
|      | Women  | 2521              | 90  | 110 | 103   | 131   | 258   | 311   | 269   | 193   | 154   | 152   | 168   | 176   | 132   | 76    | 81    | 60    | 36    | 21  |
| 2011 | Men    | 1761              | 103 | 101 | 71    | 122   | 180   | 204   | 186   | 151   | 99    | 86    | 135   | 115   | 88    | 39    | 32    | 27    | 18    | 4   |
|      | Women  | 2159              | 110 | 93  | 85    | 107   | 183   | 257   | 192   | 181   | 127   | 111   | 132   | 176   | 128   | 67    | 91    | 61    | 33    | 25  |

Source: ONS

Note: Emigrant – a person leaving one’s country to settle down in another as permanent or temporary resident.



Table 5

## Immigrants, number of people

|                           | 2008 | 2009 | 2010 | 2011 |
|---------------------------|------|------|------|------|
| <b>Total</b>              | 2749 | 2010 | 2512 | 2704 |
| <b>Working</b>            | 1136 | 590  | 813  | 865  |
| <b>Studying</b>           | 513  | 514  | 794  | 720  |
| <b>Family immigration</b> | 1100 | 906  | 905  | 854  |
| <b>Other reasons</b>      | -    | -    | -    | 265  |

Source: ONS

**Note:** Immigrant – foreign national or stateless person migrating to the Republic of Moldova for permanent or temporary residence.

Table 6

## The Main Sociodemographic Factors and Trends and How Do They Shape the Demand for Skill at National/Regional Level

|                                                                                                                                         | 2009    |         |         | 2010    |         |         | 2011    |         |         |
|-----------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                                                                                                                                         | Total   | Men     | Women   | Total   | Men     | Women   | Total   | Men     | Women   |
| <b>Total Population</b> (resident population, at the beginning of the respective year) (no Transnistria and Bender population included) | 3567512 | 1714931 | 1852581 | 3563695 | 1713487 | 1850208 | 3560430 | 1712106 | 1848324 |
| <b>Population Growth Rate</b>                                                                                                           | 99.9    | 99.9    | 99.9    | 99.9    | 99.9    | 99.9    | 99.9    | 99.9    | 99.9    |
| <b>Dependency rates</b> (people over and under working age) (as of January 1; over 100 people of working age)                           | 50.9    | x       | x       | 50.3    | x       | x       | 49.9    | x       | x       |
| <i>Dependency rates (people under the working age)</i>                                                                                  | 28.2    | x       | x       | 27.4    | x       | x       | 26.7    | x       | x       |
| <i>Dependency rates (people over the working age)</i>                                                                                   | 22.7    | x       | x       | 22.9    | x       | x       | 23.2    | x       | x       |
| <b>People aged 14-24</b>                                                                                                                | 670443  | 340926  | 329517  | 654526  | 332775  | 321751  | 633344  | 322239  | 311105  |
| <b>Ratio of people aged 14-24 to total population</b>                                                                                   | 18.8    | 19.9    | 17.8    | 18.4    | 19.4    | 17.4    | 17.8    | 18.8    | 16.8    |

Table 7

**Education attainment of population by age and gender, thousands**

|                                | 2009          |              |               |              |              | 2010          |              |               |              |              | 2011          |              |               |              |              |
|--------------------------------|---------------|--------------|---------------|--------------|--------------|---------------|--------------|---------------|--------------|--------------|---------------|--------------|---------------|--------------|--------------|
|                                | Total         | 15-24        | 25-54         | 55-64        | 65+          | Total         | 15-24        | 25-54         | 55-64        | 65+          | Total         | 15-24        | 25-54         | 55-64        | 65+          |
| <b>TOTAL</b>                   | <b>2958.4</b> | <b>668.2</b> | <b>1555.9</b> | <b>376.2</b> | <b>358.1</b> | <b>2968.6</b> | <b>654.5</b> | <b>1584.8</b> | <b>368.6</b> | <b>360.7</b> | <b>2973.9</b> | <b>633.2</b> | <b>1598.0</b> | <b>387.7</b> | <b>355.0</b> |
| <b>higher</b>                  | 416.6         | 44.0         | 276.6         | 60.3         | 35.6         | 433.7         | 41.1         | 297.4         | 57.9         | 37.4         | 468.5         | 51.3         | 315.5         | 60.4         | 41.4         |
| <b>secondary vocational</b>    | 371.8         | 22.5         | 244.8         | 68.5         | 36.0         | 368.9         | 28.5         | 236.0         | 67.5         | 36.8         | 382.6         | 32.4         | 240.7         | 72.2         | 37.4         |
| <b>secondary professional</b>  | 611.5         | 62.7         | 427.3         | 86.0         | 35.5         | 561.5         | 58.3         | 389.4         | 82.0         | 31.9         | 541.1         | 54.5         | 371.6         | 85.0         | 30.1         |
| <b>Lyceé, upper secondary</b>  | 654.8         | 203.3        | 355.8         | 71.3         | 24.3         | 680.5         | 195.0        | 380.2         | 77.3         | 28.0         | 663.2         | 175.2        | 374.2         | 82.9         | 30.9         |
| <b>Gymnasium</b>               | 680.8         | 265.4        | 238.5         | 81.1         | 95.9         | 714.3         | 265.6        | 267.5         | 77.2         | 104.0        | 720.7         | 255.0        | 279.4         | 81.0         | 105.3        |
| <b>primary or no education</b> | 223.0         | 70.3         | 12.9          | 9.0          | 130.8        | 209.7         | 65.9         | 14.5          | 6.6          | 122.6        | 197.7         | 64.7         | 16.8          | 6.3          | 110.0        |
| <b>Women</b>                   | 1554.4        | 323.6        | 799.8         | 212.5        | 218.6        | 1565.8        | 318.2        | 816.4         | 207.7        | 223.6        | 1565.4        | 306.9        | 819.8         | 217.4        | 221.4        |
| <b>higher</b>                  | 238.0         | 26.2         | 159.1         | 32.9         | 19.8         | 253.8         | 27.6         | 172.8         | 32.7         | 20.7         | 269.1         | 32.1         | 180.7         | 34.0         | 22.4         |
| <b>secondary vocational</b>    | 232.6         | 11.5         | 155.7         | 43.1         | 22.3         | 230.5         | 14.7         | 147.8         | 43.9         | 24.2         | 238.5         | 16.1         | 149.8         | 47.3         | 25.2         |
| <b>secondary professional</b>  | 226.0         | 24.0         | 160.9         | 31.1         | 10.0         | 200.9         | 21.1         | 143.3         | 27.4         | 9.2          | 189.8         | 21.2         | 134.4         | 25.9         | 8.4          |
| <b>Lyceé, upper secondary</b>  | 362.7         | 105.9        | 199.4         | 43.3         | 14.2         | 373.0         | 100.3        | 211.8         | 46.3         | 14.6         | 369.1         | 92.1         | 209.6         | 51.1         | 16.2         |
| <b>Gymnasium</b>               | 362.1         | 125.8        | 119.5         | 55.7         | 61.1         | 379.2         | 124.1        | 134.8         | 52.8         | 67.5         | 376.0         | 115.8        | 137.4         | 54.8         | 68.0         |
| <b>primary or no education</b> | 133.1         | 30.2         | 5.2           | 6.5          | 91.2         | 128.5         | 30.4         | 6.0           | 4.7          | 87.4         | 123.0         | 29.6         | 7.9           | 4.3          | 81.2         |
| <b>Men</b>                     | 1404.0        | 344.6        | 756.1         | 163.8        | 139.5        | 1402.8        | 336.3        | 768.4         | 160.9        | 137.2        | 1408.4        | 326.3        | 778.3         | 170.3        | 133.6        |
| <b>higher</b>                  | 178.6         | 17.8         | 117.5         | 27.5         | 15.7         | 180.0         | 13.5         | 124.6         | 25.2         | 16.6         | 199.4         | 19.2         | 134.8         | 26.4         | 19.0         |
| <b>secondary vocational</b>    | 139.3         | 11.0         | 89.0          | 25.4         | 13.8         | 138.4         | 13.8         | 88.2          | 23.7         | 12.6         | 144.2         | 16.3         | 90.9          | 24.8         | 12.1         |
| <b>secondary professional</b>  | 385.5         | 38.7         | 266.4         | 54.9         | 25.5         | 360.7         | 37.2         | 246.1         | 54.6         | 22.8         | 351.3         | 33.3         | 237.2         | 59.1         | 21.7         |
| <b>Lyceé, upper secondary</b>  | 292.1         | 97.4         | 156.5         | 28.1         | 10.2         | 307.5         | 94.7         | 168.4         | 31.0         | 13.5         | 294.2         | 83.1         | 164.6         | 31.8         | 14.7         |
| <b>Gymnasium</b>               | 318.7         | 139.5        | 119.0         | 25.4         | 34.8         | 335.1         | 141.5        | 132.7         | 24.4         | 36.5         | 344.7         | 139.3        | 142.0         | 26.2         | 37.3         |
| <b>primary or no education</b> | 89.9          | 40.0         | 7.7           | 2.5          | 39.6         | 81.2          | 35.5         | 8.5           | 1.9          | 35.2         | 74.7          | 35.1         | 8.8           | 2.0          | 28.8         |

Source: Labour force survey

**Table 8**

**Education attainment of population by urban/rural criteria, thousands**

|                                | 2009   |        |        | 2010   |        |        | 2011   |        |        |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                | Total  | urban  | rural  | Total  | urban  | rural  | Total  | urban  | rural  |
| <b>TOTAL</b>                   | 2958.4 | 1256.3 | 1702.1 | 2968.6 | 1261.7 | 1707.0 | 2973.9 | 1262.6 | 1711.3 |
| <b>higher</b>                  | 416.6  | 309.0  | 107.5  | 433.7  | 320.5  | 113.3  | 468.5  | 347.9  | 120.7  |
| <b>secondary vocational</b>    | 371.8  | 207.0  | 164.8  | 368.9  | 208.1  | 160.8  | 382.6  | 217.2  | 165.4  |
| <b>Secondary professional</b>  | 611.5  | 245.4  | 366.1  | 561.5  | 211.7  | 349.8  | 541.1  | 209.7  | 331.4  |
| <b>lycée, upper secondary</b>  | 654.8  | 280.2  | 374.6  | 680.5  | 298.1  | 382.4  | 663.2  | 282.6  | 380.6  |
| <b>gymnasium</b>               | 680.8  | 166.8  | 514.0  | 714.3  | 178.7  | 535.6  | 720.7  | 162.4  | 558.2  |
| <b>primary or no education</b> | 223.0  | 48.0   | 175.0  | 209.7  | 44.6   | 165.1  | 197.7  | 42.7   | 155.0  |

Source: Labour force survey

**Table 9****Illiteracy Rates**

|                        | 2009        |       |      | 2010        |       |      | 2011        |       |      |
|------------------------|-------------|-------|------|-------------|-------|------|-------------|-------|------|
|                        | Total       | Women | Men  | Total       | Women | Men  | Total       | Women | Men  |
| <b>Illiteracy rate</b> | <b>0.93</b> | 1.19  | 0.64 | <b>0.98</b> | 1.27  | 0.65 | <b>0.96</b> | 1.31  | 0.57 |

Source: Labour force applications

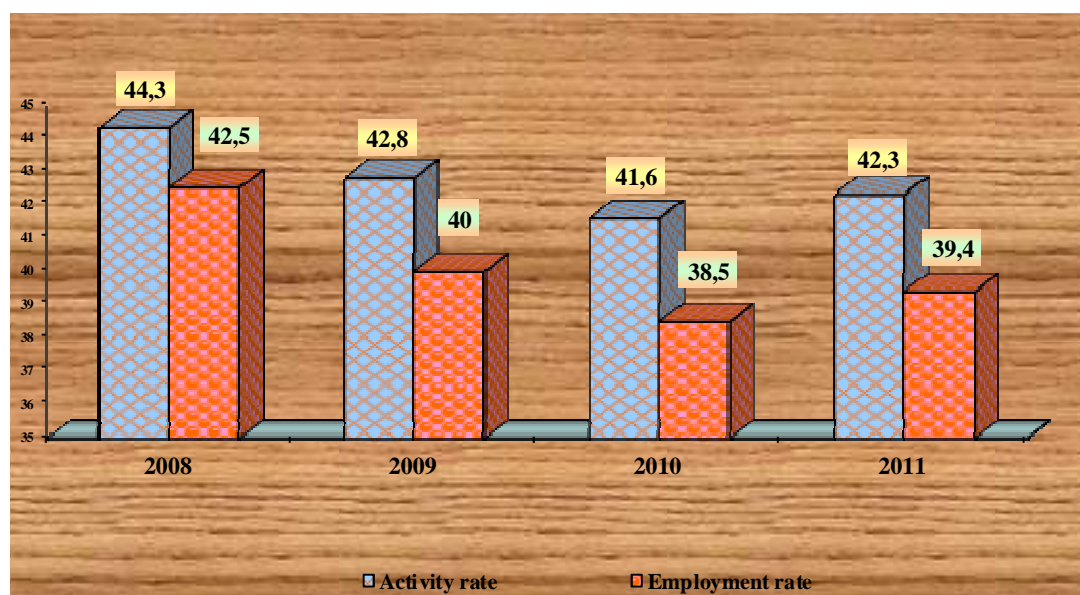
**Table 10****GDP and GDP per Capita Growth Rates**

|                                                                                              | 2009   | 2010   | 2011*  |
|----------------------------------------------------------------------------------------------|--------|--------|--------|
| Gross Domestic Product, million lei                                                          | 60,430 | 71,885 | 82,174 |
| % change on previous year                                                                    | 94.0   | 107,1  | 106,4  |
| Gross Domestic Product per capita in:                                                        |        |        |        |
| lei, current prices                                                                          | 16,948 | 20,181 | 23,083 |
| US dollars at purchasing power parity                                                        | 2,856  | 3,092  | 3,338  |
| Enterprise start-up rates (for the last year) to the total number of businesses <sup>1</sup> |        |        |        |
|                                                                                              | 97.8   | 97.7   | ...    |

<sup>1</sup>- Registration Chamber is in charge of the data.

<sup>2</sup>- The main factors determining whether a company is a SME are: a yearly average of up to 250 employees, annual revenue up to 50 million lei and total annual balance sheet total of up to 50 million lei.

## Dynamics of Activity and Employment Rates for Population 15 Years Old and Over



Tables 11-13

## Changes in Employment by Occupational Field

|                                                                                                                         | 2009                                |                                     |          |                  |                                                                |                                     |                                                                       |                         |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|----------|------------------|----------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------------|-------------------------|
|                                                                                                                         | Economic activities<br><b>TOTAL</b> | Agriculture,<br>hunting,<br>fishing | Industry | Construc<br>tion | Wholesale<br>and retail<br>trade, hotels<br>and<br>restaurants | Transport and<br>communicatio<br>ns | Public<br>administration<br>, education,<br>health and<br>social care | Other<br>activiti<br>es |
| <b>TOTAL</b> - Employed (15+),<br>thousand people                                                                       | 1184.4                              | 333.7                               | 155.4    | 72.9             | 217.4                                                          | 68.0                                | 248.6                                                                 | 88.4                    |
| Public administration at all<br>levels, civil servants and senior<br>officials of socio-economic and<br>political units | 84.7                                | 4.2                                 | 13.5     | 4.9              | 27.3                                                           | 6.0                                 | 17.2                                                                  | 11.7                    |
| Highly qualified specialists                                                                                            | 160.6                               | 3.3                                 | 14.1     | 4.1              | 17.2                                                           | 6.9                                 | 88.3                                                                  | 26.7                    |
| Medium-level specialists                                                                                                | 100.2                               | 5.4                                 | 8.5      | 1.6              | 13.2                                                           | 4.1                                 | 56.3                                                                  | 11.2                    |
| Administrative officials                                                                                                | 27.2                                | 0.0                                 | 3.2      | 0.0              | 2.8                                                            | 5.0                                 | 8.2                                                                   | 7.2                     |
| Workers in service, housing and<br>public utilities, and trade sectors                                                  | 169.8                               | 0.0                                 | 8.5      | 3.3              | 105.5                                                          | 2.2                                 | 33.6                                                                  | 15.8                    |
| Skilled agricultural, horticulture,<br>hunting, and fishing workers                                                     | 134.5                               | 134.5                               | -        | -                | -                                                              | -                                   | -                                                                     | -                       |
| Skilled industrial, crafts,<br>construction, transport, geology<br>and geological survey workers                        | 125.8                               | 2.0                                 | 57.1     | 42.9             | 12.1                                                           | 8.4                                 | 2.2                                                                   | 0.0                     |
| Other                                                                                                                   | 381.6                               | 183.0                               | 50.5     | 15.7             | 39.5                                                           | 35.4                                | 42.8                                                                  | 14.7                    |
| .. including unskilled workers                                                                                          | 282.8                               | 166.8                               | 26.5     | 11.5             | 26.9                                                           | 7.0                                 | 31.4                                                                  | 12.7                    |

Source: Labour force survey

|                                                                                                                | <b>2010</b>                         |                               |          |              |                                                    |                              |                                                          |                  |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------|----------|--------------|----------------------------------------------------|------------------------------|----------------------------------------------------------|------------------|
|                                                                                                                | Economic activities<br><b>TOTAL</b> | Agriculture, hunting, fishing | Industry | Construction | Wholesale and retail trade, hotels and restaurants | Transport and communications | Public administration, education, health and social care | Other activities |
| <b>TOTAL</b> - Employed (15+), thousand people                                                                 | 1143.4                              | 314.7                         | 145.8    | 67.5         | 213.4                                              | 63.7                         | 250.7                                                    | 87.6             |
| Public administration at all levels, civil servants and senior officials of socio-economic and political units | 82.9                                | 3.1                           | 12.4     | 5.0          | 27.0                                               | 4.8                          | 17.4                                                     | 13.2             |
| Highly qualified specialists                                                                                   | 157.3                               | 3.7                           | 12.9     | 2.8          | 15.0                                               | 5.7                          | 91.9                                                     | 25.4             |
| Medium-level specialists                                                                                       | 97.4                                | 5.3                           | 7.7      | 1.7          | 11.9                                               | 3.3                          | 56.6                                                     | 10.8             |
| Administrative officials                                                                                       | 23.6                                | 0.0                           | 2.1      | -            | 2.8                                                | 4.3                          | 6.9                                                      | 7.3              |
| Workers in service, housing and public utilities, and trade sectors                                            | 171.5                               | 0.0                           | 6.0      | 4.1          | 109.2                                              | 3.0                          | 32.3                                                     | 15.8             |
| Skilled agricultural, horticulture, hunting, and fishing workers                                               | 87.8                                | 87.8                          | -        | -            | -                                                  | -                            | -                                                        | -                |
| Skilled industrial, crafts, construction, transport, geology and geological survey workers                     | 119.5                               | 2.2                           | 56.0     | 40.0         | 11.0                                               | 7.2                          | 2.1                                                      | 0.0              |
| Other                                                                                                          | 403.4                               | 211.1                         | 48.7     | 13.9         | 36.6                                               | 35.4                         | 43.6                                                     | 14.2             |
| .. including unskilled workers                                                                                 | 311.6                               | 197.7                         | 27.0     | 10.8         | 25.8                                               | 6.2                          | 33.0                                                     | 11.1             |

Source: Labour force survey

|                                                                                                                | <b>2011</b>                         |                               |          |              |                                                    |                              |                                                          |                  |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------|----------|--------------|----------------------------------------------------|------------------------------|----------------------------------------------------------|------------------|
|                                                                                                                | Economic activities<br><b>TOTAL</b> | Agriculture, hunting, fishing | Industry | Construction | Wholesale and retail trade, hotels and restaurants | Transport and communications | Public administration, education, health and social care | Other activities |
| <b>TOTAL</b> - Employed (15+), thousand people                                                                 | 1173.5                              | 323.0                         | 153.2    | 66.8         | 223.0                                              | 67.0                         | 250.2                                                    | 90.4             |
| Public administration at all levels, civil servants and senior officials of socio-economic and political units | 87.0                                | 3.7                           | 12.5     | 4.5          | 27.2                                               | 6.5                          | 17.8                                                     | 14.8             |
| Highly qualified specialists                                                                                   | 162.6                               | 3.1                           | 14.2     | 2.0          | 16.6                                               | 7.7                          | 90.3                                                     | 28.7             |
| Medium-level specialists                                                                                       | 105.4                               | 4.0                           | 8.7      | 2.5          | 13.8                                               | 5.8                          | 59.6                                                     | 11.0             |
| Administrative officials                                                                                       | 23.7                                | 0.3                           | 1.7      | 0.1          | 2.8                                                | 4.5                          | 5.4                                                      | 9.0              |
| Workers in service, housing and public utilities, and trade sectors                                            | 173.9                               | 0.9                           | 6.9      | 4.0          | 116.0                                              | 2.2                          | 30.7                                                     | 13.2             |
| Skilled agricultural, horticulture, hunting, and fishing workers                                               | 68.6                                | 68.6                          | 0.0      | 0.0          | 0.0                                                | 0.0                          | 0.0                                                      | 0.0              |
| Skilled industrial, crafts, construction, transport, geology and geological survey workers                     | 122.0                               | 1.7                           | 59.3     | 41.9         | 9.1                                                | 6.6                          | 1.5                                                      | 2.0              |
| Other                                                                                                          | 430.4                               | 240.7                         | 49.9     | 12.0         | 37.4                                               | 33.8                         | 44.8                                                     | 11.8             |
| .. including unskilled workers                                                                                 | 335.7                               | 224.2                         | 27.0     | 8.6          | 25.5                                               | 6.7                          | 35.0                                                     | 8.8              |

Source: Labour force survey

Table 14

Employment by sector compared to GDP by sector

|                                                          | 2009                            | 2010                            | 2011                            |
|----------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                                          | Employed (15+), thousand people | Employed (15+), thousand people | Employed (15+), thousand people |
| <b>Total</b>                                             | 1184.4                          | 1143.4                          | <b>1173.5</b>                   |
| Agriculture, hunting, fishing                            | 333.7                           | 314.7                           | 323.0                           |
| Industry                                                 | 155.4                           | 145.8                           | 153.2                           |
| Construction                                             | 72.9                            | 67.5                            | 66.8                            |
| Wholesale and retail trade; hotels and restaurants       | 217.4                           | 213.4                           | 223.0                           |
| Transport and communications                             | 68.0                            | 63.7                            | 67.0                            |
| Public administration; education; health and social care | 248.6                           | 250.7                           | 250.2                           |
| Other                                                    | 88.4                            | 87.6                            | 90.4                            |

Exhibit 3

Number of SME, 2006-2010

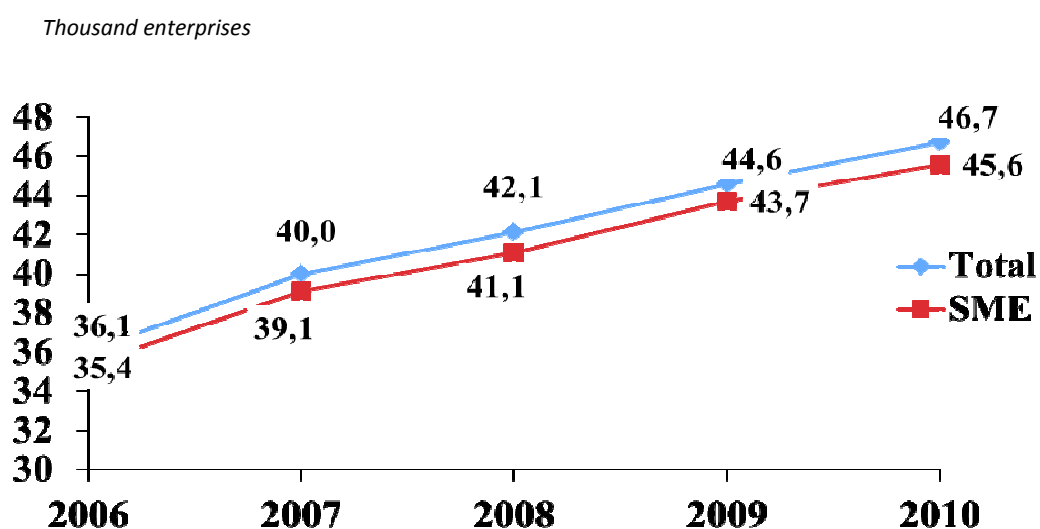


Table 14

**Competitiveness Index by Technological Readiness Pillar, CIS countries**

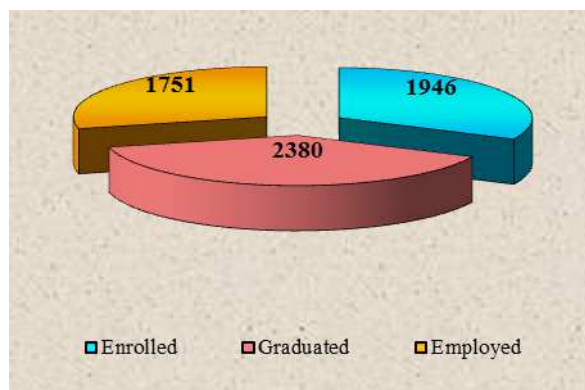
|                            | Regional Rankin 2011 | 2011-2012 |             | 2010-2011 |             | Absolute deviation |              |
|----------------------------|----------------------|-----------|-------------|-----------|-------------|--------------------|--------------|
|                            |                      | Rank      | Value       | Rank      | Value       | Rank               | Value        |
| Russia                     | 1                    | 68        | 3.66        | 69        | 3.56        | 1                  | +0.1         |
| Azerbaijan                 | 2                    | 74        | 3.60        | 70        | 3.55        | 4                  | +0.05        |
| <b>Republic of Moldova</b> | <b>3</b>             | <b>78</b> | <b>3.52</b> | <b>89</b> | <b>3.28</b> | 11                 | <b>+0.24</b> |
| Ukraine                    | 4                    | 82        | 3.47        | 83        | 3.37        | 1                  | +0.1         |
| Kazakhstan                 | 5                    | 87        | 3.44        | 82        | 3.40        | 5                  | <b>+0.04</b> |
| Armenia                    | 6                    | 88        | 3.43        | 108       | 2.96        | 20                 | +0.47        |
| Georgia                    | 7                    | 100       | 3.23        | 98        | 3.14        | 2                  | +0.09        |
| Tajikistan                 | 8                    | 116       | 2.90        | 120       | 2.74        | 4                  | +0.16        |
| Kyrgyzstan                 | 9                    | 131       | 2.60        | 119       | 2.75        | 12                 | -0.15        |
| Belarus                    | -                    | -         | -           | -         | -           | -                  | -            |
| Uzbekistan                 | -                    | -         | -           | -         | -           | -                  | -            |
| Turkmenistan               | -                    | -         | -           | -         | -           | -                  | -            |
| <b>CIS Average</b>         | -                    | -         | <b>3.31</b> | -         | <b>3.19</b> | -                  | -            |

Source: 7th Global Competitiveness Report published by the World Economic Forum (WEF)

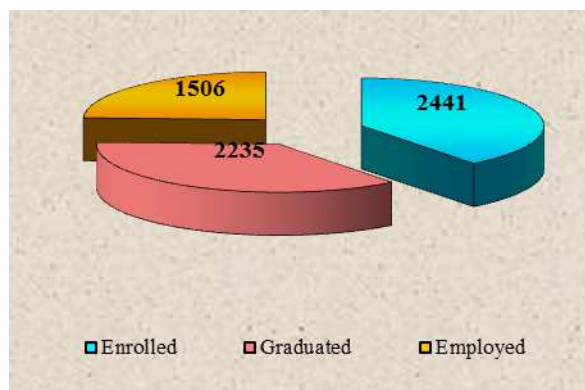
Exhibit 4

**Training for the Unemployed, 2010-2011 thousand people**

2010



2011



Source ONS

Table 15

## Activity Rate, Employment and Unemployment by Gender, Age and Area

|                          |              | 2008  |       |       | 2009  |       |       | 2010  |       |       | 2011  |       |       |
|--------------------------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                          |              | Total | Urban | Rural | Total | Urban | Rural | Total | Urban | Rural | Total | Urban | Rural |
| <b>Activity rate</b>     | Both genders | 44.3  | 47.1  | 42.2  | 42.8  | 47.4  | 39.3  | 41.6  | 47.2  | 37.5  | 42.3  | 48    | 38    |
|                          | Men          | 47.3  | 51.8  | 44.2  | 46.2  | 52.2  | 42    | 45    | 52.6  | 39.7  | 45.6  | 53    | 40.5  |
|                          | Women        | 41.5  | 43.1  | 40.3  | 39.7  | 43.4  | 36.8  | 38.6  | 42.7  | 35.4  | 39.3  | 43.8  | 35.7  |
| <b>Employment rate</b>   | Both genders | 42.5  | 44.5  | 41    | 40    | 43.6  | 37.4  | 38.5  | 42.7  | 35.4  | 39.4  | 44.1  | 36    |
|                          | Men          | 45.2  | 48.6  | 42.7  | 42.6  | 47.2  | 39.3  | 40.9  | 46.4  | 37    | 42.1  | 48.2  | 37.8  |
|                          | Women        | 40.1  | 41    | 39.5  | 37.7  | 40.6  | 35.5  | 36.4  | 39.5  | 34    | 37.1  | 40.6  | 34.3  |
| <b>Unemployment rate</b> | Both genders | 4     | 5.5   | 2.7   | 6.4   | 8     | 5     | 7.4   | 9.6   | 5.4   | 6.7   | 8.2   | 5.2   |
|                          | Men          | 4.6   | 6.1   | 3.2   | 7.8   | 9.6   | 6.3   | 9.1   | 11.7  | 6.7   | 7.7   | 9.1   | 6.5   |
|                          | Women        | 3.4   | 4.9   | 2.1   | 4.9   | 6.3   | 3.6   | 5.7   | 7.5   | 4.1   | 5.6   | 7.4   | 3.9   |

Source ONS

Table 16

## Activity, Employment and Unemployment Rate by educational level and gender (age 15+)

|                                  |                          | 2009         |      |       | 2010         |      |       | 2011         |      |       |
|----------------------------------|--------------------------|--------------|------|-------|--------------|------|-------|--------------|------|-------|
|                                  |                          | Both genders | Men  | Women | Both genders | Men  | Women | Both genders | Men  | Women |
| <b>Educational level - Total</b> | <i>Activity rate</i>     | 42.8         | 46.2 | 39.7  | 41.6         | 45   | 38.6  | 42.3         | 45.6 | 39.3  |
|                                  | <i>Employment rate</i>   | 40           | 42.6 | 37.7  | 38.5         | 40.9 | 36.4  | 39.4         | 42.1 | 37.1  |
|                                  | <i>Unemployment rate</i> | 6.4          | 7.8  | 4.9   | 7.4          | 9.1  | 5.7   | 6.7          | 7.7  | 5.6   |
| <b>Higher</b>                    | <i>Activity rate</i>     | 65.9         | 71   | 62.1  | 64.8         | 70.3 | 61    | 63           | 67.5 | 59.7  |
|                                  | <i>Employment rate</i>   | 62.2         | 66.4 | 59.1  | 60.6         | 65.2 | 57.3  | 59.2         | 63.1 | 56.4  |
|                                  | <i>Unemployment rate</i> | 5.7          | 6.6  | 4.9   | 6.5          | 7.2  | 5.9   | 6            | 6.5  | 5.6   |
| <b>Secondary vocational</b>      | <i>Activity rate</i>     | 55.3         | 54.9 | 55.5  | 52.1         | 52.1 | 52.2  | 53.4         | 55.1 | 52.3  |
|                                  | <i>Employment rate</i>   | 52.1         | 50.5 | 53.1  | 48.9         | 46.9 | 50    | 50.6         | 51.3 | 50.1  |
|                                  | <i>Unemployment rate</i> | 5.7          | 8.1  | 4.3   | 6.3          | 9.9  | 4     | 5.2          | 6.8  | 4.2   |
| <b>Secondary professional</b>    | <i>Activity rate</i>     | 54.3         | 56.8 | 50.1  | 53.4         | 55.1 | 50.4  | 53.9         | 56.1 | 49.8  |
|                                  | <i>Employment rate</i>   | 50.4         | 52.4 | 47.1  | 49.4         | 50.8 | 46.8  | 50           | 51.7 | 46.8  |
|                                  | <i>Unemployment rate</i> | 7.1          | 7.7  | 5.9   | 7.6          | 7.8  | 7.3   | 7.2          | 7.8  | 5.9   |
| <b>Lyceé, upper secondary</b>    | <i>Activity rate</i>     | 38.2         | 40.4 | 36.5  | 38           | 40.2 | 36.2  | 38.1         | 39.8 | 36.8  |
|                                  | <i>Employment rate</i>   | 35.8         | 37.1 | 34.8  | 34.8         | 35.8 | 34    | 35.2         | 36.3 | 34.3  |
|                                  | <i>Unemployment rate</i> | 6.2          | 8.2  | 4.5   | 8.5          | 11.1 | 6.1   | 7.7          | 8.9  | 6.7   |
| <b>Gymnasium</b>                 | <i>Activity rate</i>     | 28.1         | 31.6 | 24.9  | 27.3         | 31.2 | 23.8  | 28.3         | 31.6 | 25.2  |
|                                  | <i>Employment rate</i>   | 26           | 28.7 | 23.6  | 24.9         | 27.7 | 22.5  | 26.2         | 28.9 | 23.8  |
|                                  | <i>Unemployment rate</i> | 7.3          | 9.1  | 5.2   | 8.6          | 11.3 | 5.5   | 7.2          | 8.7  | 5.5   |
| <b>Primary or no education</b>   | <i>Activity rate</i>     | 5.2          | 8.4  | 3.1   | 4            | 6.2  | 2.7   | 4.8          | 6.9  | 3.5   |
|                                  | <i>Employment rate</i>   | 5.1          | 7.9  | 3.1   | 3.9          | 6.1  | 2.6   | 4.5          | 6.5  | 3.3   |
|                                  | <i>Unemployment rate</i> | 3.3          | 5.1  | ..    | 2.4          | 1.5  | 3.9   | 5.4          | 5.2  | 5.6   |

Source: Labour force survey



Table 17

## Youth Unemployment Rates by Gender and Educational Level

|                                  | Age 15-24         | 2009         |      |       | 2010         |      |       | 2011         |      |       |
|----------------------------------|-------------------|--------------|------|-------|--------------|------|-------|--------------|------|-------|
|                                  |                   | Both Genders | Men  | Women | Both Genders | Men  | Women | Both Genders | Men  | Women |
| <b>Educational level - Total</b> | Unemployment Rate | 15.4         | 15.8 | 15.0  | 17.8         | 20.0 | 15.0  | 14.9         | 14.2 | 15.8  |
| <b>Higher</b>                    | Unemployment Rate | 19.8         | 20.7 | 19.1  | 21.6         | 21.1 | 21.9  | 19.0         | 20.8 | 17.9  |
| <b>Secondary vocational</b>      | Unemployment Rate | 13.1         | 18.9 | 8.8   | 21.0         | 33.3 | 12.8  | 12.9         | 18.5 | 7.6   |
| <b>Secondary professional</b>    | Unemployment Rate | 17.8         | 18.4 | 16.9  | 16.0         | 15.8 | 16.4  | 13.5         | 14.1 | 12.5  |
| <b>Lyceé, upper secondary</b>    | Unemployment Rate | 14.5         | 14.1 | 15.0  | 16.3         | 19.1 | 12.6  | 15.1         | 12.6 | 18.3  |
| <b>Gymnasium</b>                 | Unemployment Rate | 13.0         | 13.3 | 12.5  | 17.9         | 21.6 | 10.7  | 14.2         | 12.2 | 17.9  |
| <b>Primary or no education</b>   | Unemployment rate | 4.3          | 5.5  | -     | 0.9          | 1.2  | -     | 3.2          | -    | 8.5   |

Source: Labour force survey

Table 18

## Youth Unemployment Rates by Gender and Educational Level

|                                  | Age 25-34         | 2009         |      |       | 2010         |      |       | 2011         |      |       |
|----------------------------------|-------------------|--------------|------|-------|--------------|------|-------|--------------|------|-------|
|                                  |                   | Both Genders | Men  | Women | Both Genders | Men  | Women | Both Genders | Men  | Women |
| <b>Educational level - Total</b> | Unemployment rate | 7.3          | 9.2  | 4.9   | 8.8          | 10.3 | 7.0   | 9.1          | 10.4 | 7.5   |
| <b>Higher</b>                    | Unemployment rate | 5.6          | 7.0  | 4.2   | 7.0          | 8.0  | 5.9   | 8.1          | 8.9  | 7.2   |
| <b>Secondary vocational</b>      | Unemployment rate | 6.2          | 7.8  | 4.9   | 7.1          | 11.4 | 3.6   | 6.0          | 6.2  | 5.8   |
| <b>Secondary professional</b>    | Unemployment rate | 7.8          | 8.6  | 6.3   | 10.0         | 9.9  | 10.3  | 11.4         | 12.1 | 9.7   |
| <b>Lyceé, upper secondary</b>    | Unemployment rate | 8.3          | 11.7 | 4.7   | 11.4         | 14.3 | 8.6   | 11.4         | 13.1 | 9.8   |
| <b>Gymnasium</b>                 | Unemployment rate | 8.8          | 11.5 | 5.1   | 8.7          | 10.4 | 6.7   | 7.7          | 9.8  | 5.2   |
| <b>Primary or no education</b>   | Unemployment rate | 12.6         | 17.3 | -     | 4.7          | -    | 10.4  | 13.4         | 17.2 | 5.6   |

Source: Labour force survey

Table 19

**Public Sector Employment as a Percentage of Total Employment  
People Employed in Public Sector out of all People Employed**

|                                                     | 2009   | 2010   | 2011   |
|-----------------------------------------------------|--------|--------|--------|
| Employed, thousand people<br>all types of ownership | 1184.4 | 1143.4 | 1173.5 |
| Public*                                             | 27.8   | 28.4   | 27.6   |
| Private                                             | 67.0   | 65.2   | 66.4   |
| Other                                               | 5.2    | 6.4    | 6      |

\* as defined in System of National Accounts

Source: Labour force survey

Table 20

**Employment by production units and job types**

|                                            | 2009    | 2010    | 2011    |
|--------------------------------------------|---------|---------|---------|
| <b>Production unit – total</b>             |         |         |         |
| Job type – total                           | 1 184.4 | 1 143.4 | 1 173.5 |
| Formal job                                 | 829.0   | 789.9   | 812.8   |
| Informal job                               | 355.4   | 353.5   | 360.7   |
| <b>Formal sector enterprises</b>           |         |         |         |
| Job type – total                           | 937.4   | 888.3   | 910.0   |
| Formal job                                 | 829.0   | 789.9   | 812.8   |
| Informal job                               | 108.5   | 98.5    | 97.2    |
| <b>Informal sector enterprises</b>         |         |         |         |
| Job type – total                           | 138.8   | 145.4   | 148.5   |
| Formal job                                 | ..      | ..      | ..      |
| Informal job                               | 138.8   | 145.4   | 148.5   |
| <b>Farms producing for own consumption</b> |         |         |         |
| Job type – total                           | 103.6   | 105.0   | 111.8   |
| Formal job                                 | ..      | ..      | ..      |
| Informal job                               | 103.6   | 105.0   | 111.8   |
| <b>Farms that hire employees</b>           |         |         |         |
| Job type – total                           | 4.6     | 4.7     | 3.2     |
| Formal job                                 | ..      | ..      | ..      |
| Informal job                               | 4.6     | 4.7     | 3.2     |

*Table 21***Participation in Adult Learning (age 25+),**

|                           | <b>2009</b> | <b>2010</b> | <b>2011</b> |
|---------------------------|-------------|-------------|-------------|
| Trained - TOTAL thousands | 16.0        | 18.5        | 20.5        |
| WOMEN                     | 9.7         | 11.7        | 12.4        |
| MEN                       | 6.2         | 6.8         | 8.1         |
| URBAN                     | 10.6        | 14          | 15.2        |
| RURAL                     | 5.3         | 4.5         | 5.2         |

*Source: Labour force survey*

*Table 22***Work-based training**

|                           | <b>2009</b> | <b>2010</b> | <b>2011</b> |
|---------------------------|-------------|-------------|-------------|
| Trained -TOTAL, thousands | 58.0        | 59.6        | 67.7        |
| workers                   | 15.1        | 15.9        | 19.4        |
| Civil servants            | 42.9        | 43.7        | 48.3        |
| including:                |             |             |             |
| managers                  | 5.6         | 5.3         | 6.4         |
| specialists               | 35.6        | 34.9        | 38.1        |
| other officials           | 1.7         | 3.6         | 3.8         |

*Source: Statistical survey of enterprises regarding work-based training*

Table 23

## Share (number) of Young People Who Are Not in Employment, Training or Education

|                                                                                                                               | 2009                    |       |       | 2010         |       |       | 2011         |       |       |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------|-------|--------------|-------|-------|--------------|-------|-------|
|                                                                                                                               | Both genders, thousands | Women | Men   | Both genders | Women | Men   | Both genders | Women | Men   |
| 18-24-year-olds with education attainment no higher than lower secondary level (ISCED 2) and not in any professional training | 99.9                    | 37.4  | 62.5  | 106.0        | 38.7  | 67.3  | 105.3        | 39.2  | 66.1  |
| The group above as a proportion of the total population of 18-24 year olds                                                    | 20.8                    | 16.2  | 25.1  | 22.1         | 16.9  | 27.0  | 22.4         | 17.2  | 27.2  |
| The number of unemployed 15-24-year olds not in training or education (this indicator name may be changed)                    | 185.2                   | 78.3  | 106.8 | 184.4        | 76.1  | 108.4 | 184.8        | 80.5  | 104.3 |
| The group above as a proportion of the total population of 15-24-year-olds                                                    | 27.7                    | 24.2  | 31.0  | 28.2         | 23.9  | 32.2  | 29.2         | 26.2  | 32.0  |
| Number of first job-seekers (aged 15+)                                                                                        | 18.8                    | 7.2   | 11.6  | 24.2         | 10.0  | 14.2  | 26.0         | 12.0  | 14.0  |
| The group above as a proportion of the total unemployed (aged 15+)                                                            | 23.2                    | 23.9  | 22.9  | 26.3         | 28.8  | 24.7  | 30.9         | 34.7  | 28.2  |
| The number of long-term unemployed (aged 15+)                                                                                 | 22.6                    | 9.8   | 12.8  | 28.3         | 10.8  | 17.5  | 27.4         | 10.6  | 16.7  |
| The group above as a proportion of the total number of unemployed (aged 15+)                                                  | 27.9                    | 32.5  | 25.2  | 30.8         | 31.2  | 30.5  | 32.6         | 30.9  | 33.7  |
| Proportion of people aged 25+ who participated in educational programs in the past 4 weeks                                    | 0.7                     | 0.8   | 0.6   | 0.8          | 0.9   | 0.6   | 0.9          | 1.0   | 0.7   |

Table 24

## Poverty and Inequality Rates

| Poverty and inequality rates                                                                         | 2009   | 2010   |
|------------------------------------------------------------------------------------------------------|--------|--------|
| Share of population below the poverty line (consumption expenditures of \$2.15 USD a day per person) | 0.7    | 0.5    |
| Share of population below the poverty line (\$4.3 USD per day) (expenditures per adult equivalent)   | 29.5   | 26.8   |
| Absolute share of population below the poverty line                                                  | 26.3   | 21.9   |
| Monthly income available                                                                             | 1166.1 | 1273.7 |
| Gini coefficient (for consumption expenditures)                                                      | 0.3045 | 0.3022 |

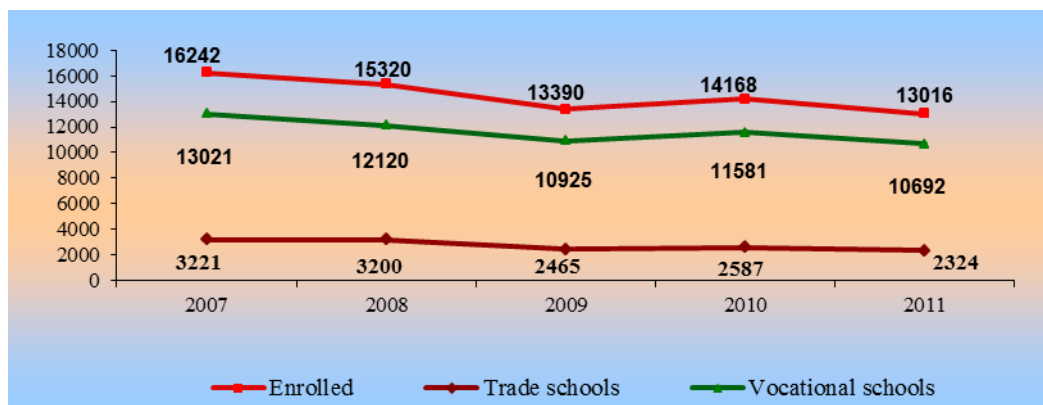
Table 25

## VET by Type of Institution and Area, at the Beginning of 2010/11 - 2011/12 Academic Years

|                    | 2010/11        |             |              | 2011/12        |             |              |
|--------------------|----------------|-------------|--------------|----------------|-------------|--------------|
|                    | Total students | From which: |              | Total students | From which: |              |
|                    |                | Women       | State-funded |                | Women       | State-funded |
| <b>Total</b>       | <b>21419</b>   | <b>6566</b> | <b>20520</b> | <b>20320</b>   | <b>6355</b> | <b>19564</b> |
| Trade schools      | 2634           | 654         | 2508         | 2392           | 640         | 2272         |
| Vocational schools | 16998          | 5215        | 16425        | 16131          | 4933        | 15681        |
| Vocational lyceé   | 1787           | 697         | 1587         | 1797           | 782         | 1611         |
| <b>Urban</b>       | <b>18776</b>   | <b>5754</b> | <b>17877</b> | <b>18027</b>   | <b>5605</b> | <b>17271</b> |
| Trade schools      | 1629           | 306         | 1503         | 1431           | 292         | 1311         |
| Vocational schools | 15360          | 4751        | 14787        | 14799          | 4531        | 14349        |
| Vocational lyceé   | 1787           | 697         | 1587         | 1797           | 782         | 1611         |
| <b>Rural</b>       | <b>2643</b>    | <b>812</b>  | <b>2643</b>  | <b>2293</b>    | <b>750</b>  | <b>2293</b>  |
| Trade schools      | 1005           | 348         | 1005         | 961            | 348         | 961          |
| Vocational schools | 1638           | 464         | 1638         | 1332           | 402         | 1332         |
| Vocational lyceé   |                |             |              |                |             |              |

Source: ONS

Enrolment in secondary vocational schools in 2007-2011, thousand people



Source: ONS

**Table 26 : People in Education by Educational Levels (under ISCED 1997) [1]**

|                                                                                                  | Total  | Female | Male   |
|--------------------------------------------------------------------------------------------------|--------|--------|--------|
| <b>Pre-primary education (level 0)</b>                                                           |        |        |        |
| 2008                                                                                             | 109714 | 52824  | 56890  |
| 2009                                                                                             | 112398 | 54148  | 58250  |
| 2010                                                                                             | 115738 | 56018  | 59720  |
| 2011*                                                                                            | ...    | ...    | ...    |
| <b>Primary education (level 1)</b>                                                               |        |        |        |
| 2008/09                                                                                          | 145369 | 70155  | 75214  |
| 2009/10                                                                                          | 141197 | 68463  | 72734  |
| 2010/11                                                                                          | 138436 | 66883  | 71553  |
| 2011/12                                                                                          | 138095 | 66815  | 71280  |
| <b>Secondary education, stage I (level 2)</b>                                                    |        |        |        |
| 2008/09                                                                                          | 223130 | 108831 | 114299 |
| 2009/10                                                                                          | 207720 | 100955 | 106765 |
| 2010/11                                                                                          | 193271 | 94160  | 99111  |
| 2011/12                                                                                          | 181935 | 88262  | 93673  |
| <b>Secondary education, stage II (level 3)</b>                                                   |        |        |        |
| 2008/09                                                                                          | 103472 | 53836  | 49636  |
| 2009/10                                                                                          | 99893  | 51506  | 48387  |
| 2010/11                                                                                          | 96123  | 49021  | 47102  |
| 2011/12                                                                                          | 92405  | 47008  | 45397  |
| secondary general education                                                                      |        |        |        |
| 2008/09                                                                                          | 65528  | 37496  | 28032  |
| 2009/10                                                                                          | 64386  | 36761  | 27625  |
| 2010/11                                                                                          | 62686  | 35523  | 27163  |
| 2011/12                                                                                          | 59718  | 33547  | 26171  |
| secondary professional level<br>(for lower secondary level graduates)                            |        |        |        |
| 2008/09                                                                                          | 22460  | 7708   | 14752  |
| 2009/10                                                                                          | 20300  | 6540   | 13760  |
| 2010/11                                                                                          | 19235  | 6023   | 13212  |
| 2011/12                                                                                          | 18542  | 5963   | 12579  |
| secondary vocational education<br>(upper secondary level graduates)                              |        |        |        |
| 2008/09                                                                                          | 15484  | 8632   | 6852   |
| 2009/10                                                                                          | 15207  | 8205   | 7002   |
| 2010/11                                                                                          | 14202  | 7475   | 6727   |
| 2011/12                                                                                          | 14145  | 7498   | 6647   |
| <b>Post-secondary non-tertiary education (level 4) (for<br/>upper secondary level graduates)</b> |        |        |        |
| 2008/09                                                                                          | 1810   | 503    | 1307   |
| 2009/10                                                                                          | 1861   | 456    | 1405   |
| 2010/11                                                                                          | 2184   | 543    | 1641   |
| 2011/12                                                                                          | 1778   | 392    | 1386   |

|                                                  |        |        |        |
|--------------------------------------------------|--------|--------|--------|
| <b>Tertiary education first stage (level 5)</b>  |        |        |        |
| 2008/09                                          | 132064 | 76062  | 56002  |
| 2009/10                                          | 126934 | 71958  | 54976  |
| 2010/11                                          | 125775 | 71663  | 54112  |
| 2011/12                                          | 121253 | 68461  | 52792  |
| vocational education and training                |        |        |        |
| 2008/09                                          | 17199  | 9690   | 7509   |
| 2009/10                                          | 17042  | 9943   | 7099   |
| 2010/11                                          | 17962  | 10461  | 7501   |
| 2011/12                                          | 17297  | 9885   | 7412   |
| higher education                                 |        |        |        |
| 2008/09                                          | 114865 | 66372  | 48493  |
| 2009/10                                          | 109892 | 62015  | 47877  |
| 2010/11                                          | 107813 | 61202  | 46611  |
| 2011/12                                          | 103956 | 58576  | 45380  |
| <b>Tertiary education second stage (level 6)</b> |        |        |        |
| 2008/09                                          | 1622   | 979    | 643    |
| 2009/10                                          | 1660   | 1004   | 656    |
| 2010/11                                          | 1601   | 961    | 640    |
| 2011/12                                          | 1596   | 937    | 659    |
| <b>Total (levels 0-6)</b>                        |        |        |        |
| 2008/09                                          | 717181 | 363190 | 353991 |
| 2009/10                                          | 691663 | 348490 | 343173 |
| 2010/11                                          | 673128 | 339249 | 333879 |
| 2011/12                                          | ...    | ...    | ...    |
| * data is being collected                        |        |        |        |
| <b>[1] No foreigners included</b>                |        |        |        |
|                                                  |        |        |        |



**Distribution of Students Enrolled in Secondary Vocational Educational Institutions by Occupational Fields in 2010/11 - 2011/12 Academic Years.**

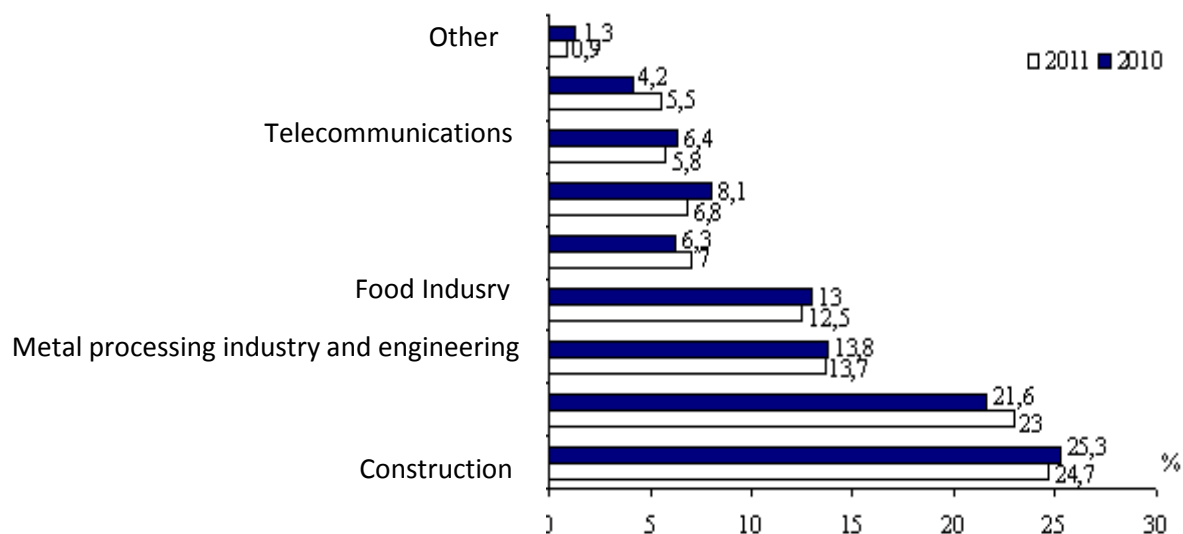


Table 27

| 2011/2012                                          |       |
|----------------------------------------------------|-------|
| <b>Day schools, gymnasiums, lycées</b>             |       |
| number of institutions                             | 1460  |
| number of students, thousands                      | 380.2 |
| <b>Secondary vocational education</b>              |       |
| number of institutions                             | 70    |
| number of students, thousands                      | 20.3  |
| <b>Secondary professional education (Colleges)</b> |       |
| number of institutions                             | 48    |
| number of students                                 | 31.4  |
| <b>Higher education</b>                            |       |
| number of institutions                             | 34    |
| number of students, thousands                      | 103.9 |

**Number of VET students as a proportion of the total number students having completed the secondary education level of education**

*Table 28*

**Student/Teacher Ratio**

|                      | 2000/01 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Professional schools | 9.9     | 10.2    | 10.4    | 9.7     | 10.3    | 9.6     | 10      | 10.3    | 9.9     |
| Colleges             | 10.5    | 9       | 10.6    | 12.4    | 13.7    | 15.1    | 16      | 16.1    | 13.4    |
| Universities         | 14.9    | 17.1    | 18.1    | 19.4    | 20.3    | 19.5    | 19      | 18      | 18      |

*ONSSource: IDIS Viitorul, Vocational Education at a Crossroads: An Analysis of Policy Decisions in Vocational Education System in RM by Sergiu Lipceanu, 2010. Calculations made using Republic of Moldova Statistical Yearbooks 2002-2008, Education in Moldova, Chisinau 2009.*

*Table 29*

**Expenditures on Professional Training of Employees**

|                                                      | <b>Total<br/>(thousands lei)</b> | <b>Funding sources</b> |               |               |                                                             |                                                         |
|------------------------------------------------------|----------------------------------|------------------------|---------------|---------------|-------------------------------------------------------------|---------------------------------------------------------|
|                                                      |                                  | Company budget         | State budget  | Local budget  | Funds received from foreign and international organizations | Other sources (various funds, donor contributions etc.) |
| <b>Total for 2011</b>                                | <b>79208.7</b>                   | <b>66684.9</b>         | <b>4919.8</b> | <b>5450.8</b> | <b>1614.2</b>                                               | <b>539</b>                                              |
| including:                                           |                                  |                        |               |               |                                                             |                                                         |
| Initial training of workers and civil servants       | 2456.2                           | 2287.7                 | 44.8          | 70.7          |                                                             | 53                                                      |
| Retraining and professional development of workers   | 5304.2                           | 5157.9                 | 30.4          | 53.1          |                                                             | 62.8                                                    |
| Retraining and professional development of officials | 71448.3                          | 59239.3                | 4844.6        | 5327          | 1614.2                                                      | 423.2                                                   |
| <b>Total for 2012</b>                                | <b>92628.6</b>                   | <b>78655.9</b>         | <b>6319.3</b> | <b>6278.7</b> | <b>654.7</b>                                                | <b>720</b>                                              |
| including:                                           |                                  |                        |               |               |                                                             |                                                         |
| Initial training of workers and civil servants       | 4600.7                           | 4403                   | 103           | 85.9          | 8.8                                                         |                                                         |
| Retraining and professional development of workers   | 6008.3                           | 5773.2                 | 135.4         | 99.7          |                                                             |                                                         |
| Retraining and professional development of officials | 82019.6                          | 68479.7                | 6080.9        | 6093.1        | 645.9                                                       | 720                                                     |

*Table 30***Employees Having Attained Higher and Vocational Levels of Education and Those Who Study On Full- or Part-Time Basis**

|                                                                                                                           | <b>2010</b> | <b>2011</b> |
|---------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Number of entities                                                                                                        | 5964        | 5770        |
| Total number on staff as of Dec 31, 2011                                                                                  | 596699      | 585626      |
| including:                                                                                                                |             |             |
| Employees having attained higher level of education                                                                       | 184615      | 186653      |
| Employees having attained vocational level of education                                                                   | 128467      | 129420      |
| Employees who are studying in vocational schools, higher or postgraduate educational institution (full-time or part-time) | 11065       | 11107       |
| Total number of educated employees                                                                                        | 59612       | 66947       |
| The ratio of educated employees to the total number on the staff, %                                                       | 10          | 11.4        |

*Source: ONS*