



Dimensions

Status

1. Strategic Framework

The Government of Moldova is committed to aligning the education system with the labor market needs as part of its Moldova 2020 National Development Strategy. Recognizing the challenges of workforce development, the government approved and launched the implementation of the Vocational Education and Training Development Strategy for 2013-2020. The Strategy sets forth a clear action plan and roadmap with specific targets and operational plans to strengthen the system of vocational education and training (VET) in the country but its results are yet to be seen as it is at initial stage of implementation. National advocacy for workforce development benefits from the participation of different groups of government and non-government stakeholders, though coordination and partnership between them is often ad-hoc and donor support plays an important role in the area.



2. System Oversight

The development of a quality assurance system and the development of a fully functioning entity for the assessment and accreditation of VET institutions have yet to be implemented, funding for vocational training is not based on explicit criteria with performance indicators, the National Qualifications Framework is a work in progress, and aligning of the curriculum to the occupational standards and transition to competence-based vocational education and training has just started (the curriculum should be adjusted to the National Qualifications Framework by 2020).



3. Service Delivery

While participation of the private sector in secondary and post-secondary vocational education is limited, Moldova is home to a relatively wide diversity of training providers, both public and private, in adult training services that can issue certificates recognized by the government. At the same time, quality of service provision remains low and needs improvement, and the monitoring and evaluation system is not well developed and needs to be supported by reliable and freely available data. Weak practices of evidence-based accountability for results and questionable relevance of the training programs are the main causes of the overall low score.



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1. Overview of Findings and Implications

This report presents a comprehensive diagnostic of the Republic of Moldova’s workforce development (WfD) policies and institutions. The analysis is based on a World Bank research tool created under the Systems Approach for Better Education Results (SABER) initiative and purposefully designed to provide systematic documentation and assessment of WfD policies and institutions. The SABER-WfD benchmarking tool also aims to assist the government with the implementation of the VET Development Strategy in the context of international experience and global good practices.

This chapter highlights findings from the assessment of the Republic of Moldova’s WfD system based on the SABER-WfD analytical framework and tool. The focus is on policies, institutions, and practices in three important functional dimensions of policymaking and implementation—strategic framework, system oversight, and service delivery. Because these aspects collectively create the operational environment in which individuals, firms, and training providers, both state and non-state, make decisions with regard to training, they exert an important influence on observed outcomes in skills development. Strong systems of WfD have institutionalized processes and practices for reaching agreement on priorities, for collaboration and coordination, and for generating routine feedback that sustain continuous innovation and improvement. By contrast, weak systems are characterized by fragmentation, duplication of effort, and limited learning from experience.

The SABER-WfD assessment results summarized below provides a baseline for understanding the current status of the WfD system in the country as well as a basis for discussing ideas on how best to strengthen it in the coming years.

Overview of the SABER-WfD Assessment Results

The tool is based on an analytical framework that identifies three functional dimensions of WfD policies and institutions:

- i. *Strategic Framework*, which refers to how WfD strategies are set and coordinated;

- ii. *System Oversight*, referring to how the WfD system is funded, how quality standards are enforced and what learning pathways are offered;
- iii. *Service Delivery*, which refers to aspects needed to deliver market- and job-relevant skills.

Figure 1 shows the overall results for the three Functional Dimensions in the SABER-WfD framework while the detailed analysis is available in the next sections.¹

For the first Functional Dimension—**Strategic Framework**—Moldova is rated at the **Emerging** level of development (score 2.0 out of 4), reflecting the commitment of the Government of Moldova to aligning the education system with the labor market needs as part of its 2020 National Development Strategy. Recognizing the challenges to develop a workforce, the government approved and launched implementation of the Vocational Education and Training Development Strategy for 2013-2020. The strategy sets forth a clear roadmap with specific targets and operational plans to strengthen the system of vocational education and training (VET) in the country, but its results are yet to be seen as it is at an initial stage of implementation. National advocacy for workforce development benefits from the participation of different groups of government and non-government stakeholders, though coordination and partnership between them is often ad-hoc and donor support plays an important role in the area. The three Policy Goals under this Functional Dimension have been rated as follows: 2.0 for “Setting a Strategic Direction,” 1.8 for “Fostering a Demand-Driven Approach,” and 2.3 for “Strengthening Critical Coordination.” The weakest elements dragging down the score are lack of skills-upgrading incentives for employers and poor monitoring of existing WfD programs. Indeed, to be effective, WfD policies must be based on credible assessments of the demand for skills in light of a country’s economic prospects.

For **System Oversight**, Moldova was rated at the **Latent** level (1.5 out of 4), reflecting the fact that the development of the quality assurance system and the development of a fully functioning entity for the assessment and accreditation of VET institutions are still to be implemented, funding for vocational training is

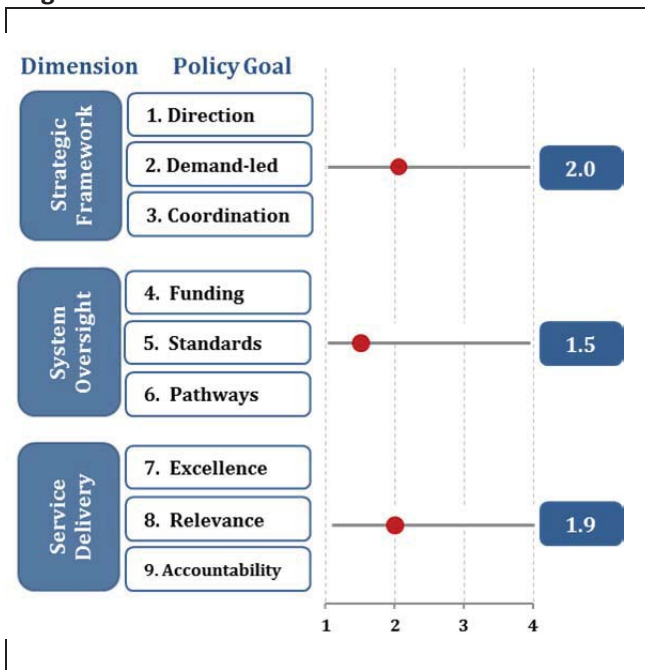
¹ See Annex 6 for the full results.

not based on explicit criteria with performance indicators, the National Qualifications Framework (NQF) is a work in progress, and aligning of the curriculum to the occupational standards and transition to competence-based vocational education and training has just started (the curriculum should be adjusted to the National Qualifications Framework by 2020). Development of curriculum for the following occupations based on approved occupational standards has begun: painter, stonemason/bricklayer, smith/concreter, and confectioner. The Policy Goal “Ensuring Efficiency and Equity in Funding” has been given the lowest score of 1.4. The other two Policy Goals “Assuring Relevant and Reliable Standards” and “Diversifying Pathways for Skills Acquisition” have received 1.5 each. The weakest elements dragging down the score are (i) lack of formal reviews of the impact of WfD funding on beneficiaries in terms of efficiency and equity of funding; and (ii) the accreditation policy and need for fully-functioning Quality Assurance Agency (recently created) that is important to ensure that the training providers meet externally established standards or quality in service delivery.

The third Functional Dimension is **Service Delivery**, which scored at the **Emerging** level (1.9 out of 4). This is consistent with the fact that while participation of the private sector in secondary and post-secondary vocational education is limited, Moldova is home to a relatively wide diversity of public and private providers of adult training services that can issue certificates recognized by the government. The quality of training remains low, which could be partly addressed by a better-developed monitoring and evaluation system and increased reliability and access to data. The Policy Goal “Enabling Diversity and Excellence in Training Provision” received a relatively higher score of 2.4. The other two Policy Goals “Fostering Relevance in Public Training Programs” and “Enhancing Evidence-based Accountability for Results” were both given a score of 1.9. Weak practices of evidence-based accountability for results and questionable relevance of the training programs are the main causes of the overall low score.

These findings suggest that Moldova’s WfD policies and institutions are weak from policy conceptualization to oversight and implementation. Many of the gaps identified share common root causes, implying that addressing a selected gap may lead to progress on related fronts.

Figure 1. Moldova’s Dimension-Level Scores



Note: See Figure 3 for an explanation of the scale on the horizontal axis.

Source: Based on analysis of the data collected using the SABER-WfD questionnaire.

Policy Implications of the Findings

As Moldova is facing stiffer competition globally and regionally (including through the forthcoming Deep and Comprehensive Free Trade Agreement with the EU), the country needs to face new competitive pressures more firmly. With a weak WfD system, Moldova will not be able to withstand this competition.

Key measures that could advance Moldova towards good global standards include the following:

- Ensuring leadership and strategic coordination: All key pillars of the WfD system require immediate and concerted actions from the part of many players. The weak leadership and strategic coordination create critical bottlenecks along the entire system. A stronger and more active high-level leadership (for example, at the level of prime minister) would be important to align WfD policies with the country’s socioeconomic goals and enhance the national policy dialogue on skills and

the labor force, and encourage firms and public authorities to commit additional resources and time that the dialogue requires. Government and non-government WfD champions in Moldova need to depart from the ad-hoc, unstructured dialogue and to exercise more sustained and well-structured advocacy for WfD. This dialogue should rely on institutionalized processes to collaborate on well-integrated interventions to advance an economy-wide WfD policy agenda. In the area of workforce development to support growth, East Asia's fastest growing economies over the past 50 years—South Korea, Taiwan, China, and Singapore, among others—provide the clearest examples of the role of leaders in shaping the skills agenda.²

- Providing for a more effective institutional setup: It is necessary to make the sector-level committees functional and sustainable. One option to consider would be to entitle an executive arm of the government (for instance, the Ministry of Labor, Social Protection and Family or the Ministry of Economy) to set up these committees and support their work. It is important to provide adequate institutional and financial support to ensure that all key stakeholders engage in policy dialogue on occupational standards and the NQF through institutionalized processes. This aspect is critical, considering that so far competency standards have only been developed for a limited set of occupations. So far, six occupational standards have been developed and approved for painter, stonemason/bricklayer, smith/concreter, locksmith plumber, confectioner, and viticulturist.
- Enhancing evidence-based accountability for results in WfD: The government should consider adopting the practice of routinely sponsoring skills-related surveys and impact evaluations of existing programs. The key indicator of interest for the public is that of graduates' labor market outcomes—for all modes of delivery of training

services—initial vocational education and training (IVET), continuing vocational education and training (CVET), and training-related active labor market policies (ALMPs). Even simple reporting on enrollments, staffing, budgets, and main accomplishments, if done routinely, serve as a tool for accountability. In Singapore, for example, public sector training providers typically issue annual reports in this spirit. It would also be advisable to systematically participate in international assessments such as OECD's Program for International Assessment of Adult Competencies (PIAAC), measuring cognitive and technical skills of the working age population (aged 15-64) and relating them to labor market performance, as well as developing national learning assessments. Indeed, WfD policies should be formulated on the basis of well-informed analyses. Additionally, implementation of approved policies and strategies (including the VET Development Strategy) should be routinely reviewed and updated on the basis of available evidence to allow for necessary adjustments and improvements.

- Ensuring quality: Proper mechanisms need to be in place to guarantee systematic quality assurance. It is important to envisage capacity building of the Quality Assurance Agency in VET (its creation was approved in October 2013³) because the lack of such mechanism erodes public trust in the quality of training providers. School-level solutions, such as the creation of proper supervisory bodies to hold service providers accountable for student and school outcomes, is also advisable. While most schools develop reports for administrative purposes, it would be reasonable to ensure publication of these reports for easier access and use of school information by the broader public.
- Funding and incentives mechanisms: It is important to shift from the 'mechanical' approach of approving the budget for WfD based on historical spending to a system in which funding is linked to enrollments, performance, and effectiveness of training programs. In this regard, CVET brings the

² These countries have built a strong foundation in basic skills through general education and have taken decisions to develop training systems that effectively equip workers with job-relevant skills to expand their own technological capabilities. See: World Bank. 2013. *What Matters in Workforce Development: A Framework and Tool for Analysis*. SABER Working Paper Series #6, Washington, D.C. Available at <http://www.worldbank.org/education/saber>

³ Law #239 of October 18, 2013 on amendments to the Education Law of 1995.

biggest challenges, as training provision is currently fragmented among different line ministries and authorities. Funding allocated for CVET (including on-the-job training for small- and medium-size enterprises, or SMEs) should rely on formal processes with input from key stakeholders and timely annual reporting. A program stimulating on-the-job training for SMEs should be adopted in addition to the existing on-the-job training programs for selected public sector employees. Regarding the training-related ALMPs implemented by the National Agency for Labor Employment, they should be consistently reviewed for impact, and results of the review should be published and used to inform program adjustments and funding. It is also advisable for the government to design a range of incentives for skills upgrading by all employers and revise the restrictive fiscal regulations which undermine incentives to train the workforce. The first step has already been made. The amendments to the Tax Code (article 19) introduced in December 2013 envisage that costs incurred by the employer for professional education of workers will be exempted from the taxes as defined (in a manner prescribed by the government; its implementation has yet to be seen).

- Increasing the relevance of public training: Interventions are necessary to simultaneously tackle issues of relevance of the WfD in line with labor market needs, increase the quality of education, and foster formal linkages between training institutions, industry, and research institutions.⁴ These links should go beyond offering internship opportunities to students. It is important to pursue a variety of arrangements to make training as relevant to industry needs as possible. In the Netherlands, for example, the institutionalized arrangements involve an umbrella organization connecting training providers to

specific employer-led sector skills councils that define occupational standards and competencies to shape the curriculum used by the training providers. In Korea, the relationship between the Korea University of Technology and Education (KUT) and Samsung illustrates an arrangement where various actors work together to enhance the relevance of training programs in a public institution. KUT hosts the Employee Vocational Education Program, which offers short courses to Samsung's own workers as well as those from the firm's subcontractors. KUT provides the premises, and the teaching and administrative staff. Samsung, for its part, leads in defining the course curricula, provides the equipment, and lends in-house experts to co-teach the courses. The collaboration benefits all parties. Samsung gains from having subcontractors that can meet its product specification and quality standards; its subcontractors gain from being able to retain or expand their business with the company. Most importantly, the university gains from the opportunity to involve its faculty in organizing and teaching the courses. This involvement enhances the competence of its administrators and instructors in the design and delivery of industry-relevant training programs.⁵

- Recognizing informal training: Limited attention to prior learning has led to suboptimal social and economic outcomes, particularly considering the high number of labor migrants returning to Moldova with skills and knowledge acquired informally that are not being recognized or valued. The concept for non-formal and informal education was adopted by the Collegium of the Ministry of Education. The methodology for recognition and certification of non-formal and informal learning is under development (it will need to ensure that the proper mechanisms allowing recognition of prior learning are put in place).⁶ In the United States, for example, many community colleges give students credit for work experience in industry.⁷

⁴ To illustrate, in 1996 Costa Rica's President led the country on an eventually successful bid to persuade Intel, a global computer chip manufacturer, to set up the firm's newest plant in the country. Part of the deal included the introduction of new courses in technical training and new curricula. In subsequent years, the country continued to align its education and training programs to meet the needs of employers in the information technology industry. The IT industry is today a major part of the economy, accounting for nearly 19 percent of exports in 2009, compared with just 4 percent in 1997. Source: Ibid.

⁵ Ibid.

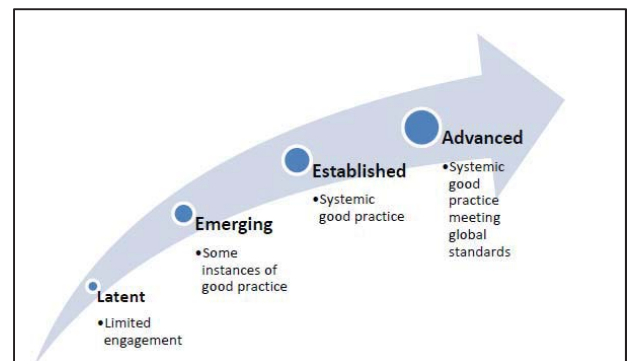
⁶ The strategy for life-long learning is under development.

⁷ Ibid.

- Making VET more attractive: The general negative perception of VET should be tackled through a set of coherent government actions on multiple fronts. Measures should include further diversifying learning pathways, improving program quality and relevance, and continued dissemination of good results from well-performing schools into the media. In Switzerland, for example, TVET tracks at the secondary level offer excellent programs and flexible pathways to tertiary level courses, which attract a sufficiently meaningful share of the country's top students to overcome public bias against such programs. In Singapore, sizable investments in a high-quality TVET system over the years, coupled with sustained attention to the employability of graduates, have lowered social resistance to the TVET programs that the less academically inclined students enter after 10 years of general schooling.⁸
- Many countries in the region have faced similar challenges, such as having the inflexible education system not responding to the changing labor market needs; the inefficient use of resources in the system; low quality of the teaching staff; lack of data on the skills and competencies that students actually acquire as a result of the educational process; as well as lack of the participation from the employers, who can actually improve education services provided. During the first years of transition in most ECA countries, the vocational school system—which once produced more than half of all secondary graduates—collapsed. Many students chose to pursue a tertiary degree. At the same time, employers assert that it is now hard to find graduates with good technical skills. Nevertheless, there are examples of successful reformers that were able to change the WfD system and ensure that they can produce graduates with appropriate skills (such as Poland). The successful reformers supported, *inter alia*, systematic data collection on student outcomes (through developing national learning assessments, conducting regular tracer studies of graduates to determine their employment outcomes, and then using this data to inform education policy);

expanded autonomy at lower levels of the education system in return for accountability for student performance; and introduced performance-based financing. The Vocational Education and Training Development Strategy for 2013-2020 adopted by the government in February 2013 was visionary and foresaw many actions taken by the successful reformers (presented in the subsequent chapters). In this regard, the SABER-WfD instrument not only provides a diagnostic of the current state of affairs with WfD policies and institutions in Moldova. Based on the predefined rubrics shown in Annex 3, it can also be used as a tool to monitor the progress with implementation of reforms in order to build an up-to-date, advanced system of workforce development in the country (Figure 2).

Figure 2. Generic Benchmarking Rubrics



Source: World Bank. 2013. *What Matters in Workforce Development: A Framework and Tool for Analysis*. SABER Working Paper Series #6, Washington, D.C. Available at <http://www.worldbank.org/education/saber>.

⁸ Ibid.

2. Introduction

The Republic of Moldova, a resource-poor and landlocked country, is undergoing a difficult transition from a planned to a market economy. Although a deep economic collapse marked its first decade of independence,⁹ economic growth resumed in 2000 and continued at an average annual rate of 5.9 percent until the 2008 global financial crisis. The economy recovered from the 2008-09 global economic crisis with average annual GDP growth exceeding 5 percent over 2010-2013. As a result, Moldova experienced the highest cumulative GDP growth among all regional partners' relative to the pre-crisis year of 2007. At the same time, as a small open economy in which agriculture has a significant role, Moldova's growth performance has been strong but volatile, reflecting vulnerability to climatic and global economic conditions.

Significant structural changes are shaping Moldova's economy. The share of agriculture in total GDP contracted from 29 percent in 2000 to 11 percent in 2012. Between 2000 and 2010 the labor employed in the agricultural sector declined by almost 60 percent. While industry has largely maintained its share in employment, the share of the services sector has increased. At the same time, as shown in the following section, Moldova lags behind many of its peers in economic, political, and institutional reform processes, which are important for greater job creation and improved productivity.

International outward labor migration is considered to be the major factor that affects the Moldovan labor market both directly (by reducing the number of people working in the country) and indirectly (by increasing reservation wages of those staying in the country). Key characteristics of the Moldovan labor market include low labor force participation, a persistently high incidence of informal employment particularly in the agricultural sector, and high youth unemployment. Also, an aging population and shrinking labor force pose very serious threats for the future development of the country. On this front, in order to compensate for the labor force decline and ensure improved living standards, it is necessary to provide for a steady increase in labor productivity and thus equip the

workforce with adequate knowledge and skills in line with labor market needs and requirements.

Significant changes in the country's economic landscape have increased the demand for skills. Evidence from employer surveys shows a shortage of required skills among the workforce. Moldovan enterprises, especially exporters, complain about the difficulty of finding skilled workers with the "right" set of skills. Recognizing the importance of workforce development for improving the country's socioeconomic prospects, the Government of Moldova approved a new Vocational Education and Training (VET) Development Strategy for the years 2013-2020 in order to reform its VET sector and align it to the needs of the national economy.¹⁰

To inform policy dialogue on these important issues, this report presents a comprehensive diagnostic of Moldova WfD policies and institutions. The results are based on a new World Bank tool designed for this purpose. Known as SABER-WfD, the tool is part of the World Bank's initiative on Systems Approach for Better Education Results (SABER),¹¹ the aim of which is to provide systematic documentation and assessment of the policy and institutional factors that influence the performance of education and training systems. The SABER-WfD tool encompasses initial, continuing and targeted vocational education and training that are offered through multiple channels, and focuses largely on programs at the secondary and post-secondary levels.

Analytical Framework

The tool is based on an analytical framework¹² that identifies three Functional Dimensions of WfD policies and institutions:

- (1) *Strategic Framework*, which refers to the praxis of advocacy, partnership, and coordination in relation to the objective of aligning WfD in critical areas to priorities for national development;
- (2) *System Oversight*, which refers to the arrangements governing funding, quality assurance, and learning pathways that shape the incentives and information signals affecting the choices of individuals,

¹⁰ The National Development Strategy 'Moldova 2020: 7 solutions for Republic of Moldova', the Vocational Education and Training Development Strategy for the years 2013-2020.

¹¹ For details on SABER see <http://www.worldbank.org/education/saber>.

¹² For an explanation of the SABER-WfD framework see Tan et al 2013.

⁹ During 1991-1999, GDP declined by almost 60 percent (with the exception of 1997, when Moldova's GDP grew 1.6 percent).

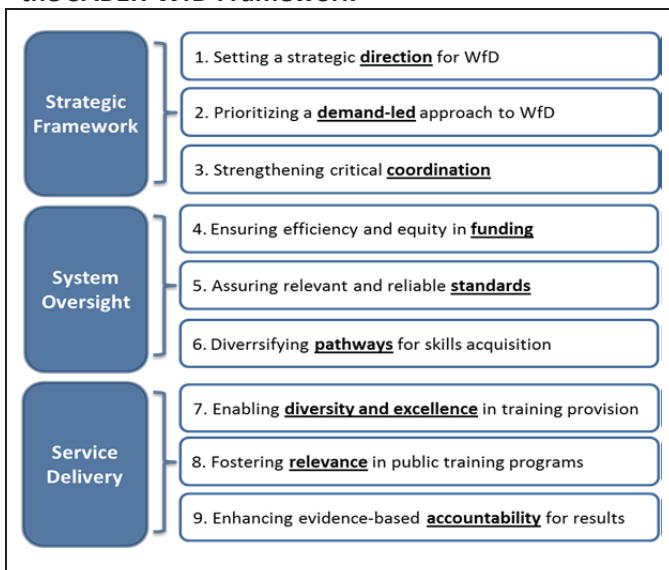
employers, training providers, and other stakeholders; and

- (3) *Service Delivery*, which refers to the diversity, organization, and management of training provision, both state and non-state, that deliver results on the ground by enabling individuals to acquire market- and job-relevant skills.

Taken together, these three Dimensions allow for systematic analysis of the functioning of a WfD system as a whole. The focus in the SABER-WfD framework is on the institutional structures and practices of public policymaking and what they reveal about capacity in the system to conceptualize, design, coordinate, and implement policies in order to achieve results on the ground.

Each Dimension is composed of three Policy Goals that correspond to important functional aspects of WfD systems (see Figure 3). Policy Goals are further broken down into discrete Policy Actions and Topics that reveal more detail about the system.¹³

Figure 3. Functional Dimensions and Policy Goals in the SABER-WfD Framework



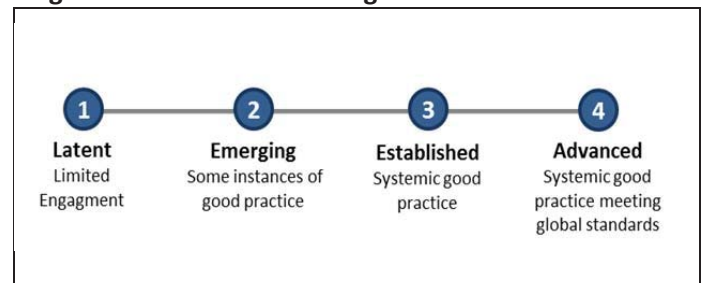
Source: Tan et al. 2013.

¹³ See Annex 2 for an overview of the structure of the framework.

Implementing the Analysis

Information for the analysis is gathered using a structured SABER-WfD Data Collection Instrument (DCI). The instrument is designed to collect, to the extent possible, facts rather than opinions about WfD policies and institutions. For each Topic, the DCI poses a set of multiple choice questions which are answered based on documentary evidence and interviews with knowledgeable informants. The answers allow each Topic to be scored on a four-point scale against standardized rubrics based on available knowledge on global good practices (See Figure 4).¹⁴ Topic scores are averaged to produce Policy Goal scores, which are then aggregated into Dimension scores.¹⁵ The results are finalized following validation by the relevant national counterparts, including the informants themselves.

Figure 4. SABER-WfD Scoring Rubrics



Source: Tan et al. 2013.

The rest of this report summarizes the key findings of the SABER-WfD assessment and also presents the detailed results for each of the three Functional Dimensions. To put the results into context, the report begins below with a brief profile of the country's socioeconomic makeup.

¹⁴ See Annex 3 for the rubrics used to score the data. As in other countries, the data are gathered by a national principal investigator and his or her team, based on the sources indicated in Annex 4, and they are scored by the World Bank's SABER-WfD team. See Annex 5 for the detailed scores and Annex 6 for a list of those involved in data gathering, scoring and validation, and report writing.

¹⁵ Since the composite scores are averages of the underlying scores, they are rarely whole numbers. For a given composite score, X, the conversion to the categorical rating shown on the cover is based on the following rule: $1.00 \leq X \leq 1.75$ converts to "Latent"; $1.75 < X \leq 2.50$, to "Emerging"; $2.50 < X \leq 3.25$, to "Established"; and $3.25 < X \leq 4.00$, to "Advanced."

3. Country Context

This section reviews the main social and economic factors that affect the demand and supply of skills and labor in Moldova.

Economic Trends. Economic growth in the Republic of Moldova averaged 5.9 percent per year between 2000 and 2008 but suffered a 6 percent decline in 2009 as a result of the global financial turmoil and economic slowdown. The economy recovered quickly, with GDP growth reaching 7 percent in 2010-2011, but dropped 0.8 percent in 2012 on account of a severe drought affecting the agricultural sector.¹⁶ Officially, the GDP per capita is about US\$ 2,037,¹⁷ but this estimate does not account for the high share of the informal economy which, according to estimates, is about 45 percent of the official GDP.¹⁸

Significant structural changes are shaping Moldova's economy. The share of agriculture in total GDP contracted from 29 percent in 2000 to 11 percent in 2012. Two thirds of the agricultural output are composed of relatively low added-value crops (mainly corn, sunflower, and wheat), while one third is generated in the livestock sector. In the same period, industry's share of GDP contracted by 1 percentage point (accounting for 14 percent of the GDP in 2012). Production of food and alcoholic beverages is the main industrial activity (constituting more than 41 percent of industrial output in 2012), followed by energy generation (around 15 percent), production of construction materials (8.5 percent), and textiles, apparel, and footwear (7.1 percent). The share of market services has seen the biggest growth in terms of contribution to GDP, expanding from 37 to 49 percent between 2000 and 2012, mainly due to the growth of retail activities.

With exports worth 44 percent of GDP and imports of 84 percent, Moldova is a typical case of a small open economy. Key goods exported are vegetables and fruits (12.9 percent of total exports), alcoholic beverages (9.9), apparel (11.8), and electric machines and parts thereof (8.9). Moldova's main trade partners for exports

are Russia (30.3 percent of total exports in 2012), Romania (16.5), Italy (9.4), and Ukraine (5.7). Main sources of imports to the country are Russia (15.7 percent, mainly comprised of natural gas and fuel), Romania (11.9 percent, again, mainly fuel), and Ukraine (11.4, especially food and electricity).

The Moldovan government has a relatively large presence in the economy, with total budgetary expenditures representing about 38 percent of GDP in 2012. Social assistance and support constitute about one third of the budget, followed by education (20.7 percent) and health services (13 percent). Most of the budgetary revenues are derived from taxes (83.3 percent), non-fiscal sources (4.9), and special funds and means (4.9). The role of development partners is significant, with the share of international grants growing from 5.5 percent of budget in 2009 to 6.3 percent in 2012.

Over the past decade, economic growth was accompanied by poverty reduction. The share of people living under the national poverty line went from 30.2 percent in 2006 to 16.6 percent in 2012. A modest reduction in inequality has been registered recently, with the Gini coefficient of consumption expenditures declining from 0.3094 in 2009 to 0.3050 in 2010, and then to 0.2943 in 2011. The economic growth in the past decade has been closely correlated with the inflow of migrants' remittances feeding private consumption. According to estimates, remittances reached 25 percent of GDP in 2012,¹⁹ even though some experts believe that not all international transfers reported as migrants remittances are "real" remittances.²⁰ With domestic production lagging much behind aggregate demand, domestic consumption is being covered by imports of goods and services, with the trade deficit reaching alarming levels (-42 percent of GDP in 2012).

Demographics. Moldova is a small country with 3.6 million people living on the right bank of the Nistru

¹⁹ World Bank, 2013.

²⁰ The majority of sources calculate the inflow of remittances from three components of the Balance of Payments compiled by the National Bank of Moldova: (i) compensation for work; (ii) personal transfers; (iii) emigrants' transfers. The problem is that a significant part of these transfers does not actually represent emigrants' transfers, but rather payments for the services provided to the non-residents by individuals residing in Moldova, investments made by the non-residents to the real estate market of Moldova, and payments for other destinations (Prohntitchi and Lupusor, 2013).

¹⁶ NBS, "Dynamics of the key macroeconomic indicators (1995-2012)", data available at http://www.statistica.md/public/files/serii_de_timp/conturi_nationale/serii_anuale/Dinam_princ_indic_macro.xls.

¹⁷ IMF, World Economic Outlook Database, April 2013.

¹⁸ Schneider and others, 2008.

River and about 600,000 residing in the Transnistrian region. More than half of the population resides in rural communities, which places Moldova as the European country with the highest share of rural population.

The country is undergoing a slow but steady demographic decline: between 1999 and 2011 the natural growth rate was negative; it somewhat stabilized in 2011-2012, but both short- and long-term demographic prospects are bleak. There is a very large rural-urban demographic discrepancy: In 2008-2012 the birth rate in cities was 9.96 per 1,000 and the death rate was 8.84 per 1,000; in villages, the birth rate was higher (12.02 per 1,000), but the death rate even higher (13.54 per 1,000). In other words, the human capital and labor force endowment in rural areas is declining at a much faster rate than in cities.

The difficult demographic situation has been further exacerbated by the large-scale outmigration of the labor force. According to conservative official statistics, in 2012 about 17 percent of men and 10 percent of women at working age were working abroad or looking for work abroad. Migration has left many rural communities almost depopulated, posing unprecedented policy challenges, such as bringing vast areas of abandoned land back into agricultural activity and efficiently providing basic public services and utilities to a dwindling population.

According to World Bank population projections, the population in Moldova is set to decline until 2050, with an annual average growth of around 0.7 percent.²¹ Pursuant to these projections, population decline will likely be accompanied by important structural shifts, the most significant of which are population aging and

the expected reduction of the share of working-age population (aged 15-64 years) from 72 percent in 2010 to 62 percent by 2050. The dependency ratio will grow respectively from 38.5 to 59.6 percent, reflecting the rising pressure on the productive population.

An aging population and a shrinking labor force pose very serious challenges for the future development of the country. In order to compensate for the labor force decline and ensure improved living standards, it is necessary to create a steady increase in labor productivity. Coupled with outward migration and increased economic inactivity, this situation adds to the financial hardship of the public pensions system which is already in a difficult situation because of the widespread informal employment and informal payment.

Employment. One of the features of the economic development of Moldova in the last decade is that the economy kept growing while the number of people employed declined from 1.51 million in 2000 to 1.32 million in 2004 and further down to 1.15 million in 2012 (Table 1). This has been both a direct outcome of labor migration as well as an indirect one, reflecting the role of reservation wages in the Moldovan economy. As migrants' families in Moldova keep receiving remittances from migrants, the motivations to accept employment for relatively modest wages decline. Thus, the employment rates are very low in Moldova (less than 40 percent in 2012, compared to the 60-70 percent typical for countries in Central and Eastern Europe) with many years of productive life lost across all demographic groups²² (Figures 5 and 6). Labor force participation in Moldova is extremely low, particularly

Table 1. Key labor and labor market indicators, 2004-2012

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Population, million	3.603	3.595	3.585	3.576	3.570	3.565	3.562	3.560	3.559
Working-age population, million	2.327	2.353	2.353	2.349	2.360	2.368	2.373	2.372	2.366
Employed population, million	1.316	1.319	1.257	1.247	1.251	1.184	1.143	1.173	1.147
<i>Distribution of the employed by formal / informal jobs, %</i>									
Formal jobs	65.4	66.6	64.9	66.4	68.9	70.0	69.1	69.3	70.3
Informal jobs	34.6	33.4	35.1	33.6	31.1	30.0	30.9	30.7	29.7
Employment rate, %	45.7	45.4	42.9	42.5	42.5	40	38.5	39.4	38.4

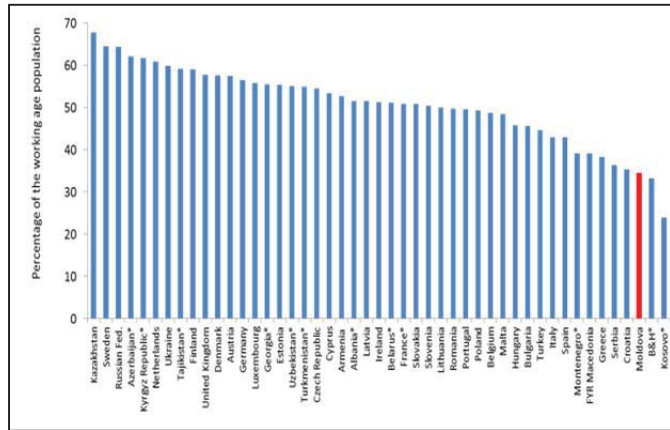
Source: NBS databank.

²¹ World Bank population projections available at: <http://go.worldbank.org/H4UN4D5K10>.

²² Population projections for various age groups may have issues accounting for migrants who left Moldova (last census was conducted in 2004), thus "inflating" denominator used for relevant calculations.

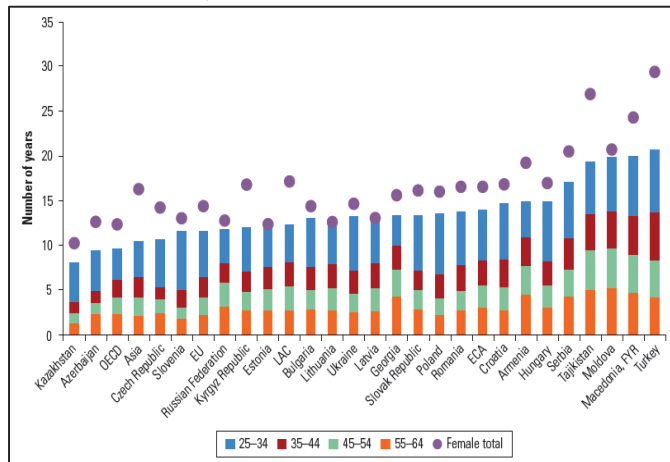
among women, rural residents, youth (15-24 years), older workers (55 years and more), and those with low educational attainment.

Figure 5: Employment Rate (population aged 15+, first quarter 2013)



Notes: *denotes data for 2012. Data is not seasonally adjusted.
Source: World Bank (2014). Back to Work: Growing with Jobs in Europe and Central Asia.

Figure 6: Average Years of Lost Potential Employment for an Individual, circa 2010

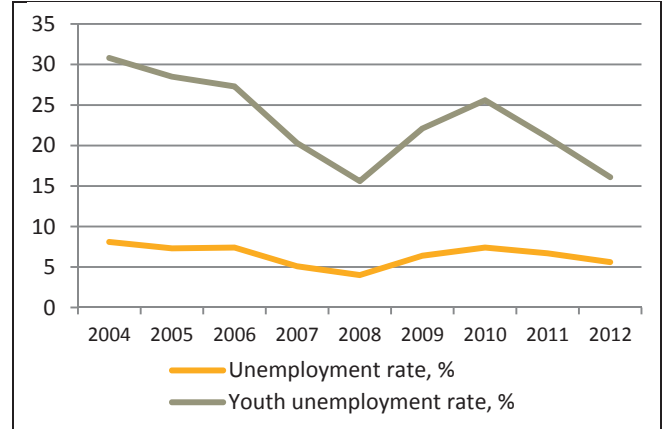


Source: World Bank (2014). Back to Work: Growing with Jobs in Europe and Central Asia.

The general unemployment rate is rather low (Figure 7). However, the unemployment rate among youth aged 15-24 is a more pressing problem, as it is three times the national average. The historical decline in youth unemployment shown in Figure 7 is not as much an outcome of improved employment, but rather another reflection of the reduced willingness to work, provided that many young people either keep receiving financial support from their parents working abroad or are

looking themselves to migrate for work and therefore do not actively look for employment in Moldova.

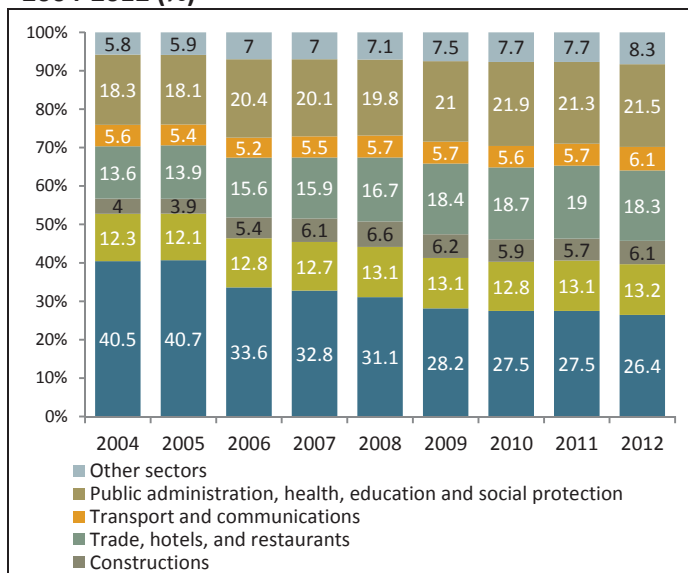
Figure 7: Unemployment rate in Moldova, 2004-2013



Source: NBS databank.

Between 2000 and 2010, the labor force employed in the agricultural sector declined by almost 60 percent, from 770,000 people in 2000 to 323,000 in 2011 (See Figure 8). In the same period, the number of jobs in non-agricultural sectors has grown by only 14 percent, from 744,000 to 850,000, which is not enough to compensate for the job losses in the agricultural sector. As a result of the structural shifts taking place in the economy, one quarter of the labor force is currently employed in agriculture (compared to 40.5 percent in 2004). While industry has largely maintained its share in total employment, the services sector grew; for example, the trade and hotels' share went from 13.6 percent of total employment in 2004 to 18.3 percent in 2012, and the public services sector grew from 18.3 to 21.5 percent.

Figure 8: Employment in main economic sectors, 2004-2012 (%)



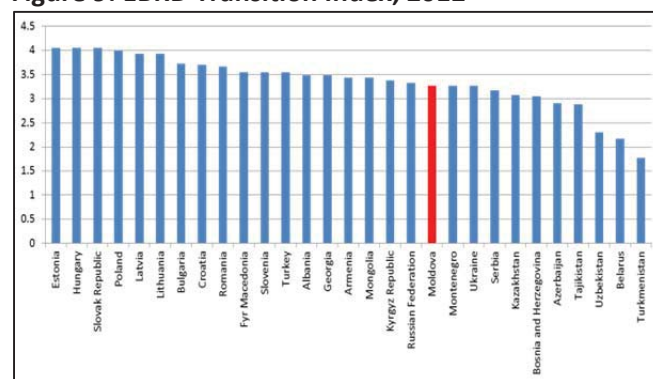
Source: NBS databank.

Informality remains an important part of the Moldovan labor market. Although in decline, informal occupations still account for almost one third of the total jobs offered in the economy.²³

In summary, Moldovan economic growth has failed to have a positive net effect on job creation and the growing urban economy has been unable to absorb unemployed agricultural workers. The recent World Bank report “Back to Work: Growing with Jobs in Europe and Central Asia” (2014) argues that sustained market reforms pay off in terms of greater job creation and increased productivity, but it takes time to materialize. Meanwhile, Moldova lags behind many of its peers in economic, political, and institutional reform efforts, which are important for greater job creation and improved productivity (figure 9).

²³National Bureau of Statistics, “Labor Market in Moldova 2012,” 2012, available at http://www.statistica.md/public/files/publicatii_electronice/piata_forței_de_munca/Piata_Muncii_2012.pdf.

Figure 9: EBRD Transition Index, 2012



Source: World Bank (2014). Back to Work: Growing with Jobs in Europe and Central Asia.

Demand for skills

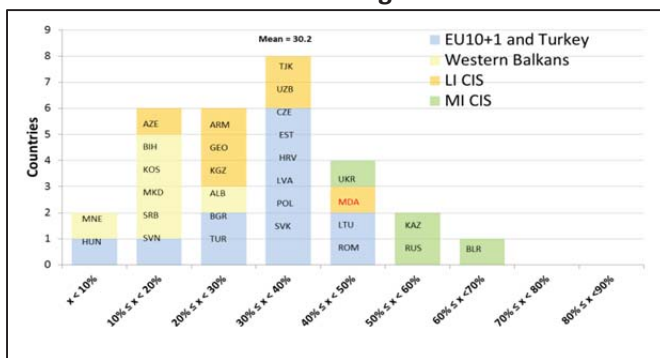
The adjustments in economic structure require an adequately prepared workforce. Many workers in Moldova, especially youth and the elderly, are ill-prepared to succeed in today’s labor market and lack the skills the employers need. Recent studies of the National Confederation of Employers of Moldova (NCEM), including “Key Constraints on the Business Environment in Moldova” (2013) and “Seven Obstacles for Business Climate in the Republic of Moldova” (2013), report a low-skilled labor force and the current education and training system among the key constraints to the development of private business in Moldova. In particular, the reports recognize that the education and training system of the country should be more market-driven.

Interestingly, the NCEM employers’ survey showed that two thirds of companies, in particular large enterprises, conduct periodic assessments of current and future skills needs. At the same time, almost half of the firms (46 percent) encounter difficulties on a frequent or systematic basis when hiring staff with the desired competencies and skills. This affects, first and foremost, agriculture, industry, transportation, and construction (57.4 percent), and large companies (58.3 percent compared to 40.2 percent of microenterprises), in particular those located in the capital (52.2 percent). Overall, more than 40 percent of Moldovan firms report that “skills” have become a severe constraint to their growth (Figure 10).

The problem of an unsatisfactory level of skills is attributed to the lack of relevance of the education system to the labor market needs and lack of support to

workers to adequately equip themselves for new job opportunities. The employers’ survey of the NCEM showed that while over 46 percent of enterprises face a constraint in the form of skills shortage, the majority of companies (57 percent) do not allocate resources for training. This is primarily due to the lack of funding for training (30.7 percent of respondents), although the national legislation (Labor Code, article 213) envisages the allocation by the employer of at least 2 percent of the payroll for relevant purposes (as tax-deductible expenditures).

Figure 10: Share of firms report that “skills” have become a severe constraint to growth

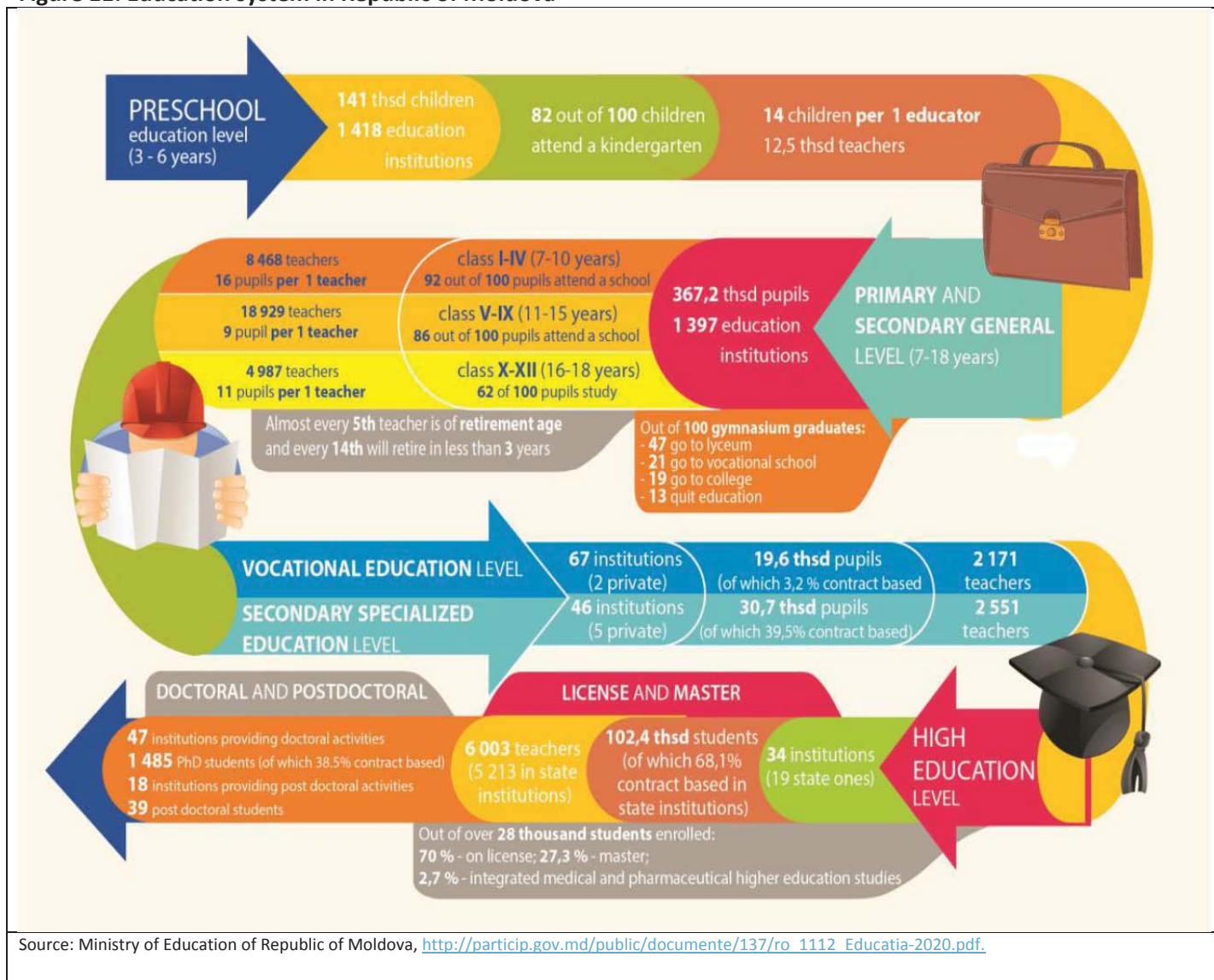


Source: World Bank. 2012. *Skills, Not Just Diplomas: Managing Education for Results in Eastern Europe and Central Asia*, Washington, D.C.

Supply of skills

Education system. In Moldova, primary education begins at the age of 7 and lasts four years. Secondary schooling covers the following eight years and is divided into five years of lower secondary (gymnasium), which is compulsory, and three years of upper secondary school education (lyceum) (Figure 11 and Table 2).

Figure 11: Education system in Republic of Moldova



Source: Ministry of Education of Republic of Moldova, http://particip.gov.md/public/documente/137/ro_1112_Educatia-2020.pdf.

Table 2: Key indicators of the education sector in the period of academic years 2008/09 – 2012/13

	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of pupils and students, thousands	607.9	579.7	557.9	537.1	520.0
Total number of pupils and students, per 10,000 inhabitants	1704	1626	1567	1508	1461
Enrolment rate of the population aged 7-23 years, percent	60.3	59.9	59.8	59.9	60.5
Pre-primary education net enrollment, percent	72.7	74.0	75.8	78.3	80.6
Primary education net enrollment, percent	87.5	87.6	87.8	87.9	87.9
Lower secondary education net enrollment, percent	84.6	84.0	83.3	82.9	82.3
Students in secondary professional education institutions, per 10,000 inhabitants	92	90	90	88	86
Students in post-secondary professional education institutions, per 10,000 inhabitants	68	62	60	57	55

Source: NBS.

After graduating gymnasium, children have the opportunity to continue their education in lyceums or vocational education. In 2012, out of the 38,600 graduates of lower secondary education, almost half (46.5 percent) continued studying in lyceums, 21.4 percent in secondary vocational education institutions, and 19.2 percent in secondary specialized educational institutions. Graduates of the gymnasium can enter trade schools, where studies last one year; vocational schools (three years); or colleges (four to five years). High school graduates can be enrolled in trade schools or vocational schools for one year and in colleges for two to three years. Advanced technical/vocational education is provided by colleges and consists of short-cycle specialized courses in agriculture, teacher training, arts, mechanics, construction, industrial wood processing, economics, and others. The duration of the program depends on the field of study. Vocational schools issue qualification certificates; colleges issue diplomas. Higher education is divided into the first cycle of licentiate lasting three to four years (leading to a BA degree) and the second cycle of a master's program (lasting one to two years). Additional details on the Moldovan education system are provided in Figure 11 and Table 2.²⁴

The Government of Moldova's primary objective in education is to improve the quality, efficiency, and relevance of the education system to meet the needs of the labor market and the broader economy. However, the country's demographic and fiscal realities have not made it easy for the government to fulfill this mandate. Over the years, the education sector in Moldova has witnessed uneven quality and a lack of efficiency. For example, Moldova's performance in the Organization for Economic Co-operation and Development (OECD) Programme for International Student Assessment (PISA) 2009 show that the performance of the country's 15-year-olds in reading, math, and science is among the lowest in the region. Around 60 percent of Moldova's students lack the basic levels of proficiency in reading and math literacy needed to participate effectively and productively in society. These students may not be failing according to national guidelines (and tests) for the competencies that a 15-year-old is expected to acquire, but their low scores on this assessment indicate serious deficiencies in their ability to use reading or math literacy as a tool to acquire knowledge and skills in other areas—an important competency needed to work in today's economy.

Between 2008 and 2012 Moldova's education sector spending accounted for 8.7 percent of the country's GDP on average—a high share by regional comparisons. At the same time, over the last several years Moldova witnessed a significant decline in the number of students. In 2008-2012, the number of VET schools

²⁴ Enrollment rates are calculated on the basis of population projections for respective age groups that may have issues accounting for migrants who have left Moldova (the last census was conducted in 2004), thus inflating the denominator used for these calculations. Until the 2012/2013 school year, all general secondary schools (with 11 grades of study and uneven quality) have been reorganized in lyceums or gymnasiums.

students declined by 16 percent.²⁵ This leads to excess schools, unused school space and facilities, and high operating costs. Existing infrastructure, mostly outdated and obsolete, is used only at half of its capacity, even though the number of IVET schools declined by eight institutions.²⁶ The system also needs to adjust the teaching staff to the current needs.²⁷

In light of the above, the government recently initiated the ambitious but necessary reforms aimed to improve the quality and efficiency in the education sector. The country moved to per-student financing of primary and secondary schools (the principle of “money follows the student” should also be introduced in the subsector of vocational education). The reforms are supported by development partners. The EU, for example, has recently approved funding to support the implementation of the new Vocational Education and Training Development Strategy for the years 2013-2020 that was approved in 2013.²⁸ While initial strides have been made in the education sector, much remains to be done, including the approval of important legislative acts (like the Education Code, the Education Strategy 2020, and the Decentralization Strategy in the Education Sector).

²⁵ The total number of students in all subsectors declined from 726,000 students in the 2003/2004 academic year to 520,000 in 2012/2013. NBS, “Education in the Republic of Moldova. Statistical publication 2012/2013,” Chisinau, 2013.

²⁶ The IVET system is composed, at its secondary level, of 67 vocational schools (21 trade schools and 46 professional schools) serving 19,600 students in the 2012/13 school year. The student-teacher ratio has steadily declined in recent years and reached 9 students per teacher. At the post-secondary level, there are 47 training providers (colleges), including six private entities that served 30,700 students in 2012/13. Similarly to secondary level, the student-teacher ratio was on a declining path and stands now at 12 students per teacher (more detailed information on WfD training providers, including for CVET education and existing training-related ALMPs, is presented in Section 6).

²⁷ In 2008-2012, the wages in the education sector increased from 66 to 87 percent – an unsustainable trend if the system remains overstaffed.

²⁸ The objective of this budget support is to modernize and streamline the Vocation Education and Training in the Republic of Moldova in order to increase the competitiveness of the national economy, by training competent and qualified workforce in line with current and future requirements of the labor market.

4. Aligning Workforce Development to Key Economic and Social Priorities

WfD is not an end in itself but rather an input toward broader objectives—of boosting employability and productivity, of relieving skills constraints on business growth and development, and of advancing overall economic growth and social well-being. This chapter briefly introduces Moldova’s socioeconomic aspirations, priorities, and reforms before presenting the detailed SABER-WfD findings on the Strategic Framework Dimension and their policy implications.

Socioeconomic Aspirations, Priorities and Reforms

In 2012, the Moldovan Parliament passed the National Development Strategy “Moldova 2020: Seven Solutions for the Republic of Moldova” (henceforth “Moldova 2020”). Moldova 2020 acknowledges that economic growth and poverty reduction during the past decade have been closely correlated with the flow of remittances and consumption it has generated, which has also benefited the state budget but exacerbated the trade deficit. The development vision that Moldova 2020 sets out is based on the analysis of the critical constraints to economic growth: poorly developed human capital, weak infrastructure, and limited access to investment capital.²⁹ As long as these critical issues remain unresolved, the investment potential of the national economy cannot be fully realized. To tackle these constraints, Moldova 2020 focuses on a number of “cross-sector” development priorities, among which “aligning the education system to labor market needs in order to enhance labor productivity and increase employment in the economy” has been identified as key. Other priorities include “roads: in good conditions everywhere,” “financing: cheap and affordable,” “business: with clear rules of the game,” “energy: delivered safely, used efficiently,” “pensions system: equitable and sustainable,” “justice: responsible and incorruptible.”

In line with Moldova 2020, the Ministry of Education developed the “Strategy for Development of the Vocational/Technical Education for the Period 2013-2020” (henceforth, the “VET Strategy”). The VET

Strategy is the most visionary strategic document adopted in the educational sector in the past two decades. It clearly dissects the problems undermining the VET sector in Moldova and sets out the goal of modernizing and upgrading VET education in order to increase competitiveness of the national economy through training of a competent and qualified workforce in line with current and future labor market needs. It also sets a number of specific development priorities, including: 1) restructuring of the school network into a two-tier system (secondary and secondary specialized VET) and improvement of configuration of the school network by 2017; 2) ensuring training of VET teachers on the basis of competencies and in line with labor market needs so that to increase employment of graduates by 10 percent compared to 2012 baseline; 3) enhancing VET quality through more efficient utilization of financial resources and introduction of quality assurance system and to have functioning system of assessment and accreditation of relevant institutions by 2017; 4) inclusion of scientific and methodological content in the curriculum of vocational education programs so that by 2020, 100 percent of the curriculum will correspond to the National Qualifications Framework; 5) improving the quality of teaching staff, including the modernization of primary training and advanced training of teachers for vocational education, as well as increasing their motivation, so that by 2020, all the staff will have been trained in accordance with the National Qualifications Framework; and 6) increasing the attractiveness and accessibility of VET, so that by 2020 the number of students will have increased by 10 percent.

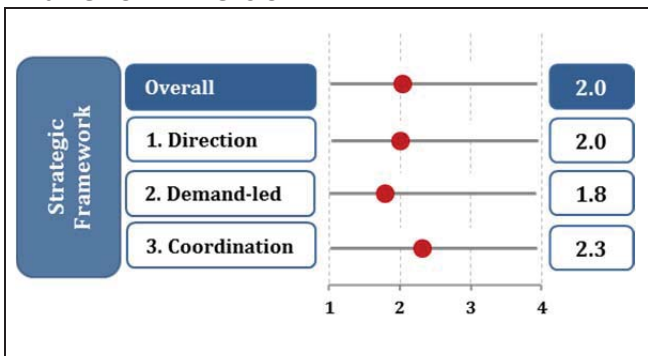
SABER-WfD ratings on the Strategic Framework

In the SABER-WfD framework, the role of WfD in realizing Moldova’s socioeconomic aspirations materializes through actions to advance the following three Policy Goals: (i) setting a strategic direction for WfD; (ii) fostering a demand-led approach in WfD; and (iii) ensuring coordination among key WfD leaders and stakeholders. The ratings for these Policy Goals are presented and explained below, followed by a reflection on their implications for policy dialogue.

²⁹ Popa Ana and Oprunenco Alex, 2010.

Based on data collected in the SABER-WfD questionnaire, the Republic of Moldova received an overall rating of 2.0 (Emerging) on the Strategic Framework Dimension (see Figure 12 below). This score is the average of the ratings for the underlying Policy Goals relating to: (a) Setting a Direction for WfD (2.0); (b) Fostering a Demand-led Approach to WfD (1.8); and (c) Strengthening Critical Coordination for WfD (2.3). The explanation for these ratings on the Policy Goals and their implications follow below.

Figure 12. SABER-WfD Ratings of the Strategic Framework Dimension



Note: See Figure 3 for an explanation of the scale on the horizontal axis.

Source: Based on analysis of the data collected using the SABER-WfD questionnaire.

Policy Goal 1: Articulating a Strategic Direction for WfD

Leaders play an important role in crystallizing a strategic vision for WfD appropriate to the country’s unique circumstances and opportunities. Their advocacy and commitment attract partnerships with stakeholders for the common good, build public support for key priorities in WfD, and ensure that critical issues receive due attention in policy dialogue. Taking these ideas into account, Policy Goal 1 assesses the extent to which apex-level leaders in government and in the private sector provide sustained advocacy for WfD priorities through institutionalized processes.

Moldova is rated at the **Emerging** (2.0) level on this Policy Goal, reflecting fragmented leadership from the government and limited, ad-hoc advocacy from the business community and other non-state actors, such as NGOs. Donors have traditionally played an important role in WfD policy dialogue in Moldova to the extent that, according to many interviewed experts, dialogue would come to an end when certain donors’ support

terminates. Advocacy for WfD benefits from the participation of different government agencies (including the Ministry of Education; Ministry of Labor, Social Protection and Family; Ministry of Economy; and the National Agency for Labor Employment) and non-government actors (including various business unions, trade unions, Trade and Industry Chamber, and specialized NGOs). The Ministry of Education has recently played an active role by developing a VET Strategy that was approved by the Moldovan government in 2013 (see Box 1). The Ministry of Economy is also willing to take a more prominent role in WfD dialogue, as shown with the signature in December 2012 of the tripartite Partnership Memorandum with the Ministry of Education and the Chamber of Trade and Industry. The memorandum provides for a better coordination of partners’ policies and actions aimed at increasing the relevance of VET in Moldova.

Box 1. Key provisions of the VET Strategy of Moldova

On February 1, 2013, the government approved the Strategy for the Development of Vocational and Technical Education (2013-2020), a far-reaching strategy envisaging significant reform in the VET sector. According to the strategy, the VET sector will be restructured in a two-tier system, encompassing secondary and post-secondary levels.³⁰ The National Qualifications Framework is going to be developed and approved by 2020. Among other actions envisaged by the strategy, one of the most important is that of identifying 10 VET institutions that will play the role of centers of excellence and will benefit from investments in infrastructure and high-technology equipment. Total funding for this action alone amounts to MDL 40 million (about US\$ 3.3 million), to be disbursed annually between 2014 and 2017. The strategy also envisages actions to improve the quality of teaching and to increase the attractiveness of VET. It includes provisions to entitle the Ministry of Education to collect information from training providers and compile annual reports, which will ensure that implementation of these actions and the strategy itself are monitored on a constant basis.

Source: VET Strategy.

Despite recent progress, there is need for stronger strategic leadership to follow up on the WfD agenda and to ensure coordination among WfD stakeholders. The role of international donors in WfD strategic planning has proven to be crucial in setting reforms, but unsuccessful in ensuring their ownership and sustainability. Examples of donor-led initiatives in the past decade include the development of occupational standards, started in 2006-2008 as part of the project “Establishment of Moldovan National System for Occupational Standards, Assessment and Certification,” and implemented with support from the Swiss Development Cooperation; a National Observatory for Professional Education, created in 2004 with support from the European Training Foundation; and a subsequent Concept for the Development of Professional Education, approved by the Moldovan government in 2004. The impact of many of these

³⁰ Post-secondary VET provides advanced job-specific training to get prepared for careers in higher-level technical, professional, and managerial positions than secondary VET. Being more focused on specific occupational skills, post-secondary VET can be an attractive alternative to higher education (with its strong academic and theoretical foundation) as such programs provide education with a “clear destination” to the labor market. In addition to job-specific training, post-secondary VET programs also usually equip students with general skills and theoretical vocational knowledge as part of professional preparation.

initiatives has been quite limited and some were abandoned: None of the standards developed in 2006-2008 was approved by the government, and the National Observatory is no longer active.

Although WfD is a recurrent issue in the investment climate dialogue, no comprehensive strategy for WfD has been designed as yet. The only relevant document adopted recently is the VET Strategy, which was approved in early 2013, but its impact is yet to be seen as it is still subject to many political constraints (as it suggests the optimization of school networks, always a politically sensitive reform), and financial constraints (given the already high spending on education in Moldova and thus limited space for necessary investments). The latter is likely to be alleviated, as the European Union committed to financially support the strategy’s implementation. The WfD policy dialogue is sporadic, and deals more with sector-specific and technical issues, rather than with strategic priorities. As the modern business culture is only in its embryonic stage, Moldovan companies concentrate on immediate and tangible constraints to their businesses (mainly fiscal and regulatory), while paying little attention to workforce development. Nonetheless, there are some exceptions to this general rule. For instance, the Moldovan Association of the ICT Companies has taken the lead to advocate for stronger WfD in the ICT sector in Moldova, as the Association believes that irrelevant and low-quality training is the key constraint to the sector’s growth.³¹ There was also an effective collaboration between public and private stakeholders that were involved in elaboration of six occupational standards (painter, stonemason-bricklayer, smith-concreter, viticulturist, confectioner, and locksmith-plumber).³² However, these exceptions are not yet of sufficient scale to change the general WfD atmosphere.

Policy Goal 2: Fostering a Demand-Driven Approach to WfD

Effective advocacy for WfD requires credible assessments of the demand for skills, engagement of employers in shaping the country’s WfD agenda, and incentives for employers to support skills development.

³¹ Moldovan Association of the ICT Companies, 2009.

³² Relevant standards are available at the website of the Ministry of Labor, Social Protection and Family, Ministry of Education of the Republic of Moldova (Last accessed on March 7, 2014). http://mmpsf.gov.md/md/docum_int/.

Policy Goal 2 incorporates these ideas and benchmarks the system according to the extent to which policies and institutional arrangements are in place to: (i) establish clarity on the demand for skills and areas of critical constraint; and (ii) engage employers in setting WfD priorities and in enhancing skills-upgrading for workers.

Moldova is rated at the **Emerging** (1.8) level for Policy Goal 2. The country has taken some positive, albeit modest, steps by occasionally conducting assessments of national economic prospects and skills implications. The formal assessment of the country's economic prospects (as part of the Moldova 2020 National Development Strategy) does not include a chapter on the specific implications of economic trends for skills. The Ministry of Labor, Social Protection and Family conducts annual staff needs assessments, but this has a severe limitation as it only covers the public sector, and thus lacks relevance for the broader labor market. With financial and technical support from many donors (in 2013, from the Swedish Ministry of Justice and Public Employment Agency, as well as the European Commission), the National Agency for Labor Employment (NALE) has annually compiled "The Professions Barometer," which shows employment trends and specifies which professions offer high chances of employment, which are "in balance," and which are on the downside. In 2012, NALE's Barometer was based on a representative survey of 3,326 employers covering various economic sectors. At the same time, studies often fail to take into account significant investments and policy decisions that have implications on the skills demanded: For instance, Moldova's large-scale roads rehabilitation projects are currently facing constraints due to shortages of labor that have not been accounted for or measured properly in any study.

Although some deeper skills needs assessments have been recently conducted, these are done on an occasional basis (such is the case of the 2013 employers' survey by the National Confederation of Employers of Moldova that covered key economic sectors³³). Usually, however, skills-needs assessments

³³ It showed that 46 percent of companies encounter difficulties on a frequent or systematic basis when hiring staff with the desired competencies and skills. This affects, first and foremost, agriculture, industry, transportation, and construction (57.4 percent); large companies (58.3

cover a limited set of industries and rely heavily on donor support. For instance, since 2011 the ICT sector has developed several reports to assess critical skills constraints.³⁴ Additionally, an assessment of the skills constraints in the food industry was commissioned by the European Training Foundation in 2013. Other sectors have been less proactive.

Although employers have a role in defining WfD priorities, it is marginal and mostly ad hoc. Several representatives of employers and industry are part of the Advisory Council of the Republican Center for the Development of Professional Education, but employers' participation in the Center's activities has been quite limited. It is often heard that "partners for dialogue are missing." In this sense, it is important for the Ministry of Education to continue building a strategic dialogue with industries (including in the framework set forth by the tripartite memorandum with the Chamber of Commerce and Ministry of Education, and through creating a permanent consultative/working group with business representatives). Employers have been engaged in limited initiatives, such as the development of national occupational standards. Not only the progress of this initiative has been slow - only some standards have been approved so far, but the institutional framework of this process is still unstable. Standards must be developed by sector-level committees, but only five committees have been created so far (see Box 2).

Incentives for companies to train their workforce are weak. The employers' survey of the NCEM showed that while over 46 percent of enterprises face a constraint in the form of a skills shortage, the majority of companies (57 percent) do not allocate resources for training. In fact, the policy regarding the tax-deductibility of training-related expenses is highly demotivating. In order to deduct the training-related expenses, the employers have to prove to the tax inspection that these are "ordinary and necessary," which gives room for arbitrary interpretations and discretion. The Labor

percent compared to 40.2 percent of microenterprises), in particular those located in the capital (52.2 percent).

³⁴ See O'Sullivan and others, 2012. Relevant skills reports include a set of measures proposed to redress the human resource shortage, such as annual review of university ICT curricula with employers' participation, introduction of typing courses in secondary education, tax deductions for trainings, and donations of equipment.

Code (article 213) sets out, in a rather implicit form, the obligation for the employer to allocate at least 2 percent of the wage bill for training. This action must be preceded by a formal commitment included in the collective labor contract, which does not exist in every firm.

Box 2. Sector-level committees for professional training in Moldova

In 2011, the Moldovan government adopted Decision No. 952 regarding the development of occupational standards for work trades. The Decision empowers the National Commission for Collective Negotiations and Consultations (composed of representatives of the government, trade unions, and employers) to create sector-level committees to develop and re-examine existing occupational standards. According to the government-approved methodology, the development of occupational standards should begin with an occupational analysis undertaken jointly by 11 to 15 sector economic agents (representatives of firms, business associations, and so on). Another working group composed of three to five members is then set up to draft the occupational standard according to an approved template. Then a Control and Validation Commission verifies the results of the analysis undertaken and validates the proposed occupational standard. The Decision reads that occupational standards are valid for a period of two to four years. So far, only five sector-level committees have been created (in the construction sector, agriculture and food industry, ICT, transport, domestic trade), and six occupational standards have been approved by the joint order of the Ministry of Education and Ministry of Labor, Social Protection and Family (painter, stonemason/bricklayer, smith/concreter, confectioner, viticulturist, and locksmith-plumber). According to the strategy for development of professional education, one of the key problems in this process is the lack of capacity at the sector level and unwillingness of industries to invest time, human, and financial resources in development of standards. The VET Strategy envisages creation of a total number of 12 sector-level committees.

Source: Resolution of the Government No. 952 of December 16, 2011: "On the procedure for the development of occupational standards for workers"; interviewed experts (see list of informants available in References section).

Policy Goal 3: Strengthening Critical Coordination for Implementation

Ensuring that the efforts of multiple stakeholders involved in WfD are aligned with the country's key socioeconomic priorities is an important goal of strategic coordination. Such coordination typically requires leadership at a sufficiently high level to overcome barriers to cross-sector or cross-ministerial cooperation. Policy Goal 3 examines the extent to which policies and institutional arrangements are in place to formalize roles and responsibilities for coordinated action on strategic priorities.

The Republic of Moldova is rated at the **Emerging** (2.3) level for Policy Goal 3. Legislation and agreements amongst stakeholders to promote coordination exist. Regulations and bureaucratic practices allow all ministries and relevant agencies to comment on important WfD initiatives. A degree of coordination is ensured by the State Chancellery and, a more strategic level, by the Inter-ministerial Committee for Strategic Planning. Coordination, however, faces challenges as several institutions have WfD-related mandates that overlap in a few areas. For instance, some post-secondary professional education institutions are founded by line ministries, but are regulated in many aspects by the Ministry of Education.

Necessary legislation and regulations are in place to ensure that non-government stakeholders can express their views regarding WfD policies. Trade unions and business associations are part of various consultative bodies, such as the tripartite Commission for Collective Negotiations and Consultations (which includes the government represented by the Deputy Prime-Minister, the National Confederation of the Employers, and the National Confederation of Trade Unions), the National Participatory Council (which includes more than 30 leading NGOs, associations, and unions), and the Consultative Group created by the Ministry of Economy (which includes academics, lawyers, independent economists, think tanks, and others). All of these bodies are authorized to initiate the discussions with the government on WfD-related issues.

Despite numerous committees and workshops having been convened, efforts at strategic coordination face implementation issues and rarely lead to meaningful

progress. There are several explanations for this situation. First, employers and unions, while entitled to have a vocal presence in WfD policy dialogue (as part of the tripartite Collective Negotiations Commission), do not seem to exercise this right actively. Second, some key institutions exist only on paper. This is the case, for instance, of the National Coordination Council for the Secondary Professional Education, created in 2006 but never made functional. Third, the responsibility of creating sector-level committees to serve as platforms for WfD dialogue has been assigned to the Commission for Collective Negotiations and Consultations. Being consultative by nature, this Commission does not possess the power of an executive body, which has resulted in the enactment of only two sector-level committees so far.

Implications of the Findings

As shown from the results exposed above, the efforts to align WfD to the key economic and social priorities in Moldova are only in the emerging phase. Systematic improvements are necessary across many aspects and elements:

- A stronger and more high-level leadership (for example, at the level of Prime Minister) would be important to align WfD policies with the country's socio-economic goals, enhance the WfD national dialogue, and encourage the industry and the public authorities to commit the additional resources and time that the dialogue requires. Government and non-government WfD champions in Moldova need to depart from the ad-hoc, unstructured dialogue and to exercise more sustained and well-structured advocacy for WfD; this dialogue has to rely on institutionalized processes to collaborate on well-integrated interventions to advance an economy-wide WfD policy agenda. A more effective institutional setup is necessary to make the sector-level committees functional and sustainable. One option to consider would be to entitle an executive arm of the government (for instance, the Ministry of Labor, Social Protection and Family or the Ministry of Economy) to set up these committees and support their work.
- While the country benefited from many national and sector-level development strategies, these policy documents were rarely accompanied by robust

assessments of the economic prospects and their implications for skills demanded on the labor market. Very few well-designed assessments have been done (like that for the ICT industry), and it is necessary for this approach to be widely embraced by all stakeholders. Policies should be formulated on the basis of well-informed analyses, including assessments by independent organizations. Implementation of approved policies and strategies (including the VET Development Strategy) should be routinely reviewed and updated with inputs from relevant stakeholders to allow for necessary adjustments and improvements.

- The government should design a range of incentives for skills upgrading for all employers and consider revising the restrictive fiscal regulations, which undermine incentives to train the workforce. The first step has already been made. The amendments to the Tax Code (article 19) introduced in December 2013 envisage that costs incurred by the employer for professional education of workers will be exempted from the taxes as defined (in a manner prescribed by the government—and its implementation is yet to be seen).

5. Governing the System for Workforce Development

An important function of WfD authorities is to foster efficient and equitable funding of investments in workforce development, to facilitate effective skills acquisition by individuals and to enable employers to meet their demand for skilled workers in a timely manner. The objective is to minimize systemic impediments to skills acquisition and mismatches in skills supply and demand. This chapter begins with a brief description of how the WfD system is organized and governed before presenting the detailed SABER-WfD findings on System Oversight and their policy implications.

Overall institutional landscape

The WfD system in Moldova is governed by several institutions. The Ministry of Education plays a key role as it is responsible for organizing the process of formal professional education, establishing partnerships with other authorities and private sector to ensure insertion of the graduates on the labor market, and participating in defining and distributing quotas for admissions in private and public institutions.

Another key agency is the Ministry of Labor, Social Protection and Family, which defines state policies in the area of workforce development and vocational orientation, and leads the national strategy for labor employment. The National Agency for Labor Employment, subordinated to this ministry, is responsible for training and providing professional counseling to the unemployed. The Agency is also responsible for implementing training-related Active Labor Market Policies (ALMPs): Its professional program for the year 2013 was implemented in partnership with 16 private and public training institutions. It is offered free of charge to registered unemployed individuals.

Other line ministries also play an important role in WfD through leading and administering education and training institutions—mainly colleges. This is the case of the Ministry of Agriculture and Food Industry, the Ministry of Culture, and the Ministry of Health, which have direct influence in skills development in the sectors for which they are responsible.

Institutional mandates are generally properly defined. Occasional overlaps may arise from the fact that some post-secondary professional education institutions created by the line ministries, which authorize hiring of the heads of all public training providers, and approve education and training programs of training providers subordinated to respective line ministries.

The Ministry of Finance also plays a distinct role within the WfD system, as it develops spending norms, and is a decisive force in elaborating wage policies and capital investments (approved by national legislation, including the yearly state budget law for capital investments). Funding for WfD reflects the wider budgetary constraints (by international standards, Moldova spends a high share of its GDP on education at 8.4 percent in 2012),³⁵ and policy traditions. Indeed, while virtually all OECD countries have embraced performance-oriented management in education since the 1980s, Moldova similarly to most ECA countries continues to use management practices that focus on compliance with detailed regulations and financing schemes based on inputs, not outputs. The system is inflexible and does not respond either to labor market needs or changes in student numbers.³⁶ Due to the oversized vocational schools network in Moldova, a significant proportion of resources is inefficiently spent. While a typical public institution in this educational level has a capacity of 500–600 students, the actual number of students is only 300 on average per institution.³⁷ This leads to relatively high per-student costs in the professional education: MDL 16,800 in 2011, compared to MDL 15,000 in post-secondary education and MDL 20,100 in tertiary education.³⁸ The public budget is the key source of funding for IVET, though there are several private training providers. There is a strictly defined annual budget cycle and budgetary procedures to which every policy authority must abide. Allocations, other than meals and wages, are determined based on historical trends.

³⁵ NBS, 2013.

³⁶ See: World Bank. 2012. *Skills, Not Just Diplomas: Managing Education for Results in Eastern Europe and Central Asia*, Washington, D.C. At the same time, since 2013, primary and secondary schools in Moldova are funded based on per-student financing formula.

³⁷ Government of Republic of Moldova, Decision No. 97 of February 1, 2013 on “Approval of the Strategy for Development of the Vocational and Technical Education for the period of 2013-2020.”

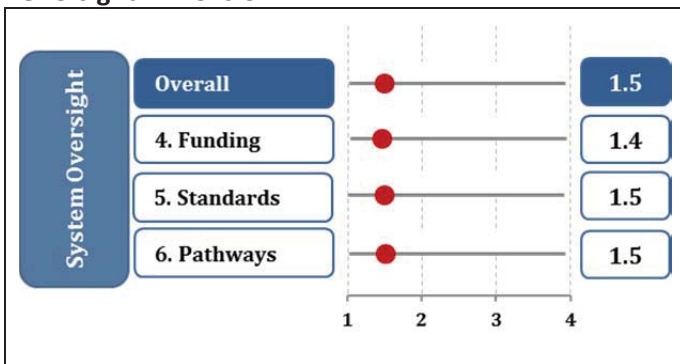
³⁸ Average exchange rate in 2011 was 11.74 MDL / USD.

SABER-WfD Ratings on System Oversight

The SABER-WfD framework identifies three pertinent Policy Goals corresponding to oversight mechanisms for influencing the choices of individuals, training providers and employers: (i) ensuring efficiency and equity in funding; (ii) assuring relevant and reliable standards; and (iii) diversifying pathways for skills acquisition.

Based on data collected by the SABER-WfD questionnaire, Moldova receives an overall rating of 1.5, or **Latent** level, for system oversight (see Figure 13). This is the lowest rating compared to the other two functional pillars. This score is the average of the ratings for the underlying Policy Goals: ensuring efficiency and equity of funding (1.4); assuring relevant and reliable standards (1.5); and diversifying pathways for skills acquisition (1.5). The explanation for these ratings and their implications follow below.

Figure 13. SABER-WfD Ratings of the System Oversight Dimension



Note: See Figure 3 for an explanation of the scale on the horizontal axis.
 Source: Based on analysis of the data collected using the SABER-WfD questionnaire.

Policy Goal 4: Ensuring Efficiency and Equity in Funding

WfD requires a significant investment of resources by the government, households, and employers. To ensure that these resources are effectively used it is important to examine the extent to which policies and institutional arrangements are in place to: (i) ensure stable funding for effective programs in initial, continuing, and targeted VET; (ii) monitor and assess equity in funding; and (iii) foster partnerships with employers for funding WfD.

The Republic of Moldova is rated at the **Latent** (1.4) level on Policy Goal 4. The rating reflects systemic weaknesses with respect to procedures for allocating funding and monitoring its effect on equity, as well as lack of performance-based funding. At the same time, social scholarships (“stipends”) are provided to students in need or disadvantaged students including the disabled.³⁹

Initial vocational education and training (IVET): The public budget is the main source of funding for IVET, both at the secondary and post-secondary level, even though training providers are also entitled to non-public sources, including tuition fees. Routine budgeting procedures for WfD funding are in place; spending norms are approved by the government and funding decisions consider input of government officials only. Besides spending regulations, funding decisions are made based on historical trends as there are no formal criteria to allocate funds based on the number of students trained and it does not have any linkages to performance of vocational schools. Student support is mostly provided through scholarships, which are transferred to training providers and then paid to students. There are no other financial support mechanisms in place such as governmental grants, loans, or vouchers (for students in need, from disadvantaged or marginalized groups, including persons with disabilities). Currently the entire system of funding WfD institutions and programs is being reviewed by the Ministry of Education. Among the measures envisaged by the VET Strategy to improve efficiency and equity in funding allocations, two are of key importance: a) creating a clear two-tier vocational education system by 2017 (secondary and post-secondary with relevant reflection of its costs in the per-student based financing mechanism) and optimizing the school network; and b) reforming the funding system, so that by 2017 all vocational/technical institutions are funded based on enrollment, taking into account school performance and equity considerations.

Continuing vocational education and training (CVET): Publically-funded CVET is limited only to professional development of staff from some publicly provided services (like education, health, or general public administration sectors). No programs to foster on-the-

³⁹ Government Resolution No. 1009 of 01.09.2006.

job training for small and medium enterprises (SMEs) are in place. There are some state programs financially supporting business development, including through training of entrepreneurial skills for SME managers, but not for core employees. This is largely a result of the absence of a clearly defined ministry or agency responsible for CVET at the national level. Given this situation, CVET in Moldova is sector-specific and determined by the agenda of each ministry and their respective training institutions. For example, the Ministry of Education is responsible for continuous training of teaching staff only. Individual ministries under the leadership of the Ministry of Finance identify current and capital investments in the subordinated CVET institutions, which also have to be approved in the state budget. Private CVET institutions exist in some public and private enterprises, which do not benefit directly from publically funded CVET programs. No national report on CVET is produced by any national entity.

Training-related Active Labor Market Programs (ALMPs): the professional training program of the National Agency for Labor Employment (NALE) is the only training-related ALMP implemented by the Moldovan Government. Funding for this program consists mainly of budget allocations to training providers, determined through a formal process that involves NALE; the Ministry of Labor, Social Protection and Family; and 16 public and private training providers that are recruited annually through a competitive process. NALE produces public annual reports that include data on graduates' profiles and employment. According to the report for 2012, the main beneficiaries of ALMPs include youth (73 percent), women (73.2 percent), and rural populations (54.9 percent). NALE also works with particularly vulnerable social segments, such as former inmates (207 former inmates registered with NALE, including eight persons graduating from training courses).⁴⁰ NALE has assessed the impact of ALMPs (internally; no public report is available) and has used findings to adjust the programs—for example, introducing a monthly stipend as a new form of support for trainees. Program options are limited and there is no

systematic evaluation of the impact of the program's funding on vulnerable groups.

In general, the flexibility of funding for IVET and CVET is very limited. Salaries of staff are regulated by the legislation, and capital investments are approved by the state budget law based on very strict norms and rules. There is a lack of active measures to facilitate partnerships between the training providers and employers and no formal arrangements to support them are in place. Small partnerships are nonetheless being established by individual training providers. Governmental facilitation could and should play an important role in fostering the development of such relationships (see Box 3).

Box 3. Example of partnerships between training providers and employers

Vocational School No. 8 from Chisinau has established partnerships with a dozen companies from the textile and footwear industries to provide relevant training. The main goal of the agreements is for the school to train future employees according to a more relevant program in order to increase their chances of immediate employability in private companies. As part of one of these agreements, the private company provides stipends of maximum MDL 500 (US\$ 39) to the students willing to work for at least 1.5 years for the respective company. These partnerships and support from donors have allowed the school to buy 20 new sewing machines and 30 industrial irons.

Source: Ilie Paduret, head of Vocational School No. 8.

Policy Goal 5: Assuring Relevant and Reliable Standards

The WfD system comprises a wide range of training providers offering courses at various levels in diverse fields. An effective system of standards and accreditation enables students to document what they have learned and employers to identify workers with the relevant skills. For Policy Goal 5 it is therefore important to assess the status of policies and institutions to: (i) set reliable competency standards; (ii) assure the credibility of skills testing and certification;

⁴⁰ National Agency for Labor Employment, "Activity Report for 2012," 2013 available at <http://anofm.md/files/elfinder/Docs/rapoarte/Raport%20anofm%202013.pdf>.

and (iii) develop and enforce accreditation standards for maintaining the quality of training provision.

The Republic of Moldova scores at the **Latent** (1.5) level for development for this Policy Goal. Since 2010 the country has been in the process of introducing a National Qualifications Framework (NQF) and putting in place the necessary institutional infrastructure for aligning curricula, testing procedures, and standards for accreditation and licensing with this framework. The development of curriculum for the following occupations has started: painter, stonemason/bricklayer, smith/concreter and confectioner based on approved occupational standards. However, the score suggests that the adjustment of curricula and testing procedures could be paced in better coordination with the development of occupational standards, and that measures to ensure quality of training providers and programs could be improved.

The development of the NQF and related activities are supported by the European Training Foundation. In February 2013, a concept document for the NQF was developed jointly by representatives of the Ministry of Education and the Ministry of Labor, Social Protection and Family, functional sector-level committees, teachers and school directors, and independent experts. The NQF will cover all occupations of secondary and post-secondary education and a wide range of skills from semi-skilled to professional level. According to the Strategy for Development of Vocational/Technical Education for 2013-2020, the NQF should be approved by 2020.

Competency standards for six occupations already developed (confectioner, locksmith-plumber, painter, viticulturist, stonemason/bricklayer and smith/concreter) have benefited from input from numerous stakeholders, particularly the Professional Capacity Building Institute that provided methodological support and guidance for the development of the standards, and employers, who have contributed both to their development and validation. Development of these standards was possible due to active and direct involvement of multiple stakeholders (including training providers, industry associations, labor unions, and government agencies) as part of Sector-level Committees in place. Their participation covered three key activities: assessing the occupation, drafting the

standard, and validating it. As competency standards were approved in early 2013, training providers have not yet aligned their curricula to these standards, and no competency-based testing is used to certify qualifications. Some sector experts assert that adapting curricula will be much more daunting compared to the development of the occupational standards themselves.

Certificates issued by Moldovan secondary schools, qualification certificates of vocational schools, and qualification diplomas issued by colleges are formally recognized by public and private employers. To get qualification certificates, students are tested based on a mix of both theoretical and practical exams. However, the appraisal of the certificates depends largely on the employer. Some employers may not trust the certificates, particularly when issued by schools known for using outdated equipment and technological standards. In fact, many employers complain that they generally need to retrain young specialists, even when they have professional certificates. This is why, in many cases, the graduation certificates are of little value for its holder. The national VET Strategy recognizes skills testing as a key problem that will be tackled in the medium term.

Relevance and quality of VET is also undermined by a more fundamental issue: the lack of Quality Assurance Agency for Vocational Education for a long time (its creation was adopted in October 2013⁴¹). Although the 1997 Law on Evaluation and Accreditation of Education Institutions⁴² determined that all training providers and programs were subject to accreditation procedures, it was only until 2008 that an Accreditation Agency was enacted by governmental decision. Due to a lack of education quality standards, this agency did not function and no training provider has been formally accredited in the last five years. In order to address this issue, the Ministry of Education drafted amendments to the Education Law and included provisions in the VET strategy to create a Quality Assurance Agency.

⁴¹ Law No. 239 of October 18, 2013 on amendments to the Education Law of 1995.

⁴² Law No. 1257 of 16/07/1997.

Policy Goal 6: Diversifying Pathways for Skills Acquisition

In dynamic economic environments, workers need to acquire new skills and competencies as well as keep their skills up to date throughout their working lives. They are best served by a system of initial and continuing education and training that promotes lifelong learning by offering clear and flexible pathways for transfers across courses, progression to higher levels of training and access to programs in other fields. For those already in the workforce, schemes for recognition of prior learning are essential to allow individuals to efficiently upgrade their skills and learn new ones. Policy Goal 6 therefore evaluates the extent to which policies and institutions are in place to: (i) enable progression through multiple learning pathways, including for students in TVET streams; (ii) facilitate the recognition of prior learning; and (iii) provide targeted support services, particularly among the disadvantaged.

As in the case of the two previous policy goals, Moldova scores very poorly for Policy Goal 6: with only 1.5, the country ranks at a **Latent** level. While pathways and recognition of prior learning are stated priorities of the government, the current system has not effectively addressed obstacles to lifelong learning such as articulation of certifications, recognition of informally acquired skills, and access to career guidance services.

From the perspective of learning pathways, Moldova offers a somewhat varied set of opportunities for students in vocationally oriented programs (see Figure 11). Graduates of vocational schools with qualification certificates can enroll in colleges or in 12th grade of lyceum (which then allows them to pursue further studies in universities). Pathways seem to be more restricted to those graduating from secondary-level trade schools, which do not have the opportunity to enroll in colleges but only can exit to the labor market.

Students can acquire formal qualifications recognized by the Ministry of Education in any of the training institutions managed by other line ministries (see some examples in Box 4). Currently, there are eight colleges under the Ministry of Agriculture and Food Industry, five colleges under the Ministry of Culture, and five colleges under the Ministry of Health. Diplomas from post-secondary programs give rights to progress to most university programs. In 2011, as many as 7,166

students graduated from Moldovan colleges. The same year, 2,121 graduates of the colleges (most likely including some graduating in previous years) matriculated to universities (representing 10 percent of total admissions in 2011). Applicants whose specialization at the post-secondary level matched with the university study program they want to continue pursuing are offered privileges and preferences when it comes to inclusion in the education programs. For instance, those graduating from the Polytechnic College are privileged by the Technical University; those graduating from the Financial-Banking College receive privileges from the Academy for Economic Studies. These privileges are determined by universities' own regulations. However, no credits are granted nationwide: the credit system is under piloting by 13 Moldovan colleges to be further implemented in all institutions as of September 2014.

Despite the varied opportunities for progression, the public perception of secondary professional education is negative. From the Moldovan social perspective, trade schools and professional schools are seen as options for the “failing ones.” The VET Strategy has set a priority to address this perception. Pathways are also restricted by the limited attention given to adult learning and recognition of prior learning. The Concept for Validation of Non-Formal and Informal Learning was approved by the Collegium of the Ministry of Education. The draft methodology for recognition and certification of non-formal and informal learning is under development. Career development services are underdeveloped and concentrated mainly under some ministries that target staff employed in the public sector. Most of these services are stand-alone units, rather than part of a regional or national network. There is no coherent government-level policy for occupational and career development. Policies are defined and reviewed at the sector level, by individual ministries, often based on obsolete standards and opaque rules.

Box 4. Examples of qualifications awarded by non-Education ministries recognized by Ministry of Education

- *Nurse*. Qualification is offered by colleges subordinated to Ministry of Health and recognized, for instance, by Moldovan State University, Department of Biology.
- *Bookkeeper and accountant*. This qualification is offered by several colleges subordinated to Ministry of Agriculture, and recognized, for example, by relevant departments of the Academy of Economic Studies and State University of Moldova, both subordinated to the Ministry of Education.
- *Food industry technologist*. This qualification is offered by a college subordinated to Ministry of Agriculture, and recognized, for example, by Technical University of Moldova, Food Technology Department.
- *Fine Arts Teacher*. This is a qualification offered by colleges subordinated to Ministry of Culture and recognized for admission to the Moldovan Pedagogical University.
- *Technician*. This qualification is offered by several colleges subordinated to Ministry of Agriculture, and is recognized by Technical University of Moldova, Food Technology Department.

Source: Expert interviews (see list of informants available in References section).

of the review should be published and used to inform program adjustments and funding.

- Government could provide more institutional and financial support to ensure that all key stakeholders engage in policy dialogue on occupational standards and the NQF through institutionalized processes. This aspect is critical, considering that so far competency standards have been developed for six occupations only.
- A more astute system of controls and random audits is necessary in order to foster public confidence in qualification certificates/qualification diplomas issued by the vocational training providers. Of immediate priority is enactment of an accreditation entity to define accreditation standards and supervise training providers.
- Limited attention to prior learning has led to suboptimal social and economic outcomes, particularly considering the high number of labor migrants returning to Moldova with skills and knowledge acquired informally that are not being recognized or valued. The Concept for Non-Formal and Informal Education established in 2012 needs to be further developed and transformed into a proper strategy that allows recognition of prior learning.
- The general negative perception of VET should be tackled through a set of coherent government actions on multiple fronts. Measures should include further diversifying learning pathways, improving program quality and relevance, and continuing disseminating good results from well-performing schools into the media.

Implications of the Findings

Moldova's scores for System Oversight are the weakest among the three dimensions. Systemic failures negatively affecting the oversight of the WfD system should be addressed with meaningful interventions:

- It is important to shift from the "mechanical" approach of approving the budget for WfD based on historical spending to a system in which funding is attached to enrollment, performance, and effectiveness of training programs. In this regard, CVET brings the biggest challenges, as training provision is currently fragmented among different ministries and authorities. Funding allocated for CVET (including on-the-job training for SMEs) should rely on formal processes with input from key stakeholders and timely annual reporting. A program stimulating on-the-job training for SMEs should be adopted in addition to the existing programs of this nature targeted to selected public sector employees. As to the training-related ALMPs implemented by the National Agency for Labor Employment, they should also be consistently reviewed for impact, and results

6. Managing Service Delivery for Results on the Ground

Training providers, both non-state and government, are the main channels through which the country's policies in WfD are translated into results on the ground. This chapter therefore provides a brief overview of the composition of providers and the types of services available in the system before presenting the detailed SABER-WfD findings on Service Delivery and their policy implications.

Overview of the Delivery of Training Services

The IVET system is composed, at its secondary level, of 67 vocational schools (21 trade schools and 46 professional schools), down from 75 units in the year 2008/2009. The number of students went from 24,300 in the academic year 2008/09 down to 19,600 in 2012/13, with the number of pedagogical staff declining from 2,344 (10.4 students per teacher) to 2,171 teachers (nine students per teacher) over the same period. According to the VET Strategy, because of the declining number of students, existing infrastructure is used only at 50 percent of its capacity. The infrastructure is in many cases dilapidated and most of the schools are using outdated teaching equipment and technologies. As stated in the VET Strategy, most of the teaching staff has never had any experience in real production or industry and has not participated in any professional development activities in the last 10 years. The average age of instructors is 52 years, which represents a serious concern when it comes to continuity of training in the long term.

At the post-secondary level, there are 45 training providers (colleges), including four private entities.⁴³ As in the case of vocational schools, the number of college students has been on a decline recently, from 32,700 in 2008/09 to 30,700 in 2012/13, while the number of teaching staff followed an opposite trend, going from 2,438 to 2,551 over the same period, bringing the student-teacher ratio down from 13.4 to 12. At the same time, since 2012 admission to pedagogic specialties had been suspended in three pedagogic

colleges.⁴⁴ The quality of infrastructure in colleges seems to be better compared to vocational schools, and the professional background of instructors is more advanced. Quality management structures are expected to be established in colleges as of September 1, 2014.

For the CVET education, there are no integrated statistical data. The network of institutions providing CVET is composed of several public institutions subordinated to ministries or other central authorities, such as the Institute for Educational Science, the Public Health Management School, or the Public Administration Academy. They attract most of the public funding. CVET is also provided by a vast array of small private training providers—200 entities is probably a conservative estimate—that offer adult training services.⁴⁵

The Professional Training Program, implemented by NALE, is the only existing training-related ALMP in Moldova. In 2012, this program was implemented in partnership with 16 public and private training providers and, according to NALE's annual report, produced 2,485 graduates—up 11 percent compared to 2011. About 73 percent of the program's beneficiaries were women, 75 percent youth (aged between 16- and 29-years-old), and more than half resided in rural areas. The courses with highest enrollments were cooking (21.2 percent), hairdressing (19.4 percent), and computer operator (7.4 percent). According to the interviewed representative of NALE, about 70 percent of the graduates of the professional training program find employment.

SABER-WfD Ratings on Service Delivery

The Policy Goals for this Dimension in the SABER-WfD framework focus on the following three aspects of service delivery: (i) enabling diversity and excellence in training provision; (ii) fostering relevance in public training programs; and (iii) enhancing evidence-based accountability for results. The ratings for these three Policy Goals are presented below and are followed by a reflection on their implications for policy dialogue.

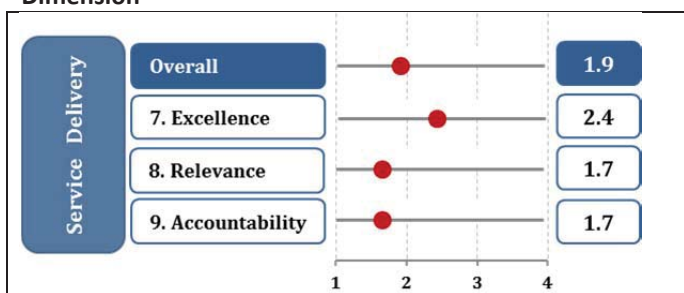
⁴⁴ Pedagogic College "A. Mateevici" in Chisinau, Pedagogic College "I. Creanga" in Balti and Industrial-Pedagogic College in Cahul.

⁴⁵ Again, no reliable data is available.

⁴³ National Bureau of Statistics data as of 01.10.2013.

Based on data collected by the SABER-WfD questionnaire, the Republic of Moldova receives an overall rating of 1.9, which places the country at an **Emerging** level for the Service Delivery Dimension (see Figure 14). This score is the average of the ratings for the underlying Policy Goals: (i) enabling diversity and excellence in training provision (2.4); (ii) fostering relevance in public training programs (1.7); and (iii) enhancing evidence-based accountability for results (1.7). The explanation for these ratings and their implications follow below.

Figure 14. SABER-WfD Ratings of the Service Delivery Dimension



Note: See Figure 3 for an explanation of the scale on the horizontal axis.
 Source: Based on analysis of the data collected using the SABER-WfD questionnaire.

Policy Goal 7: Enabling Diversity and Excellence in Training Provision

Because the demand for skills is impossible to predict with precision, having a diversity of providers is a feature of strong WfD systems. Among non-state providers the challenge is to temper the profit motive or other program agendas with appropriate regulation to assure quality and relevance. Among state providers, a key concern is their responsiveness to the demand for skills from employers and students. Striking the right balance between institutional autonomy and accountability is one approach to address this concern. Policy Goal 7 takes these ideas into account and benchmarks the system according to the extent to which policies and institutional arrangements are in place to: (i) encourage and regulate non-state provision of training and (ii) foster excellence in public training provision by combining incentives and autonomy in the management of public institutions.

Moldova is rated at an **Emerging** (2.4) level for Policy Goal 7. A diversity of non-state providers is active in the training market despite few government incentives to encourage non-state provision. While most of these

providers are registered, the licensing policy is inconsistent: in the recent 5 years no new licenses have been issued for training providers at the IVET level as there is no institution mandated to issue the licenses, and licensing for training providers at the CVET level was abolished). Some administrative and economic measures are in place for quality assurance: for instance, all providers of training are required to present an annual report to the Ministry of Education, and there are minimum capital requirements of MDL 500,000 for secondary training providers and MDL 1 million for post-secondary training providers. With regard to public training provision, the government grants considerable autonomy to institutions, but neither requires them to meet explicit outcome targets, nor provides financial or non-financial incentives for performance.

On the positive side, Moldova is home to a relatively wide diversity of training providers, both public and private. Most private providers offer adult training services and can issue government recognized certificates. Relatively few operate at the IVET level: Out of 47 colleges, six are private, and out of 67 vocational schools, two are private. At the CVET level, private providers are more prominent, and a few of them also collaborate actively with NALE to provide training within the agency’s ALMP (four out of the 16 training providers implementing the NALE training program in 2013 were private). There are also several foreign companies offering training, particularly in foreign languages. Public schools are entitled to generate and withhold income, including from teaching and non-teaching activities, even though a formal approval from the Ministry of Education (or line ministry) is necessary. These revenues may come from the provision of continuous training services, sale of articles produced by students, lease of facilities and equipment, donations and grants of donors and companies.

There are also some less positive facts dragging down Moldova’s efforts to foster diversity and excellence of training services. No system or performance indicators are in place to properly evaluate the quality of training offered. Even though some VET institutions declare that some performance indicators exist, there is no evidence that these indicators are collected systematically or used to assess performance. The only indicator that seems to be collected is related to student enrollment.

Although institutions face consequences/closure due to poor performance (two trade schools and three professional schools were reorganized in 2010, and three vocational schools were reorganized in 2012), there are no effective mechanisms to reward high-performing institutions except for good “word of mouth” reviews by students and teachers.

There are no proper bodies to supervise the executive management of schools: Existing Administrative Councils and Teachers Councils are bodies for collegial decisions regarding operational activity rather than for management supervision; they include only representatives of teaching, non-teaching, and administrative staff, but are not open for employers, representatives of trade unions, local government, etc. There are no mechanisms to address complaints regarding school management, and in the best cases they are only formal, and not generally used, or they are ad hoc. Independent associations of training providers do not exist; some existing associations are informally subordinated to the Ministry of Education and include only public training providers.⁴⁶

The process for approving and closing programs is ad hoc and the rationale behind these decisions is not always clear. Market demand and availability of funding should be the two important factors considered when introducing new programs. Good examples in this sense exist. The “Exercise Firm” is an example of a new course that has been introduced to increase the relevance of the training offered by VET schools. Exercise firms are established in four vocational schools and 14 colleges. A hub coordinating activity of exercise firms created by Moldovan trade and professional schools has been established and is functioning actively. It is important to note that introduction of the course was partly possible due to financial support provided by the Austrian Development Agency as part of the EcoNet project.

Programs should be closed or adjusted when a labor market analysis shows there is little demand or that the program has become irrelevant due to technological changes. For instance, two programs have been closed recently due to declining demand – “radio-mechanic

maintenance and repair of radios and televisions” and “auto-greeder operator.”

Policy Goal 8: Fostering Relevance in Public Training Programs

Public training institutions need reliable information on current and emerging skills demands in order to keep their program offerings relevant to labor market conditions. It is therefore desirable for public training institutions to establish and maintain relationships with employers, industry associations, and research institutions. Such partners are a source of both information about skills competencies and expertise and advice on curriculum design and technical specifications for training facilities and equipment. They can also help create opportunities for workplace training for students and continuing professional development for instructors and administrators. Policy Goal 8 considers the extent to which arrangements are in place for public training providers to: (i) benefit from industry and expert input in the design of programs and (ii) recruit administrators and instructors with relevant qualifications and support their professional development.

Moldova is evaluated on the high end of the **Latent** (1.7) level of development for Policy Goal 8. Informal and sporadic links exist between public training institutions and industry, with limited involvement of industry in curriculum design and the specification of standards for training facilities.

Agricultural colleges seem to be more exposed to industries than others, due to the fact that they often combine economic activity with teaching. In most cases, formal links are limited only to the provision of internship opportunities by companies. Participating in an internship is compulsory for all trainees; offering an internship opportunity is compulsory for public, but not private enterprises. The effectiveness of this practice has been questioned by trainees, employers, and training institutions, who do not seem to be satisfied with the quality and outcomes of internships. In secondary vocational schools, the chairman of the commission for qualification examination is the representative of an economic agent specialized in the field (according to the regulation on organization and implementation of qualification examinations). Some VET schools have developed stronger links with

⁴⁶ For example, there is a Council of College Directors and a Council of Vocational and Trade Schools Directors (which also have substructures in the North, Center, and South regions). There is no distinct association of the private training providers.

industries independently or with donor support, but these are exceptions rather than systematic practices (see Box 3). Only a few schools interact closely with potential employers to assess labor market needs. Some schools also benefit from equipment donations, which is a rare accomplishment given that fiscal regulations do not encourage such collaboration.

Industries' role in designing the program curricula is very limited. The members of the working group, which develop the study programs, can include industry representatives, representatives of employers' associations, sector-level committees, and representatives of higher education institutions. However, there is yet no widely spread practice to consult industry experts while designing curricula. Technical specifications, norms, and standards are established by line ministries (Ministry of Constructions, Ministry of Economy, Ministry of Agriculture and Food Industry), and then used by training institutions. Many of these standards have not been revised since Soviet times. Facilities in many cases are outdated and not leading to provision of relevant skills.

The design of curricula in some post-secondary schools benefits from inputs from universities. For instance, the content of curricula developed by the Financial-Banking College of Moldova is endorsed by the Academy of Economic Studies, where many of the college graduates continue their education.

The low score on this Goal also reflects the fact that there are legally defined criteria for recruiting school managers,⁴⁷ but there are no explicitly defined and enforceable criteria for recruiting instructors and teachers. Given that previous industry experience is not a criterion for the recruitment of instructors and administrators of public training institutions, most school heads and instructors often lack any experience with the real sector. Furthermore, despite formal provisions, instructors often face practical difficulties in accessing opportunities for professional development and opportunities for practical (technological) training are very limited. Existing training schemes in the public sector only offer support for updating pedagogical skills; indeed, training is compulsory for those willing to

update and confirm their teaching degrees. Some donor-supported initiatives also aim at providing instructors with practical training and professional development opportunities (see Box 5). However, motivations for staff to upgrade their technological and teaching skills are rather weak, because the wage policy is very rigid and does not offer enough compensation to those investing in their training. No surprise, less than 10 percent of instructors attended these trainings.

Box 5. Training opportunities for instructors and heads in public and private field

Training opportunities are provided by the Educational Sciences Institute, a research institution subordinated to the Ministry of Education and the National Academy of Science. It offers trainings to the educational staff at all levels of education and, in the case of secondary education, training mainly targets management and pedagogical skills.

Training and professional development for school managers is part of many projects implemented with support from international donors. Such is the case of the CONSEPT project, supported financially by the Liechtenstein Development Service. CONSEPT's mission is to support the VET schools in implementing high quality training according to the demands of the productive sector. CONSEPT partners are those VET schools that perceive the future changes as an opportunity and are ready to face the challenges. Readiness to offer in-service training and short-term pre-service training, offer of trades in high demand and commitment of staff towards modernization are the three most important criteria for VET providers to be eligible for CONSEPT. Seminars, workshops and conferences are often organized by some non-governmental entities, including Educational Science Institute, Pro-Didactica, Professional Capacities Building Institute and others. Seldom, industry exposures are possible as part of visits abroad sponsored by international donors.

Source: Information about the CONSEPT project is available at http://led.md/wp-content/uploads/2010/12/1.1_CONSEPT_PB_EN_04.20114.pdf Last accessed on March 7, 2014.

⁴⁷ There are plans to improve the legally defined criteria for recruiting school managers further, in particular in terms of having industry experience, according to information from the Ministry of Education.

Policy Goal 9: Enhancing Evidence-Based Accountability for Results

Systematic monitoring and evaluation of service delivery are important for both quality assurance and system improvement. Accomplishing this function requires gathering and analyzing data from a variety of sources. The reporting of institution-level data enables the relevant authorities to ensure that providers are delivering on expected outcomes. Such data also enable these authorities to identify gaps or challenges in training provision or areas of good practice. Additionally, periodic surveys and evaluations of major programs generate complementary information that can help enhance the relevance and efficiency of the system as a whole. Policy Goal 9 considers these ideas when assessing the system's arrangements for collecting and using data to focus attention on training outcomes, efficiency and innovation in service delivery.

Moldova scores on the high end of the **Latent** (1.7) level for Policy Goal 9. All training providers, state and non-state, are required to collect and report administrative statistics. Reports are rather formulaic, as they only include descriptive text and statistics and some basic data related to quantity of inputs and outputs, rather than on quality of the process and educational outcomes. Key data collected include enrollment and graduation, staffing, financial and budgetary information. Data are supplied to the Ministry of Education, line ministries (in case of colleges subordinated to line ministries), and the National Bureau of Statistics. Aggregate data are regularly published by the National Bureau of Statistics and are occasionally used to assess institutional performance as well as to analyze system-level trends and issues. Sources of data on labor market outcomes are limited to a few ad-hoc skills-related surveys or evaluations of specific targeted programs. Public access to data is limited. Job placement data is only collected occasionally by some VET schools, but reliability of data is questionable. No surveys of graduates' labor market outcomes have been ever undertaken by any VET school in Moldova.

Indeed, it is important to conduct regular tracer studies of graduates to determine their employment outcomes, and then use this data to inform education policy. At the same time, the government rarely uses data to

monitor and improve system performance, except for the case of developing the new VET strategy where an analysis of system-level trends and issues was gathered from existing, although sporadic, impact evaluations. No VET-dedicated surveys have been conducted by the Ministry of Education or any other authority. Also, there is no systematic impact evaluation of programs.

Implications of the Findings

For all three policy goals of the SABER-WfD third Dimension, there is a wide gap between Moldovan realities and international best practices. While Moldova has some positive achievements, a lot more needs to be done, as explained below:

- It is important to enhance evidence-based accountability for results in WfD. The government may consider adopting the practice of routinely sponsoring skills-related surveys and impact evaluations of existing programs. The key indicator of interest for the public is that of graduates' labor market outcomes (for all modes of delivery of training services — IVET, CVET, and training-related ALMPs). It would also be advisable to systematically participate in international assessments, such as OECD's Program for International Assessment of Adult Competencies (PIAAC), measuring cognitive and technical skills of the working age population (aged 15-64) and relating them to labor market performance, as well as developing national learning assessments.
- Proper mechanisms are necessary to ensure the systematic quality assurance. Those should include capacity building of the Quality Assurance Agency in VET, and school-level solutions, such as creation of proper supervisory bodies to hold service providers accountable for school and student outcomes. While most of the schools develop reports for administrative purposes, it would be reasonable to ensure publication of these reports for easier access and use of school information by the wider public.
- In order to increase the relevance of public training, it is important to enhance formal links between training institutions, industry, and research institutions. These links should go beyond offering internship opportunities to students. The market relevance of public training programs depends on providers' access

to reliable sources of up-to-date information on current and emerging skills demands (for which employers and industry associations are a key source of information). Instructors and students need relevant exposure and preferably actual work experience, as well as access to facilities, equipment, and instructional materials, making it important to pursue a variety of arrangements to adjust training to industry needs as much as possible.

Annex 1: Acronyms

ALMP	Active Labor Market Policies;
CIS	Commonwealth of the Independent States;
CVET	Continuing vocational education and training;
DCI	Data collection instrument;
ECA	Europe and Central Asia
EU	European Union;
GDP	Gross domestic product;
IVET	Initial vocational education and training;
MDL	Moldovan leu, national currency in Republic of Moldova;
NALE	National Agency for Labor Employment of Republic of Moldova;
NBS	National Bureau of Statistics of Republic of Moldova;
NQF	National Qualifications Framework;
SABER	Systems Approach for Better Education Results
SME	Small- and medium-scale enterprise
TVET	technical and vocational education and training
USD	United States of America dollar;
VET	vocational education and training;
WfD	workforce development;

Annex 2: The SABER-WfD Analytical Framework

		Policy Goal	Policy Action	Topic		
Dimension 1	Strategic Framework	G1	Setting a Strategic Direction	Provide sustained advocacy for WfD at the top leadership level	G1_T1	Advocacy for WfD to Support Economic Development
					G1_T2	Strategic Focus and Decisions by the WfD Champions
		G2	Fostering a Demand-Led Approach	Establish clarity on the demand for skills and areas of critical constraint Engage employers in setting WfD priorities and in enhancing skills-upgrading for workers	G2_T1	Overall Assessment of Economic Prospects and Skills Implications
					G2_T2	Critical Skills Constraints in Priority Economic Sectors
					G2_T3	Role of Employers and Industry
					G2_T4	Skills-Upgrading Incentives for Employers
					G2_T5	Monitoring of the Incentive Programs
		G3	Strengthening Critical Coordination	Formalize key WfD roles for coordinated action on strategic priorities	G3_T1	Roles of Government Ministries and Agencies
					G3_T2	Roles of Non-Government WfD Stakeholders
					G3_T3	Coordination for the Implementation of Strategic WfD Measures
Dimension 2	System Oversight	G4	Ensuring Efficiency and Equity in Funding	Provide stable funding for effective programs in initial, continuing and targeted vocational education and training Monitor and enhance equity in funding for training Facilitate sustained partnerships between training institutions and employers	G4_T1	Overview of Funding for WfD
					G4_T2	Recurrent Funding for Initial Vocational Education and Training (IVET)
					G4_T3	Recurrent Funding for Continuing Vocational Education and Training Programs (CVET)
					G4_T4	Recurrent Funding for Training-related Active Labor Market Programs (ALMPs)
					G4_T5	Equity in Funding for Training Programs
					G4_T6	Partnerships between Training Providers and Employers
		G5	Assuring Relevant and Reliable Standards	Broaden the scope of competency standards as a basis for developing qualifications frameworks Establish protocols for assuring the credibility of skills testing and certification Develop and enforce accreditation standards for maintaining the quality of training provision	G5_T1	Competency Standards and National Qualifications Frameworks
					G5_T2	Competency Standards for Major Occupations
					G5_T3	Occupational Skills Testing
					G5_T4	Skills Testing and Certification
					G5_T5	Skills Testing for Major Occupations
					G5_T6	Government Oversight of Accreditation
					G5_T7	Establishment of Accreditation Standards
					G5_T8	Accreditation Requirements and Enforcement of Accreditation Standards
					G5_T9	Incentives and Support for Accreditation
		G6	Diversifying Pathways for Skills Acquisition	Promote educational progression and permeability through multiple pathways, including for TVET students Facilitate life-long learning through articulation of skills certification and recognition of prior learning Provide support services for skills acquisition by workers, job-seekers and the disadvantaged	G6_T1	Learning Pathways
					G6_T2	Public Perception of Pathways for TVET
					G6_T3	Articulation of Skills Certification
					G6_T4	Recognition of Prior Learning
					G6_T5	Support for Further Occupational and Career Development
					G6_T6	Training-related Provision of Services for the Disadvantaged

		Policy Goal	Policy Action	Topic	
Dimension 3	Service Delivery	G7 Enabling Diversity and Excellence in Training Provision	Encourage and regulate non-state provision of training	G7_T1	Scope and Formality of Non-State Training Provision
				G7_T2	Incentives for Non-State Providers
				G7_T3	Quality Assurance of Non-State Training Provision
				G7_T4	Review of Policies towards Non-State Training Provision
			G7_T5	Targets and Incentives for Public Training Institutions	
			G7_T6	Autonomy and Accountability of Public Training Institutions	
			G7_T7	Introduction and Closure of Public Training Programs	
		G8 Fostering Relevance in Public Training Programs	Integrate industry and expert input into the design and delivery of public training programs	G8_T1	Links between Training Institutions and Industry
				G8_T2	Industry Role in the Design of Program Curricula
				G8_T3	Industry Role in the Specification of Facility Standards
				G8_T4	Links between Training and Research Institutions
			Recruit and support administrators and instructors for enhancing the market-relevance of public training programs	G8_T5	Recruitment and In-Service Training of Heads of Public Training Institutions
				G8_T6	Recruitment and In-Service Training of Instructors of Public Training Institutions
		G9 Enhancing Evidence-based Accountability for Results	Expand the availability and use of policy-relevant data for focusing providers' attention on training outcomes, efficiency and innovation	G9_T1	Administrative Data from Training Providers
				G9_T2	Survey and Other Data
G9_T3	Use of Data to Monitor and Improve Program and System Performance				

Annex 3: Rubrics for Scoring the SABER-WfD Data

Functional Dimension 1: Strategic Framework				
Level of Development				
Policy Goal	Latent	Emerging	Established	Advanced
G1: Setting a Strategic Direction for WfD	Visible champions for WfD are either absent or take no specific action to advance strategic WfD priorities.	Some visible champions provide <i>ad-hoc</i> advocacy for WfD and have acted on few interventions to advance strategic WfD priorities; no arrangements exist to monitor and review implementation progress.	Government leaders exercise sustained advocacy for WfD with occasional, ad-hoc participation from non-government leaders ; their advocacy focuses on selected industries or economic sectors and manifests itself through a range of specific interventions; implementation progress is monitored, albeit through <i>ad-hoc</i> reviews.	Both government and non-government leaders exercise sustained advocacy for WfD, and rely on routine, institutionalized processes to collaborate on well-integrated interventions to advance a strategic, economy-wide WfD policy agenda; implementation progress is monitored and reviewed through routine, institutionalized processes.

Functional Dimension 1: Strategic Framework				
Level of Development				
Policy Goal	Latent	Emerging	Established	Advanced
G2: Fostering a Demand-Led Approach to WFD	<p>There is no assessment of the country's economic prospects and their implications for skills; industry and employers have a limited or no role in defining strategic WFD priorities and receive limited support from the government for skills upgrading.</p>	<p>Some ad-hoc assessments exist on the country's economic prospects and their implications for skills; some measures are taken to address critical skills constraints (e.g., incentives for skills upgrading by employers); the government makes limited efforts to engage employers as strategic partners in WFD.</p>	<p>Routine assessments based on multiple data sources exist on the country's economic prospects and their implications for skills; a wide range of measures with broad coverage are taken to address critical skills constraints; the government recognizes employers as strategic partners in WFD, formalizes their role, and provides support for skills upgrading through incentive schemes that are reviewed and adjusted.</p>	<p>A rich array of routine and robust assessments by multiple stakeholders exists on the country's economic prospects and their implications for skills; the information provides a basis for a wide range of measures with broad coverage that address critical skills constraints; the government recognizes employers as strategic partners in WFD, formalizes their role, and provides support for skills upgrading through incentives, including some form of a levy-grant scheme, that are systematically reviewed for impact and adjusted accordingly.</p>

Functional Dimension 1: Strategic Framework				
Level of Development				
Policy Goal	Latent	Emerging	Established	Advanced
G3: Strengthening Critical Coordination for Implementation	Industry/employers have a limited or no role in defining strategic WfD priorities; the government either provides no incentives to encourage skills upgrading by employers or conducts no reviews of such incentive programs.	Industry/employers help define WfD priorities on an <i>ad-hoc</i> basis and make limited contributions to address skills implications of major policy/investment decisions; the government provides some incentives for skills upgrading for formal and informal sector employers; if a levy-grant scheme exists its coverage is limited ; incentive programs are not systematically reviewed for impact.	Industry/employers help define WfD priorities on a routine basis and make some contributions in selected areas to address the skills implications of major policy/investment decisions; the government provides a range of incentives for skills upgrading for all employers; a levy-grant scheme with broad coverage of formal sector employers exists; incentive programs are systematically reviewed and adjusted ; an annual report on the levy-grant scheme is published with a time lag .	Industry/employers help define WfD priorities on a routine basis and make significant contributions in multiple areas to address the skills implications of major policy/investment decisions; the government provides a range of incentives for skills upgrading for all employers; a levy-grant scheme with comprehensive coverage of formal sector employers exists; incentive programs to encourage skills upgrading are systematically reviewed for impact on skills and productivity and are adjusted accordingly; an annual report on the levy-grant scheme is published in a timely fashion .

Functional Dimension 2: System Oversight

Level of Development

Policy Goal

Advanced	Established	Emerging	Latent
<p>The government funds IVET, CVET (including OJT in SMEs) and ALMPs; funding for IVET is routine and based on comprehensive criteria, including evidence of program effectiveness, that are regularly reviewed and adjusted; recurrent funding for CVET relies on formal processes with input from key stakeholders and timely annual reporting; funding for ALMPs is determined through a systematic process with input from key stakeholders; ALMPs target diverse population groups through various channels and are reviewed for impact and adjusted accordingly; the government takes action to facilitate formal partnerships between training providers and employers at all levels (institutional and systemic); recent reviews considered the impact of funding on a full range of training-related indicators and labor market outcomes; the reviews stimulated broad-based dialogue among WfD stakeholders and key recommendations were implemented.</p>	<p>The government funds IVET, CVET (including OJT in SMEs) and ALMPs; funding for IVET is routine and based on multiple criteria, including evidence of program effectiveness; recurrent funding for CVET relies on formal processes with input from key stakeholders and annual reporting with a lag; funding for ALMPs is determined through a systematic process with input from key stakeholders; ALMPs target diverse population groups through various channels and are reviewed for impact but follow-up is limited; the government takes action to facilitate formal partnerships between training providers and employers at multiple levels (institutional and systemic); recent reviews considered the impact of funding on both training-related indicators and labor market outcomes; the reviews stimulated dialogue among WfD stakeholders and some recommendations were implemented.</p>	<p>The government funds IVET, CVET (including OJT in SMEs) and ALMPs; funding for IVET and CVET follows routine budgeting processes involving only government officials with allocations determined largely by the previous year's budget; funding for ALMPs is decided by government officials on an ad-hoc basis and targets select population groups through various channels; the government takes some action to facilitate formal partnerships between individual training providers and employers; recent reviews considered the impact of funding on only training-related indicators (e.g. enrollment, completion), which stimulated dialogue among some WfD stakeholders.</p>	<p>The government funds IVET, CVET and ALMPs (but not OJT in SMEs) based on ad-hoc budgeting processes, but takes no action to facilitate formal partnerships between training providers and employers; the impact of funding on the beneficiaries of training programs has not been recently reviewed.</p>

G4: Ensuring Efficiency and Equity in Funding

Functional Dimension 2: System Oversight				
Level of Development				
Policy Goal	Latent	Emerging	Established	Advanced
<p>G5: Assuring Relevant and Reliable Standards</p>	<p>Policy dialogue on competency standards and/or the NQF occurs on an <i>ad-hoc</i> basis with limited engagement of key stakeholders; competency standards have not been defined; skills testing for major occupations is mainly theory-based and certificates awarded are recognized by public sector employers only and have little impact on employment and earnings; no system is in place to establish accreditation standards.</p>	<p>A few stakeholders engage in <i>ad-hoc</i> policy dialogue on competency standards and/or the NQF; competency standards exist for a few occupations and are used by some training providers in their programs; skills testing is competency-based for a few occupations but for the most part is mainly theory-based; certificates are recognized by public and some private sector employers but have little impact on employment and earnings; the accreditation of training providers is supervised by a dedicated office in the relevant ministry; private providers are required to be accredited, however accreditation standards are not consistently publicized or enforced; providers are offered some incentives to seek and retain accreditation.</p>	<p>Numerous stakeholders engage in policy dialogue on competency standards and/or the NQF through institutionalized processes; competency standards exist for most occupations and are used by some training providers in their programs; the NQF, if in place, covers some occupations and a range of skill levels; skills testing for most occupations follows standard procedures, is competency-based and assesses both theoretical knowledge and practical skills; certificates are recognized by both public and private sector employers and may impact employment and earnings; the accreditation of training providers is supervised by a dedicated agency in the relevant ministry; the agency is responsible for defining accreditation standards with stakeholder input; standards are reviewed on an <i>ad-hoc</i> basis and are publicized or enforced to some extent; all providers receiving public funding must be accredited; providers are offered incentives and limited support to seek and retain accreditation.</p>	<p>All key stakeholders engage in policy dialogue on competency standards and/or the NQF through institutionalized processes; competency standards exist for most occupations and are used by training providers in their programs; the NQF, if in place, covers most occupations and a wide range of skill levels; skills testing for most occupations follows standard procedures, is competency-based and assesses both theoretical knowledge and practical skills; robust protocols, including random audits, ensure the credibility of certification; certificates are valued by most employers and consistently improve employment prospects and earnings; the accreditation of training providers is supervised by a dedicated agency in the relevant ministry; the agency is responsible for defining accreditation standards in consultation with stakeholders; standards are reviewed following established protocols and are publicized and routinely enforced; all training providers are required as well as offered incentives and support to seek and retain accreditation.</p>

Functional Dimension 2: System Oversight

Policy Goal	Level of Development			
	Latent	Emerging	Established	Advanced
G6: Diversifying Pathways for Skills Acquisition	<p>Students in technical and vocational education have few or no options for further formal skills acquisition beyond the secondary level and the government takes no action to improve public perception of TVET; certificates for technical and vocational programs are not recognized in the NQF; qualifications certified by non-Education ministries are not recognized by formal programs under the Ministry of Education; recognition of prior learning receives limited attention; the government provides practically no support for further occupational and career development, or training programs for disadvantaged populations.</p>	<p>Students in technical and vocational education can only progress to vocationally-oriented, non-university programs; the government takes limited action to improve public perception of TVET (e.g. diversifying learning pathways); some certificates for technical and vocational programs are recognized in the NQF; few qualifications certified by non-Education ministries are recognized by formal programs under the Ministry of Education; policymakers pay some attention to the recognition of prior learning and provide the public with some information on the subject; the government offers limited services for further occupational and career development through stand-alone local service centers that are not integrated into a system; training programs for disadvantaged populations receive ad-hoc support.</p>	<p>Students in technical and vocational education can progress to vocationally-oriented programs, including at the university level; the government takes some action to improve public perception of TVET (e.g. diversifying learning pathways and improving program quality) and reviews the impact of such efforts on an ad-hoc basis; most certificates for technical and vocational programs are recognized in the NQF; a large number of qualifications certified by non-Education ministries are recognized by formal programs under the Ministry of Education, albeit without the granting of credits; policymakers give some attention to the recognition of prior learning and provide the public with some information on the subject; a formal association of stakeholders provides dedicated attention to adult learning issues; the government offers limited services for further occupational and career development, which are available through an integrated network of centers; training programs for disadvantaged populations receive systematic support and are reviewed for impact on an ad-hoc basis.</p>	<p>Students in technical and vocational education can progress to academically or vocationally-oriented programs, including at the university level; the government takes coherent action on multiple fronts to improve public perception of TVET (e.g. diversifying learning pathways and improving program quality and relevance, with the support of a media campaign) and routinely reviews and adjusts such efforts to maximize their impact; most certificates for technical and vocational programs are recognized in the NQF; a large number of qualifications certified by non-Education ministries are recognized and granted credits by formal programs under the Ministry of Education; policymakers give sustained attention to the recognition of prior learning and provide the public with comprehensive information on the subject; a national organization of stakeholders provides dedicated attention to adult learning issues; the government offers a comprehensive menu of services for further occupational and career development, including online resources, which are available through an integrated network of centers; training programs for disadvantaged populations receive systematic support with multi-year budgets and are routinely reviewed for impact and adjusted accordingly.</p>

Functional Dimension 3: Service Delivery

Level of Development

Policy Goal

	Latent	Emerging	Established	Advanced
<p>G7: Enabling Diversity and Excellence in Training Provision</p>	<p>There is no diversity of training provision as the system is largely comprised of public providers with limited or no autonomy; training provision is not informed by formal assessment, stakeholder input or performance targets.</p>	<p>There is some diversity in training provision; non-state providers operate with limited government incentives and governance over registration, licensing and quality assurance; public training is provided by institutions with some autonomy and informed by some assessment of implementation constraints, stakeholder input and basic targets.</p>	<p>There is diversity in training provision; non-state providers, some registered and licensed, operate within a range of government incentives, systematic quality assurance measures and routine reviews of government policies toward non-state training providers, mostly governed by management boards, have some autonomy; training provision is informed by formal analysis of implementation constraints, stakeholder input and basic targets; lagging providers receive support and exemplary institutions are rewarded.</p>	<p>There is broad diversity in training provision; non-state training providers, most registered and licensed, operate with comprehensive government incentives, systematic quality assurance measures and routine review and adjustment of government policies toward non-state training providers; public providers, mostly governed by management boards, have significant autonomy; decisions about training provision are time-bound and informed by formal assessment of implementation constraints; stakeholder input and use of a variety of measures to incentivize performance include support, rewards and performance-based funding.</p>

Functional Dimension 3: Service Delivery				
Policy Goal	Level of Development			
	Latent	Emerging	Established	Advanced
G8: Fostering Relevance in Public Training Programs	<p>There are few or no attempts to foster relevance in public training programs through encouraging links between training institutions, industry and research institutions or through setting standards for the recruitment and training of heads and instructors in training institutions.</p>	<p>Relevance of public training is enhanced through informal links between some training institutions, industry and research institutions, including input into the design of curricula and facility standards; heads and instructors are recruited on the basis of minimum academic standards and have limited opportunities for professional development.</p>	<p>Relevance of public training is enhanced through formal links between some training institutions, industry and research institutions, leading to collaboration in several areas including but not limited to the design of curricula and facility standards; heads and instructors are recruited on the basis of minimum academic and professional standards and have regular access to opportunities for professional development.</p>	<p>Relevance of public training is enhanced through formal links between most training institutions, industry and research institutions, leading to significant collaboration in a wide range of areas; heads and instructors are recruited on the basis of minimum academic and professional standards and have regular access to diverse opportunities for professional development, including industry attachments for instructors.</p>

Functional Dimension 3: Service Delivery				
Level of Development				
Policy Goal	Latent	Emerging	Established	Advanced
G9: Enhancing Evidence-based Accountability for Results	<p>There are no specific data collection and reporting requirements, but training providers maintain their own databases; the government does not conduct or sponsor skills-related surveys or impact evaluations and rarely uses data to monitor and improve system performance.</p>	<p>Training providers collect and report administrative data and there are significant gaps in reporting by non-state providers; some public providers issue annual reports and the government occasionally sponsors or conducts skills-related surveys; the government does not consolidate data in a system-wide database and uses mostly administrative data to monitor and improve system performance; the government publishes information on graduate labor market outcomes for some training programs.</p>	<p>Training providers collect and report administrative and other data (e.g., job placement statistics, earnings of graduates) and there are some gaps in reporting by non-state providers; most public providers issue internal annual reports and the government routinely sponsors skills-related surveys; the government consolidates data in a system-wide database and uses administrative data and information from surveys to monitor and improve system performance; the government publishes information on graduate labor market outcomes for numerous training programs.</p>	<p>Training providers collect and report administrative and other data (e.g., job placement statistics, earnings of graduates) and there are few gaps in reporting by non-state providers; most public providers issue publicly available annual reports and the government routinely sponsors or conducts skills-related surveys and impact evaluations; the government consolidates data in a system-wide, up to date database and uses administrative data, information from surveys and impact evaluations to monitor and improve system performance; the government publishes information on graduate labor market outcomes for most training programs online.</p>

Annex 4: References and Informants

References

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Annex 5: SABER-WfD Scores

		Policy Goal		Policy Action		Topic	
Dimension 1	2.0	G1	2.0	Provide sustained advocacy for WfD at the top leadership level	2.0	G1_T1	2.0
						G1_T2	2.0
		G2	1.8	Establish clarity on the demand for skills and areas of critical constraint	2.5	G2_T1	2.0
						G2_T2	3.0
				Engage employers in setting WfD priorities and in enhancing skills-upgrading for workers	1.3	G2_T3	2.0
						G2_T4	1.0
						G2_T5	1.0
		G3	2.3	Formalize key WfD roles for coordinated action on strategic priorities	2.3	G3_T1	3.0
						G3_T2	2.0
						G3_T3	2.0
Dimension 2	1.5	G4	1.4	Provide stable funding for effective programs in initial, continuing and targeted vocational education and training	1.7	G4_T1	info
						G4_T2	2.0
						G4_T3	1.0
						G4_T4	2.0
				Monitor and enhance equity in funding for training	1.3	G4_T5_IVET	1.0
						G4_T5_CVET	1.0
						G4_T5_ALMP	2.0
				Facilitate sustained partnerships between training institutions and employers	1.0	G4_T6	1.0
				G5	1.5	Broaden the scope of competency standards as a basis for developing qualifications frameworks	1.5
		G5_T2	1.0				
		Establish protocols for assuring the credibility of skills testing and certification	1.7			G5_T3	1.0
						G5_T4	3.0
		Develop and enforce accreditation standards for maintaining the quality of training provision	3.0			G5_T5	2.0
						G5_T6	info
				G5_T7	1.0		
		G6	1.5	Promote educational progression and permeability through multiple pathways, including for TVET students	1.5	G5_T8	1.0
						G5_T9	1.0
				Strengthen the system for skills certification and recognition	1.5	G6_T1	2.0
G6_T2	1.0						
Enhance support for skills acquisition by workers, job-seekers and the disadvantaged	1.5			G6_T3	2.0		
				G6_T4	1.0		
G6_T5	2.0						
G6_T6	1.0						

Dimension 3	1.9	G7	2.4	Encourage and regulate non-state provision of training	2.5	G7_T1	3.0
						G7_T2	2.0
						G7_T3	3.0
						G7_T4	2.0
		G8	1.7	Integrate industry and expert input into the design and delivery of public training programs	1.7	G8_T1	2.5
						G8_T2	1.0
						G8_T3	1.0
		G9	1.7	Expand the availability and use of policy-relevant data for focusing providers' attention on training outcomes, efficiency and innovation	1.7	G9_T1	2.5
						G9_T2	1.5
						G9_T3	1.0

Annex 6: Authorship and Acknowledgements

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The **Systems Approach for Better Education Results (SABER)** initiative produces comparative data and knowledge on education policies and institutions, with the aim of helping countries systematically strengthen their education systems. SABER evaluates the quality of education policies against evidence-based global standards, using new diagnostic tools and detailed policy data. The SABER country reports give all parties with a stake in educational results—from administrators, teachers, and parents to policymakers and business people—an accessible, objective snapshot showing how well the policies of their country's education system are oriented toward ensuring that all children and youth learn.

This report focuses specifically on policies in the area of workforce development.

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