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Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 08-Jan-2018 | Report No: PIDISDSC23109

**BASIC INFORMATION****A. Basic Project Data**

Country Maldives	Project ID P163818	Parent Project ID (if any)	Project Name Enhancing Employability through Human Capital and Entrepreneurship Development (P163818)
Region SOUTH ASIA	Estimated Appraisal Date Feb 11, 2019	Estimated Board Date Mar 28, 2019	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance and Treasury	Implementing Agency Ministry of Education	

Proposed Development Objective(s)

The development objective is to promote the employment prospects of young people by improving their job oriented skills and entrepreneurship attributes

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	15.00
Total Financing	15.00
of which IBRD/IDA	15.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	15.00
IDA Credit	15.00



Environmental Assessment Category

B - Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

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Other Decision (as needed)

B. Introduction and Context

Country Context

Maldives, an archipelago nation of spectacular natural beauty, is a middle-income country with a GDP per capita of US\$ 8,395. The Maldives consists of nearly 1,200 islands and a population of about 407,000 inhabitants: approximately 344,000 Maldivians and 63,000 expatriate workers. More than 30 percent of the population live in the capital city Male', while the rest are distributed among just under 200 other inhabited islands. Basic human development indicators are high. The Maldives ranked 105th in the human development index (HDI) for 2015, the second highest HDI rank in South Asia after Sri Lanka. The adult literacy rate is 98%; life expectancy is 75 years; the child mortality rate is 11 out of 100,000; and the maternal mortality rate is 37 out of 100,000. The Government of Maldives (GoM) is seeking to accelerate human capital accumulation, increase employment opportunities for young people and promote equitable economic and social progress in the country.

The Maldivian economy has experienced average economic growth of 4.7 percent over the period 2011-2016. The economy is dependent on a small number of sectors, with the following contribution to GDP in 2015: tourism (27%), government administration (11%), communication (11%), transport (10%), construction (10%), real estate (8%), wholesale and retail trade (4%), manufacturing (4%), education (4%), and several other relatively small sectors. The high share of tourism in the economy is both a strength and a limitation. The rapid rise in economic standards and living conditions in the Maldives over the last three decades has been driven by fast growth in tourism. However, it also makes the Maldivian economy highly vulnerable to fluctuations and variations in global economic and social conditions through their effect on tourism, and the direct and indirect transmission of these effects to other sectors. Periods of global recession, when tourist arrivals have fallen, have been particularly difficult for the Maldives. The high dependence on tourism, and its economic benefits and risks, are typical of small island economies.

GoM is seeking to develop a large urban center, the greater Male' area, which will eventually enable up to 75 percent of the population to be consolidated in Male' and the neighboring islands of Hulumale' and Vilingili. The provision of public services will be cheaper and easier when a substantial proportion of the population is concentrated in a single area, rather than scattered, in small groups, across nearly two hundred islands. In addition, a large urban area enables agglomeration benefits, and the exploitation of economies of scale and scope. This can benefit Maldivian youth, provided they are sufficiently educated and skilled, to identify and exploit economic opportunities in the greater Male' region. It can also present challenges. There is evidence that fast-growing cities can create conditions for increased criminality. Thus, improving employability and employment prospects for youth is particularly important to attempt a reducing their idleness.



Sectoral and Institutional Context

Human capital context: The Maldives has about 81,800 students enrolled in approximately 300 schools. The Maldivian education system consists of the following stages: primary education (grades 1-7, ages 6-12), lower secondary education (grades 8-10, ages 13-15) higher secondary education (grades 11-12, ages 16-17), and higher education (ages 18 onwards). The overall net primary enrolment rate is 100 percent, with gender parity (100 percent each for boys and girls). The net lower secondary enrollment rate is 84 percent, with boys' net enrollment at 86 percent and girls' net enrollment at 81 percent.

Because education access and attainment were low until only recently, public investment has mainly focused on extending secondary education and other public services. At the same time GoM has focused on expanding the civil service and employment in state owned enterprises (SOEs) to help deliver the development agenda. Today, however, the economy has arrived at a new juncture, one in which private sector job creation needs to expand to absorb new labor force entrants, rather than relying on public sector job creation. New graduates typically seek administrative jobs, but these are in short supply, particularly in the private sector where employment opportunities are concentrated in the tourism and services-based economy. The heavy presence of government has created an expectation that “the state will provide” – whether through cash transfers, services, training or employment. The high reservation wage limits attractive job opportunities for new entrants, who are priced out of the market by foreign workers at both the low and high ends of the skills spectrum.

Despite impressive achievements in education provision, the education system faces several challenges. The GoM recognizes that increasing and deepening human capital is vital to sustain growth and improve access to suitable jobs for young people. The Government has therefore also been giving priority to develop tertiary education, including technical and vocational education and training (TVET) and higher education. Various government actions include (a) TVET pathways in the 10-level Maldives National Qualification Framework (MNQF), (b) establishment of a TVET Authority and Maldives Qualifications Authority, (c) programs focusing on universal enrollment for secondary level education, and (d) policies and programs to reduce dropouts. In particular, for secondary school students at the risk, MoE has opened TVET programs at the Maldives Polytechnic (Grade 8), BTEC (Business & Technology Education Council) programs at the O level and A level (hospitality, business, art and design), Dhasvaaru program (nationally accredited level 3 courses in any trade/skillset), and the 10 plus under which students are tracked and provided guidance and support until age 18. In addition to these public TVET programs, there are few private sector providers of TVET.

While the supply of options has expanded, the school to work transition is still challenging due to the following reasons: (a) lack of soft skills (workplace ethics, ability to collaborate effectively within an organization, perseverance on the job, and responsiveness to clients) training in both technical and academic programs though they rank higher than technical skills for getting a job; (b) weak quality and relevance of TVET as the training provided does not meet the demands of the private sector, which also reduces students' interest in TVET; (c) weak linkages between schools and private sector firms, which make the skills being offered supply-driven rather than demand-driven; (d) low quality of teaching in tertiary education; (e) lack of competency and outcome based curriculum and assessment; and (f) limited career guidance and counselling to students. Although sector skills councils exist, there is insufficient feedback to the tertiary education institutions and the policy makers. The GoM is aware of the challenges in the tertiary education sector, and this project would seek to assist GoM address them.

Labor market context: Several aspects of Maldives' recent development pattern highlight imbalances between labor supply and demand. For example, increasing educational attainment among the younger generation and expectations of an “office job” has coincided with the rapid growth in low-skilled service jobs associated with tourism and construction. This has (or seems to have) resulted in unmet expectations of Maldivian job seekers vis-à-vis available jobs. Unrealistic expectations have been exacerbated by the rapid expansion of the civil service in the 1990s and 2000s. Recent improvements in household wealth, declining poverty and the introduction of generous social pensions have also raised



the reservation wage of young labor force entrants.

The enclave model of tourism development – one resort, one island – has increased the imbalance between labor supply in the inhabited islands and the demand for skilled and unskilled labor in nearby island resorts. The growth of mostly luxury tourism services has outpaced the capacity of the Maldivian labor market to provide internationally competitive skills required by employers – both technical and soft skills. The persistence of traditional gender roles and the narrow scope of occupations deemed acceptable by young women and especially their parents has limited the female labor supply, in particular for many job openings in tourism-related services. The demand for labor has been easily met by foreign workers, who are present throughout the Maldives in great supply and accept significantly lower wages.

As a result, many Maldivian youth are discouraged workers who have effectively exited the labor force, and are best characterized as “NEETs” (not in employment, education or training). About 22 percent of working-age Maldivian youth fall into this category. Whereas official youth unemployment rates (i.e., those actively looking and available for work) are around 12 percent, when NEETs are included, the share of youth failing to find work or continue education jumps to 25 percent for 15-24 year old’s, and 37 percent for 15-19 year old’s (the age group with the largest number of new labor force entrants due to low enrollment in higher secondary education and above). In a total Maldivian youth population of 67,000 potential workers in 2014, nearly 31,000 were employed, but over 10,000 were not, of which 6,000 had stopped looking for work. The largest number of unemployed and discouraged youth (44 percent) live in Male, and the second highest number live in the south of Maldives.

Between 2006 and 2014, the NEET rate for female youth decreased, while that for male youth increased, indicating that labor market conditions for young females have improved, reflected in a rise in the female youth employment rate from 34 to 38 percent of the working-age population. This increase was primarily driven by added female employment in the education sector, services and public administration.

However, female youth have a higher risk of exiting the labor force compared to males: 22 percent of female youth are NEET, compared to 17 percent of male youth. Unlike other culturally similar countries in South Asia, traditional Maldivian women have a relatively high labor force participation rate, at 49 percent, which is on par with other countries at the same level of development. It is unfortunate that Maldivian women (especially youth) are more likely to be discouraged than men; this is likely to be partly due to cultural factors related to perceptions of a “good” job, which are slower to evolve compared to attitudes on the importance of education for both girls and boys.

There is emerging concern over discouraged male youth due to their rising NEET rate, an indication of the youth who are at risk of being excluded from the social fabric, and being drawn to undesirable activities. The reasons for being out of school and unemployed vary by gender. Male youth indicate that the biggest reasons for unemployment are the lack of economic opportunities in the island of residence and inability to find suitable employment which matches their respective education or training. Fifty percent of young females give reasons for inactivity due to household chores and childcare.

Policy makers in the Maldives are aware of these challenges and appreciate the importance of enhancing employment opportunities for youth through increasing human capital and diversifying the skills of future and recent labor force entrants to meet private sector labor demand, and developing and encouraging entrepreneurship, particularly in the services sectors. The proposed project will support GoM to enhance youth employability.

Private Sector Context: The Maldives has developed a successful high-end tourism sector, and a portion of its sizable revenues has been redistributed to the population to address development challenges. Whereas the tourism sector’s direct contribution to GDP is 27%, its indirect contribution is much higher due to related activities in construction, transport and communications.

The tourism sector directly contributes about one fifth of total employment in the country. According to the latest census, tourism generated over 31,000 jobs in 2014, only 55 percent of which are filled by Maldivian staff. The lack of



participation in tourism jobs is particularly limited among Maldivian women, who account for 7 percent of labor in the industry. Multiple factors limit the extent to which tourism is employing Maldivians, including: (a) a high reservation wage and resulting inability to compete with foreign labor (in both skilled and unskilled work); (b) lack of local skills for technical and managerial jobs; (c) social norms inconsistent with the need to live in dormitories on resort islands, or to work in proximity to foreigners with different social mores; (d) lack of adequate transport (resorts that are close to inhabited islands and have good transport links have a much higher proportion of Maldivian workers); and (e) the perception that tourism-related work does not constitute a “good” job for women, but also for men. A government-imposed quota requiring 55 percent of employees in tourism to be Maldivian nationals is customarily unmet, although the participation of Maldivian nationals in tourism increased significantly between 2006 and 2014.

As noted, tourism-led growth in Maldives has followed an enclave model, reliant on imported goods, labor and finance, which limits the backward linkages that could otherwise spur indirect job and growth effects. Given its significant role in the economy, a more inclusive tourism industry may hold the key to enhancing shared prosperity in the country. Better linkages between resorts and local enterprises may help leverage tourism growth for development of other tradable sectors. There are still unrealized opportunities for linking tourism to local communities (including but not limited to local providers of fish and agriculture products), while opportunities for service-provision linkages are more limited. This is in part because many resorts already own and operate their support services and ancillary functions, due to both geo-spatial challenges (given islands’ remote locations) and inadequate quality of local service provision. Accordingly, opportunities for linking to the local economy may be limited to a small number of services in which Maldivians have a competitive advantage and are in demand by the tourism sector, such as authentic and cultural heritage-based excursions and handicrafts. While these sectors are fairly small-scale, the potential economic impact for local communities is significant. In the guesthouse sector, which has emerged in recent years on islands with Maldivian populations, we observe higher shares of local employment (75 percent Maldivian compared to 45 percent at resorts) through demand for local goods and services. The guesthouse subsector has grown rapidly since the Government’s policy change, and currently totals nearly 240 facilities with around 3,600 rooms. Moreover, the sector is projected to double in the next three years as global travel trends shift from luxury toward mid-level travel services with growing use of self-catering accommodations instead of traditional large hotels.

The tourism sector’s demand for inputs is expected to post healthy growth, representing a major opportunity for local producers if they are able to provide the quality, volume, and consistency of delivery required by resorts and guesthouses. Local cooperatives and agricultural-focused islands including fisheries have already demonstrated the viability of local production, but they remain hampered by infrastructure, quality and scale shortcomings. Encouraging women’s participation in such local production could also have a beneficial impact on women’s underemployment, and help address the high poverty rates among women-headed households. It is important to acknowledge that the future development of Maldives’ tourism faces serious challenges, related to the currently high concentration around transport hubs (airports) and rapid and unplanned growth, both of which put significant pressure on the islands’ natural resources.

Looking beyond tourism, job creation potential also exists in ICT services, transport, and construction, given Maldives’ sustained GDP and per capita income growth. ICT services are growing due to widespread internet connectivity across the inhabited islands, and ICT jobs are especially well suited to women preferring to work from home, for example. Additionally, new goods and services may be nurtured in Male to leverage the urban entrepreneurship talent, especially in sectors with high labor-intensity. To generate jobs, however, the private sector needs the benefit of an enabling regulatory environment and productivity growth which in most countries is driven by technology adoption and adaptation through trade linkages.

Relationship to CPF

Recognizing the importance of developing the youth sector to enable the Maldives transition from an upper middle



income country (UMIC) to a high-income country (HIC), the World Bank has proposed, as part of the Country Partnership Framework (CPF) FY16–FY19, to provide assistance through the Maldives Enhancing Employment through Human Capital and Entrepreneurship Development (EHCED) Operation. The proposed EHCED Operation is fully aligned with the CPF's strategic goal to “contribute to enabling more inclusive and sustainable growth through better use of the country's assets, including human capital, natural resources and financial resources” and its first objective “enhancing employability and economic opportunities” and cross-cutting themes of youth, gender and governance. By promoting employment through human capital development and entrepreneurship promotion, the project will help to increase economic opportunities for young people and promote equitable economic and social development in the country.

The World Bank has been one of the key development partners in the education sector in the Maldives, through the Enhancing Education Development Project (EEDP). EHCED will build on the experience and lessons learned from EEDP, to strengthen the World Bank's support for the youth sector. Other development partners, such as the Asian Development Bank (ADB), support certain elements of the general education sector. UN agencies such as UNESCO and UNICEF are also active in the sector, mainly through technical assistance activities.

The EHCED will assist the youth sector with US\$10 million, using an Investment Project Financing (IPF) approach with Disbursement Linked Indicators (DLIs).

C. Proposed Development Objective(s)

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The development objective is to promote the employment prospects of young people by improving their job oriented skills and entrepreneurship attributes

Key Results (From PCN)

The key results would seek to bring about a better match between the demand and supply of labor. This would be reflected in the following project indicators.

- Increased number of youth entrepreneurs
- Increased number of graduates from improved tertiary education programs
- Reduction in the NEET rate
- Number of TVET graduates placed in jobs within six months of graduation

D. Concept Description

Component One: Labor and Skills Development

1.1 Promoting stronger links between supply of and demand for skills

The program interventions will be designed to remove barriers that create a wedge between the demand and supply of



skilled labor, by enhancing market-driven training, and by fostering or facilitating demand for Maldivian labor, especially women. The activities will focus on the centrality of employer-driven prioritization of skills to build upon the potential of the private sector for job creation, especially for youth and vulnerable populations. Currently, boys taking the vocational and tertiary streams are trained in old economy occupations such as machine repair, while female graduates have a strong preference for white collar jobs or continued education in subjects that favor professional work streams, rather than in occupations suited to Maldives' service-based economy. Several options are being explored, and their feasibility would be tested with newly available household-level data (2016) and further assessment of binding constraints related to social norms, mental models and gender stereotyping. The proposed project would support the following two areas:

The proposed project would support the following areas:

- Expanding the vocational offerings to girls and boys to include courses on computer programming, entrepreneurship and/or soft skills which would have wide utility and appeal, and be useful in work streams including higher level IT services and tourism services.
- Foster the collection and use of relevant, frequently updated, and appropriately disaggregated data to signal industry demand to the training providers;
- Foster the use of demand-driven approach to skills gap analysis for planning of skills programs in consultation with employers;
- Adopt active feedback mechanisms to capture outcomes for the beneficiaries as well as learning experiences, to improve programs based on evidence based effectiveness/results;

Increasing take up of these market-driven courses.

Increase offering does not automatically lead to increased enrollment and take up. Strategies will account for determinants of take up such as the roles of social norms, perceptions, mental models etc

- Foster the collection and use of relevant, frequently updated, and appropriately disaggregated data to signal industry demand to the training providers;
- Foster the use of demand-driven approach to skills gap analysis for initiating stakeholder-led planning of skills programs in consultation with employers;

1.2 Strengthening TVET skills development programs and youth's perception of employment

Despite the highly successful tourism sector, youth unemployment remains challenge. Enterprises have identified the lack of adequate skills and qualifications in Maldivians job seekers as a major constraint. Indeed, expatriates represent a large share of the labor force both in high and low skills jobs. While the set of TVET offerings has expanded, there is a growing number of youth who have gone through TVET schools but do not possess the necessary skills required by employers, and are unwilling to accept the perceived lower-status, lower-paying jobs in non-white collar sectors. They aspire to high paid jobs but might be lacking the required skills. The cultural and social context of family and community were found to be instrumental in how youth learn about careers and influential in the choice process.

The proposed project would support the following two areas:

Strengthening TVET skill development programs, especially with respect to provision of socio-emotional skills.

Socio-emotional have been identified as fundamental to all quality assurance frameworks.

- Strengthen and expand the component of softer skills in training;
- Integrate soft skills, health and hygiene, communication and adaptation skills etc. into the curriculum. The Project would ensure curricular materials are sufficiently informed with socio-emotional quotient that enhance the employability and productivity of the worker.
- Creation of modules, guidelines, and protocols to deliver counselling support and socioemotional/life skills



training as complements to job-specific training content.

Address youth's aspirations and perception of suitable jobs.

Young people can hold strong views about the types of jobs that are suitable, for men and women. These stereotypes may act as barriers for young people to go into non-traditional work. This is because these stereotypes influence whether youth select themselves into or screen themselves out of the market for certain jobs. However, youth and their families have a very limited knowledge of the details of particular jobs.

- Engage youth and their parents with information, advice and guidance on the realities of job tasks, pay and lifestyle.
- Explore options to change the way jobs are represented in media, to influence role models and change associations about work.
- Provide parents with better information and support in order to enable them to help their children make informed choices about their future.

1.3 Strategic tertiary human capital accumulation

Over time, as the economy develops, more young people with tertiary education qualifications to degree level and above will be needed for the labor market, especially as a high share of the population shifts to the greater Male' urban area. In addition, a rising proportion of Maldivians are completing secondary education, resulting a growing demand for tertiary education. The proposed Project would support the following activities:

Provision of loans to qualified students.

The main strategy of GoM to expand tertiary education opportunities is to provide loans for qualified students to enroll in tertiary education institutions. The loans are paid back, once the graduate starts working, over a fifteen-year period. The project would support this student loan scheme, with a focus on certificate, diploma, bachelors' and master's degrees in key disciplines for future economic development. These would mainly be in the sciences, technology, engineering and mathematics (STEM) programs, although other disciplines may also be needed. The set of priority disciplines for economic development would be identified during project preparation. These student loans could be used in accredited tertiary education institutions in the Maldives and overseas for programs not offered locally.

To strengthen the linkages between tertiary education and the labor market, the program could also provide technical and financial support to develop and provide start-up financing for these tertiary-education loans.

Address psychological barriers to further studies.

Of the many barriers that prevent youth from completing secondary education and continuing their education, psychological barriers are least often addressed by educators. However, these are very important as psychological factors influence how prospective students respond to other barriers. Evidence suggests that goal setting, mindset and role modelling affect individuals' choice of field of study and then labor market participation. Thus, the project would also support the inclusion of these elements to strengthen the preparation of students to the labor market.

Component Two: Strengthening private sector job creation

2.1 Strengthening contributions to the Tourism Value Chain

The Government's projections for tourism industry growth would translate into an additional 3,300 jobs in the mainstream resort industry. And the expected doubling of the guesthouse subsector would promote labor demand where Maldivians have better prospects to compete with foreign workers. The proposed project will help to expand opportunities for



Maldivians to access more and better jobs in tourism-linked value chains through the following activities:

Enhancing local content in tourism-related food supply chains:

- Work to promote entrepreneurship and employment among local suppliers in a limited set of products and crops which resorts and guesthouses are interested in buying and which are currently in short supply (e.g. fresh produce). SMEs supplying these products will require higher quality standards, as well as business management know-how to ensure timely and predictable supply to resorts. According to anecdotal evidence, previous attempts by cooperatives and grower associations to enhance reliability and professionalism have failed to radically improve the reliability of supply, and this project plans to study the lessons learned and suggest a viable way forward.

Resorts and guest houses

- Work with resorts to mitigate social and structural barriers that restrict the ability of young Maldivian women and men to work in the tourism sector.
- Explore alternative contracting models to test the conditions under which Maldivian female employment in resorts could increase, addressing both the employer and job seeker perspectives.
- Work with resorts to address transport limitations that restrict the ability of Maldivians living in inhabited islands to commute to work in resorts.

Non-resort market niches:

Provide technical assistance to:

- guesthouses and local service providers or potential entrepreneurs to develop and market an expanded set of tourism services to increase connections with local culture and traditional Maldivian activities, including, for example, safari boats (which already have demonstrated their viability), cooking and fishing lessons, restaurants, water sports, and other cultural activities such as performances and tours. The project would support business models that are more closely integrated with local communities through local ownership, higher local employment and a greater ability to mobilize women as part of the workforce.
- support destination planning and management to enhance the sustainability of growth in guesthouses.
- explore activities that enhance the environmental sensitivity and sustainability of the Government's development plans relating directly to tourism or indirectly to the urban development scheme around Greater Male. This could include support to SMEs with potential for entry into emerging value chains that meet tourism providers' or the Government's objectives of improving their green credentials.

2.2 Entrepreneurship development

Spurring job creation and entrepreneurship in tourism and beyond has potential for providing employment for young men and women, both in Male/Greater Male as well as in the islands. Aiming to strengthen existing entrepreneurship and SME programs, the project could include the following:

- Introduce global best practices, into the government's existing SME development programs, namely the "Get Set" program, which provides seed capital to youth interested in establishing enterprises, and the "SME Loan Program," which provides working capital and growth loans to existing SMEs.
- Improve service delivery and reach of Entrepreneurship Centers, with new incubator/accelerator inspired programming and training systems.
- Establish targeted business plan competitions to spur new entrepreneurship.
- Link entrepreneurs to existing tertiary or school-based initiatives.



- Quality standards for upstream supply of products used by resorts

2.3 Investment promotion aimed at economic diversification

The government's efforts to increase agglomeration and densification in Greater Male will accommodate up to 75% of the population. While this initiative will enhance opportunities in the service sector, the broader implications of densification and demand for jobs needs to be planned for. Under this component, efforts would be undertaken to ensure that the appropriate opportunities are explored and created to meet the oncoming demand for higher-quality jobs in Male. Possible activities could include:

- Development of a long-term economic strategy for Male
- Technical assistance on product-space analyses to identify areas of opportunity beyond tourism
- Identification of investment opportunities and development of an investment promotion strategy in the non-tourism sectors
- Assistance with the implementation of core aspects of the economic strategy

Component 3: Program Operations and Technical Support

This component aims to strengthen the capacity of MoE, partner organizations and private sector stakeholders to implement the EHCED. Support under this component will cover coordination, capacity building, monitoring and evaluation, policy research, and communication. The technical assistance and capacity building activities of this component will assist the MoHE to implement the development initiatives of the Project. Monitoring studies would include beneficiary feedback. Communication would enable GoM authorities to disseminate development initiatives. The component will also help MoE to support pilots and innovative approaches, including those based on the behavioral approaches to public policy. The component will fund capacity building for other institutions involved in the project, such as the Ministry of Economic Development and the Ministry of Youth and Gender, too. This component will also finance incremental operating costs for coordination of the Project.

Among technical assistance activities the following will be considered.

1. Strengthening labor intermediation services and establishing monitoring and evaluation of training and other labor interventions. The MoYS is currently implementing an e-platform but so far job seekers have been slow to register. The reasons for low take-up need to be better understood, and the role for Government involvement needs a stronger justification to avoid competing with or encourage the expansion of privately-provided matching services. The project would explore the use marketing techniques to disseminate the MoYS job e-platform to increase job seekers take-up. Technical assistance would also support government communications campaigns to promote alternative career streams for youth, with a focus on social media, and would help to develop and implement a system-wide monitoring and tracking system that can be used to flag imbalances between trained graduates and job placements (e.g., creating a dashboard, linking information systems across ministries so that they can interface using combined data). These campaigns will pay particular attention to reaching out to parents as the evidence suggest that they play a crucial role in their children's decision about study and work. The system would incorporate automatic feedback loops to spur program re-design based on performance outcomes.
2. The project will further provide technical assistance to the Ministry of Economic Development and private sector stakeholders on reducing the cost of regulatory compliance (including credit infrastructure¹ and doing business indicators) and addressing shortcomings in the legal framework governing private-sector activities (such as

¹ Enhancing the depth and scope of information included in the credit registries will be necessary to increase the ability of lenders to identify borrowers with good track records. The inception of an electronic collateral registry will improve the ability of borrowers in remote atolls to post use their assets as collateral.



competition, secured transactions and industrial property laws which are missing). This will involve the development of a formal public-private dialogue platform on investment climate to provide an effective channel for the private sector to inform government policies and define priorities for reform. The design of this platform will need to be sensitive to the potential for capture by key players.

3. As part of the preparation of the technical assistance component, the team will study the feasibility of setting up a behavioral insights advisory group that would support the MoE in the mainstreaming of the behavioral approach across its programs.

Monitoring and Evaluation

The EHCED will focus closely on the monitoring and evaluation (M&E) of results and outcomes. The M&E activities will assess progress towards intermediate and development outcomes, and will aim to: (a) track implementation experience of the project, and strengthen the efficiency of implementation where needed; (b) assess the results achieved under each project component and sub-component; and (c) inform any relevant changes to project implementation. During preparation, a detailed Results Framework, comprising a set of outcomes and intermediate outcomes with baseline information and annual targets to provide a continuous picture of project performance, will be developed for the project. The overall expected outcomes will constitute the key performance indicators that reflect the development objectives of the Operation. The intermediate outcomes will focus on critical milestones for project progress including a set of pre-defined results called disbursement-linked indicators (DLIs). The overall project monitoring activities will be undertaken by the MoE. Other government agencies such as the MoYS, MoT and MoED will monitor activities under their mandates and furnish results to the MoE for aggregation for the overall project. Evaluation activities will generally be contracted out to universities and private consulting firms.

The funding of the EHCED will be linked to performance. Performance will be assessed according to a set of pre-defined results called disbursement-linked indicators (DLIs). During the early years of the EHCED the emphasis on performance will concentrate mainly on implementation progress, especially in relation to processes and intermediate outcomes. During the later years of EHCED performance assessment will focus more on the achievement of results and outcomes. The achievement of DLIs which will determine the release of funds will be verified by an independent third-party verification (TPV) agency.

Vulnerable special groups

The EHCED will also pay particular attention to specific groups of disadvantaged youth. First for youth who have dropped out of secondary schools, have limited skills and suffer from substance abuse, it is proposed to include a sub-component in the project to help such youth in getting rid of the substance abuse problem and provide vocational skills to help them gradually become productive members of the society.

Second, for young island-based women who prefer flexible work that does not require travelling off-island, the project will have a program with ICT skills development, and other related skills that could enable them to work from home for employers throughout the Maldives or beyond. In the case of computer programming, young island-based men and women would have access to basic programming e-work (remote work accessed through web-based platforms). The level at which such training could be pitched – e.g., before grade 9, at grade 9, grade 10 or above – would need to be tested, as would the complementarity with a recently introduced coding initiative. Moreover, the link to related educational streams at higher levels would need to be ensured, to make the alternative curriculum stream fully flexible and stigma-free.

These initiatives would be first tested for the level of such a program to meet the demand and be complementary to other education and training programs. If successful, these pilots would be scaled up to help address the challenge of high youth unemployment.

The Program would support:



- the design and evaluation of pilots to test the cost-effectiveness and impact of financial incentives (such 'direct benefit transfer' or DBT-enabled skills vouchers, transport support, cash transfers, and scholarships) to bolster participation and placement of vulnerable youth.
- the design and evaluation of pilots to test cost-effective methods of offering counselling support as complements to training programs for vulnerable groups and those in remote locations.

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SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Maldives is an island nation in the Indian Ocean oriented north-south off India's Lakshadweep Islands. The Maldives consists of 1,192 coral islands grouped in a double chain of 26 atolls. The country's atolls encompass a territory spread over roughly 90,000 km², making it one of the world's most geographically dispersed countries. Over 200 of its 1,192 islands are habituated by the country's population, with an average of 5-10 islands in each atoll being inhabited islands that have infrastructure such as housing, roads and other facilities built in.. A significant number of uninhabited islands in each atoll have also been converted to resorts and tourism facilities as well as house infrastructure such as industrial facilities and airports.

The atolls are composed of live coral reefs and sand bars, situated atop a submerged ridge 960 km long that rises abruptly from the depths of the Indian Ocean. Maldives is noted as the country placed at the lowest elevation in the world, with maximum and average natural ground levels of only 2.4 m and 1.5 m above sea level, respectively. More than 80 per cent of the country's land is composed of coral islands which rise less than one meter above sea level. The islands consist of coral, sea grass, seaweed, mangrove and sand dune ecosystems which are of great ecological and socio-economic significance. Maldives is home to a number ecologically sensitive marine habitats in shallow and intertidal zones which have been designated as protected areas by the Ministry of Environment and Energy (MEE) and these regions and any activities in their vicinity are stringently monitored and managed.

While the exact locations of project investments are not currently known, project interventions will only be conducted in inhabited islands, which have already been zoned and developed for human habitation.

B. Borrower's Institutional Capacity for Safeguard Policies

The Government of Maldives (GOM) has a number of environmental policies, regulations and standards of specific relevance to environmental protection. The main legal instrument pertaining to environmental protection is the Environmental Protection and Preservation Act (EPPA) (Law No. 4/93) of the Maldives, passed in April 1993. This Act provides the Ministry of Environment and Energy (MEE) with wide statutory powers pertaining to environmental regulation and enforcement. This umbrella law focuses on issues such as environmental impact assessment, protected areas management and pollution prevention. In addition the GoM also enforces the Environmental Impact Assessment (EIA) Regulations, which came into force in May 2007, as per the statutory requirements of the EPPA. The EIA Regulations



have been the basis for Environmental Impact Assessment in the Maldives and since its advent it has helped to improve the quality of EIAs undertaken in the country. Maldives has a sound track record of implementing the Environmental Impact Assessment process. The technical capacity of the EPA is reasonably good in terms of ensuring the adequacy of EIAs and their implementation. The MoE, which will be the main steering ministry, has substantial prior experience in working with the Bank and is familiar with the implementation of Bank safeguard policies and the proposed implementation arrangements for the EHCED will utilize the capacity built during the implementation of previous education projects and the ongoing EEDP.

C. Environmental and Social Safeguards Specialists on the Team

Bandita Sijapati, Social Safeguards Specialist

Mokshana Nerandika Wijeyeratne, Environmental Safeguards Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The project is expected to finance physical interventions associated with improvements to existing infrastructure and new infrastructure institutions for skill development both in the Greater Male Region and outer atolls. It is expected that these activities will take place on existing inhabited Islands. Construction activities may have potential site specific environmental impacts during the construction phase which can be managed with inbuilt due diligence, however the project is not likely to have large scale significant irreversible environmental impacts. Therefore, the project is proposed as Environmental Category B.</p> <p>As the exact locations of project financed physical interventions will be known only during project implementation, as a risk mitigation measure, the client will prepare an Environmental and Social Management Framework (ESMF) to guide project implementation. The ESMF will include guidance on conducting environmental screening, preparation of environmental assessments and management plans as well as on monitoring, which will be key elements in ensuring sound environmental practices during the implementation of physical interventions.</p>
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	Yes	OP/BP 4.04 is triggered on a precautionary basis and measures to ensure any possible impacts to natural



		habitats or sensitive environments are avoided/mitigated and will be covered in the ESMF.
Forests OP/BP 4.36	No	There are no areas classified as forests in Maldives. Any potential impacts on island vegetation are covered through OP/BP 4.04.
Pest Management OP 4.09	No	The project will not finance the purchasing of any pesticides, herbicides or other chemical poisons. Thus, the policy is not triggered.
Physical Cultural Resources OP/BP 4.11	No	No project-supported activities are expected in the vicinity of or will affect physical cultural resources, as defined by OP/BP4.11. However, The project environmental screening format does include screening for PCRs specifically and chance find procedures have been included as part of mitigation measures defined in the ESMF and OP/BP 4.01.
Indigenous Peoples OP/BP 4.10	No	There are no evidence suggesting the presence of indigenous peoples in the Maldives, therefore, this policy will not be triggered.
Involuntary Resettlement OP/BP 4.12	TBD	Land acquisition and resettlement are not expected under the project. Small to medium scale civil works (e.g., constructions/ upgrading of buildings for higher secondary schools and tertiary education institutions) are likely which will take place on existing GoM land. Maldives has a unique land ownership structure where all lands are under government ownership, and all Maldivians are entitled to shelter. Thus, impacts arising from loss of land, assets and livelihoods, are expected to be minimal, if any. The Environmental and Social Management Framework (ESMF) prepared under the project will include guidance on conducting social screening, preparation of social assessments and management plans, if required, to ensure that any impacts from physical and economic displacements, will be mitigated during project implementation.
Safety of Dams OP/BP 4.37	No	This policy is not triggered as there will be no activities that invest on dams or water retention structures. The project does not depend on any existing dams or water retaining structures.
Projects on International Waterways OP/BP 7.50	No	The proposed project activities do not have any impacts on international waterways and therefore this policy is not triggered
Projects in Disputed Areas OP/BP 7.60	No	There are no disputed areas in the Maldives therefore this policy is not triggered.



E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

May 24, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

An environment and social management framework will be prepared, commencing from November 2017 onwards when project interventions are more specifically outlined.

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APPROVAL

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