

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ



Ministry of Economic Development  
Male',  
Republic of Maldives

**Sustainable and Integrated Labor Services (SAILS)**  
**(P177240)**

**Terms of Reference**

to

**Support the Government of Maldives in Building an Employment Services Scheme  
(International Consultant Assignment)**

**1. Background**

*1.1. Government Policy and World Bank Financing*

The Government of the Maldives (GoM) is planning to introduce an unemployment insurance (UI) scheme for formal sector workers. In relation to the UI scheme the government is also planning to reform and extend its Job Center (JC), at the Ministry of Economic Development (MoED), as a means of supporting unemployed UI beneficiaries to regain productive employment, but also to extend access to active labor market programs (ALMPs) to all unemployed Maldivians regardless of their eligibility for UI benefits; this is referred to as the Employment Services (ES) scheme going forward. At the request of the GoM the World Bank is providing development financing towards these objectives through the Sustainable and Integrated Labor Services (SAILS) Project.

*1.2. Consultancy Assignment*

GoM is planning to hire an international consultant supporting the introduction of the ES scheme. The international consultant is expected to collaborate with the GoM to develop a proposal for:

- (i) the conceptual 'jobseeker journey' to be supported by the ES scheme,
- (ii) the design of the ES scheme, including governance and management structure,
- (iii) the implementation plan and implementation support to GoM

*1.3. Labor Market Context*

*1.3.1. Unemployment*

Maldives is an upper-middle-income country with a robust growth trajectory prior to the COVID-19 pandemic. Annual real GDP growth averaged 5.7 percent from 2000 to 2019 and real GDP per capita rose from US\$5,539 in 1995 to US\$10,208 in 2019. In contrast, Maldives has a persistently high rate of youth unemployment. According to the Household Income and Expenditure Survey, the unemployment rate was 5.3 percent in 2019 (about 10,000 Maldivians), but half of this was made up by the young unemployed, with around 10 percent of those aged 15-24 reporting being unemployed. Unemployment rates are higher among poorer Maldivians, and higher in the atolls. It was estimated that



in addition to the unemployed, a further 4,647 workers were ‘discouraged,’ defined as not in employment, available and willing to work, but not actively looking for work. The COVID-19 pandemic is expected to have increased the number of Maldivians out of work and, notwithstanding the government’s income support program, many will need assistance to re-enter the workforce.

### 1.3.2. Employment Patterns by Economic Sector and the Role of Migrant Workers

Prior to the COVID-19 pandemic, employers in growth sectors, such as construction and tourism, struggled to fill jobs with local workers. Access to higher-level and market-relevant skills remains limited in Maldives, especially for youth in the atolls. In addition, survey evidence indicates that youth have unrealistically high wage expectations compared to older cohorts, making them more likely to turn down suitable job offers. As a result, employers have routinely hired migrant workers for high-skill jobs in tourism (particularly in resorts), education and healthcare, and for low-skill jobs in construction. Regulatory considerations could also contribute to the preference of employers in certain sectors preferring to hire migrant workers over Maldivian jobseekers. The demand for skilled labor in the broader services sector has also been met by migrant workers, who accounted for one-third of the resident population in 2019. Many of these migrant workers were sent home during the pandemic (including many undocumented workers) and the government is seeking to encourage more Maldivians to take up these jobs during the recovery. In order to do so, the government will need to improve both the matching of skills training programs to the demands of employers (including the growing green and blue economy sectors) and address the misperceptions held by youth about the career paths and likely earnings available to them.

### 1.3.3. Constraints Facing Women in the Labor Market

The female labor force participation (LFP) rate is relatively low, at 46 percent. In comparison, the male LFP rate is 77 percent. About 50 percent of young women are not in education, employment or training (NEET), often due to household chores and childcare responsibilities that limit their employment options. The share of women in the 15-24 age group who are NEET is 24.4 percent, versus 20.6 percent for men. The gender pay gap also disincentivizes women from working. Average monthly earnings in 2019 were MVR 12,169 for men, compared to MVR 7,995 for women. After controlling for observable factors, the gender pay gap was 49 percent in the private sector and 24.4 percent in the public sector. In the tourism sector only 10 percent of workers are female, of which three percent are local employees. Women face gender norms that prevent them from working in certain industries, or from taking jobs or courses requiring travel away from the family and use of onsite accommodation (which is common in the tourism sector and may preclude higher education especially for those living in the atolls). Family care obligations are also an explanatory factor.

### 1.3.4. Preference for Public Sector Jobs

The public sector has been a key absorber of skilled workers, accounting for 14 percent of total employment in 2019. Public sector employment is seen as relatively more attractive due to its flexibility, benefits and better job security. These attributes are prized highly by jobseekers, especially women, and raise the reservation wage and reservation job quality for private sector jobs. Queueing for public sector



jobs increases the unemployment rate and deprives private firms of better skilled and more capable workers. However, given the fiscal constraints and a growing working age population, job creation in the public sector will be unable to keep pace with the supply of jobseekers.

#### *1.3.5. Informality*

While the Employment Act extends protection to formal sector workers, more than a third of workers have only informal employment. Out of the total Maldivian workforce of 181,144 in 2019, 68,000 worked in the informal sector. Occupations with high rates of informality are food processing, woodworking, garment and other craft and related trades workers; handicraft and printing workers; agriculture, forestry and fishery workers; and building and related trades. Women are more likely to be informally employed, and informal employment rates are higher in the atolls and for older and less educated workers. Informality is a concern not only because of precarity of employment and income, but also because informal workers tend to earn less and experience a higher incidence of poverty. A recent study found that the formal sector wage premium was 35 percent in the private sector and 15 percent in the public sector. However, a growing proportion of young Maldivians are pursuing casual and self-employment by choice, preferring autonomy and flexibility. The challenge will be to ensure these workers are able to save effectively for retirement and to cope with any income shocks they face during their productive years.

#### *1.3.6. Labor Market Information*

A lack of labor market information limits the capacity of training providers to respond to private sector skills requirements and perpetuates unrealistic wage expectations among youth. There is no regular national labor force survey, although the government is planning to introduce one. The government also lacks a Labor Market Information System (LMIS) that can deliver real-time data on unemployment claims, vacancies, and placement rates. This lack of data hampers the government's ability plan for future developments in skills, welfare, and active labor market programs (ALMPs).

#### *1.3.7. National Job Center*

Recognizing this need for enhanced labor market information and ALMPs, the MoED is expanding the Job Center, a government agency with an online job-search tool. The Job Center shows promise as the hub of future ALMP service delivery and information exchange with other agencies including the Maldives Bureau of Statistics (MBS). The Job Center's online portal was scaled up to register beneficiaries for the ISA program in 2020 in response to the COVID-19 pandemic, and its capacity is now being developed further to refer ISA beneficiaries to training and apprenticeship opportunities. To further scale and build capacity for a true government employment services agency, the President of the Maldives, Ibrahim Mohamed Solih constituted the National Job Center as a separate office under the Ministry of Economic Development in February 2023. Building capacity for a true government employment services agency is key for the success of ES and UI schemes.

#### *1.3.8. Decentralization in the Delivery of Government Services*



-4-

The government is finalizing a National Spatial Plan (NSP), a 20-year roadmap for infrastructure, spatial development, and decentralization. The NSP envisages the decentralized development of regional hubs, sub-regional centers, and other islands, with a focus on reducing overcrowding and congestion in the capital. Such decentralization calls for new modes of delivery of public and private services. The government plans to expand the Job Center's physical presence beyond its single service center in Malé, with physical offices in five regional hubs and staff placed at other selected island council offices.

### 1.3.9. UI and ES Embedded in the Government's Strategic Action Plan

As part of its Strategic Action Plan, the government intends to introduce a new Unemployment Benefits Act that will extend contributory social insurance to all Maldivian workers. The government will establish an unemployment insurance (UI) scheme that provides up to 3 months financial support to enrolled workers who are laid off from their jobs. This will be complemented by an integrated program of job search assistance and labor market reinsertion initiatives. While the ultimate objective of the government is for the UI scheme to cover all workers, in its initial stages the UI scheme will be established for workers with Maldivian Retirement Pension Scheme (MRPS) accounts (i.e. public and private formal sector workers). The UI scheme will be designed to complement the MRPS. The ES scheme will serve as a platform for strengthening ALMPs, addressing the challenges faced by Maldivians in finding employment, and building an integrated LMIS. The scheme will pursue partnerships with government and non-government agencies aimed at promoting female employment, filling strategic gaps in the labor market (such as green and blue economy jobs), and replacing migrant workers with locals in the tourism industry. The ES will be financed by the government, initially through the project, and will be available to formal and informal workers alike.

## 2. Consultancy Assignment Details

### *2.1 Deliverables and Activities*

The international consultant is expected to develop three deliverables to be delivered in close coordination with the GoM. The assignment includes information collection for the deliverables, continuous engagement with key stakeholders throughout the assignment, the submission and presentation of draft deliverables to the GoM, and the revision of the deliverables based on GOM and stakeholder feedback.

#### 2.1.1 Deliverable 1: Inception Report

*The objective of the Inception Report is to establish a detailed activity plan and timetable to implement the international consultancy contract.* The collaborative production process of the Inception Report facilitates an agreement between the government and the international consultant on the implementation of the consultancy. Consequently, the Inception Report addresses the process of developing Deliverables, including the plan for collaboration with government entities and other stakeholders. The



Inception Report also needs to address how the timeline of developing Deliverables would align with the plans of the GoM to introduce and implement the proposed UI and associated ES schemes.

2.1.2 Deliverable 2: Proposal for Jobseeker Journey and the Design of the Employment Services Scheme, including governance and management structure

*The design of a well-functioning ES scheme needs to build on a carefully designed and contextually well-understood jobseeker journey.* This includes the understanding of the channels through which jobseekers enroll in the ES scheme (e.g. online or in-person voluntary or mandated registration, referral by UI scheme, etc.), the changing composition of services available to jobseekers during the unemployment spell (e.g. digital only employment eservices, in-person jobseeker counselling, job matching and placement services, skills development interventions, special interventions for ‘hard-to-place’ jobseekers, etc.) and the institutions that should provide these services (Job Center, nongovernmental skills development service providers, nongovernmental employment services agencies, etc.). The jobseeker journey needs to consider the patterns (e.g. geographic and gender composition) of unemployment and the institutions and their capacities available to service jobseekers. The consultant is expected to propose the optimal jobseeker journey for the Maldives as a foundation for the design, governance and management of the ES scheme.

*Based on the proposed jobseeker journey, the consultant is expected to propose the design of the ES scheme and also the mechanisms for its governance and management.* The proposed design for the ES needs to address what institutions (e.g. Job Center, other government entities, NGOs and private sector entities) provide what services to the jobseekers in line with the proposed jobseeker journey. It will define the bundle of services to be provided. The proposal needs to assess what functions (e.g. jobseeker case management, digital employment services, development of partnerships with employers), capacities (e.g. staffing, physical and IT infrastructure, knowledge acquisition) and support systems (e.g. jobseeker case management system, jobseeker profiling system, LMIS) each of the entities playing a role in the ES scheme will have to acquire. The proposal needs to extend to the mechanisms that would govern the interconnected activities of the various players under the ES scheme at the system level.

The proposed governance and management arrangements need to be embedded in the established rules of the GoM (or propose additional rules and regulations needed to ensure functionality) and should be based on a locally appropriate adaptation of best international practices for the design and management of employment services. In general, the proposal for governance and management should demonstrate a clear linkage between employment placement outcomes, decision making, and the flow of financing through the ES system.

2.1.3 Deliverable 3: Proposal for Implementation Plan for the Employment Services Scheme

The international consultant is expected to work closely with the GoM and other stakeholders to develop an implementation plan for the ES scheme the GoM approves based on the above. The implementation plan needs to consider the interdependence of various activities, it needs to propose institutional



responsibility assignments and timed milestones. The plan needs to define implementation plan for the minimum bundle of services for the scheme to be operational and those that can be rolled out gradually, including the formulation of service delivery standards of the Job Center to maintain consistency in service delivery and align operational framework with overall objectives. The plan should define key roles for the staff and agencies involved and lay out a clear package of trainings they will require to begin service provision.

The timeline of the implementation plans needs to align with certain employment services requirements imposed by the implementation schedule of the UI scheme and the timeline of SAILS project.

Finally, the deliverable also needs to include a proposal for monitoring progress along the implementation plan.

## *2.2 Timeline*

*The international consultant is expected to work closely with the Job Center, MoED and other stakeholders to submit final versions of all deliverables over May – August 2023 (estimated). Draft deliverables need to be submitted to the SAILS Project Director, and feedback needs to be addressed and / or incorporated before the submission of the final deliverables.*

The schedule of developing each of the deliverables is subject to agreement between the consultant and the GoM, as initially set in the Inception Report, and it could be revised as the consultancy progresses. The consultancy can be extended as it may be necessary.

## *2.3 Availability and Travel*

The international consultant is expected to pursue the assignment in continuous communication with GoM and other stakeholders including regular communication via video conferences. The consultant is also expected to travel to the Maldives at least three times during the consultant assignment. Each of these trips should include a mix of activities on:

- Developing the technical content of the deliverables of the consultancy in partnership with key government officials and other stakeholders,
- Providing hands-on implementation support, and
- Facilitating monitoring discussions with the government on the status of progress of the consultancy in the context of the progress towards the introduction and implementation of the UI and ES schemes. These monitoring discussions are expected to set agreed responsibilities of the various parties until the following monitoring discussion at the next trip of the consultant to the Maldives.

The plans for consultancy related travel may be revised as travel restrictions and risks due to the COVID-19 pandemic make it necessary.



#### 2.4 Consultant Effort and Compensation

An indicative 35 consultant days' worth of consultant effort over a period of 4 months is assigned for this international consultancy including the time spent on travel to and from the Maldives. However, the consultancy is compensated in a combination of completion of deliverables (fixed amount compensation per deliverable) and actual consultant time devoted for the capacity building activities (time-based compensation). The schedule of expected effort and related compensation for the consultancy is included in the table below.

| <i>Activity</i>                                       | <i>Effort / Compensation</i>                     |
|---|--|
| Deliverable 1 – inception report                      | Equivalent to compensation of 5 consultant days  |
| Deliverable 2- Jobseeker journey and ES scheme design | Equivalent to compensation of 15 consultant days |
| Deliverable 3 – Implementation plan and support       | Equivalent to compensation of 15 consultant days |

### 3. Professional Qualifications of the International Consultant

The consultant is expected to possess at least 10 years hands-on experience with the operations and the management of employment services and broader set of employability enhancing interventions in environments governed by performance management mechanisms that drive employment outcomes.

Demonstrated track record in leading capacity building efforts in employment services organizations and the public sector is a must.

Candidates with experience in both hands-on operational / management experience with employment services and advising governments on how to set up government systems and financing mechanisms, involving both government and nongovernmental service delivery organizations, for employment services schemes will be strongly preferred.

Experience with working as international consultant in an international development setting either directly with developing country governments or on client focused efforts through international development (finance) agencies is a significant plus.