



# Validation Report

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Reference Number: PVR-396  
Project Number: 33217  
Loan Numbers: 2028  
February 2015

## Maldives: Employment Skills Training Project

Independent Evaluation Department  
**Asian Development Bank**

## ABBREVIATIONS

ADB	–	Asian Development Bank
CBST	–	competency-based skills training
EIRR	–	economic internal rate of return
ESC	–	employment sector council
LMIS	–	labor management information system
MHREL	–	Ministry of Human Resources, Employment and Labor
MHRYS	–	Ministry of Human Resources, Youth and Sports
MOFT	–	Ministry of Finance and Treasury
PCR	–	project completion report
PIU	–	project implementation unit
TVET	–	technical and vocational education and training

## NOTE

In this report, "\$" refers to US dollars.

### Key Words

adb, asian development bank, career guidance, competency-based training, employment, expatriate workers, human resource development, maldives, poverty intervention, skills training, technical and vocational education and training, tvet

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## PROGRAM BASIC DATA

<b>Project Number:</b>	33217	<b>PCR Circulation Date:</b>	Jun 2012	
<b>Loan Numbers:</b>	2028	<b>PCR Validation Date:</b>	Feb 2015	
<b>Project Name:</b>	<b>Employment Skills Training Project</b>			
<b>Country:</b>	Maldives		<b>Approved</b> (\$ million)	<b>Actual</b> (\$ million)
<b>Sector:</b>	Education	<b>Total Project Costs:</b>	7.50	4.53
<b>ADB Financing:</b> (\$ million)	<b>ADF:</b> 6.00	<b>Loan:</b> (SDR equivalent, million)	6.00	3.92
		<b>Borrower:</b>	4.20	2.57
	<b>OCR:</b> 0.00	<b>Beneficiaries:</b>	1.50	0.61
		<b>Others:</b>	0.00	0.00
<b>Cofinancier:</b>		<b>Total Cofinancing:</b>	0.00	0.00
<b>Approval Date:</b>	2 Dec 2003	<b>Effectiveness Date:</b>	5 Aug 2004	6 Aug 2004
<b>Signing Date:</b>	7 May 2004	<b>Closing Date:</b>	31 Mar 2009	29 Feb 2012
<b>Project Officers:</b>	L. Gutierrez M. Otsuka L. Gutierrez K. Chowdhury G. S. Song	<b>Location</b> ADB headquarters ADB headquarters ADB headquarters ADB headquarters ADB headquarters	<b>From</b> Dec 2003 May 2005 May 2006 Feb 2008 Nov 2011	<b>To</b> Apr 2005 Apr 2006 Jan 2008 Nov 2011 Feb 2012
<b>Validator:</b>	M. J. Walsh, Consultant	<b>Peer Reviewers:</b>	F. Ahmed, Lead Results Management Specialist, IED2 B. Prakash, Consultant	
<b>Quality Reviewer:</b>	E. Gozali, Principal Evaluation Specialist, IED1	<b>Director:</b>	W. Kolkma, IED1	

ADB = Asian Development Bank; ADF = Asian Development Fund; IED1 = Independent Evaluation Department, Division 1; IED2 = Independent Evaluation Department, Division 2; OCR = ordinary capital resources; PCR = project completion report; SDR = special drawing right.

## I. PROJECT DESCRIPTION

### A. Rationale

1. The Maldives is a small economy that relies on essentially two avenues for sustained growth—primarily the development of its human resources and, secondary, the marine and fisheries sector. The economy has been growing steadily but the supply of domestic labor has not met demand; the gap is being filled by expatriates, who are often preferred by employers as they have lower expectations for wages and working conditions in general. The supply gap for skilled and semiskilled positions is partly caused by a mismatch of skills in the Maldives' local workforce. The country has a large potential workforce of unemployable youth who, despite having completed primary education, do not continue on to further education because incentives are lacking, secondary schools are insufficient, and skills training programs are limited and of often poor quality. Consequently, the country increasingly depends on expatriate workers, depriving the Maldives' citizens the opportunity to benefit from economic growth.

2. Job prospects for the large group of unemployed youth depended on their undergoing skills training and qualifying for specific occupational areas of need, which would make them more productive, hence, more attractive to employers than expatriate labor. They needed

access to high-quality skills training programs that offer better job prospects in expanding and attractive occupations. Hence, the project<sup>1</sup> was designed to (i) provide youths with employment-oriented skills training; (ii) improve public perception of training and employment in local skills-oriented occupations; (iii) make available employment-related information to more people in the Maldives; and (iv) strengthen the capacity for labor administration and labor market analysis.

## **B. Expected Impact**

3. The expected impact, stated as the goal in the design and monitoring framework (DMF), was the increased number of actively employed skilled men and women in the Maldives. This was to be measured through a 5% increase in labor force participation rate from 2003 to 2009.

## **C. Objectives or Expected Outcome**

4. The expected outcomes as stated in the project description (report and recommendation of the President [RRP], para. 25) and purpose in the DMF were to provide more employment-oriented skills training in various occupations and improve the capacity to develop and deliver competency-based skills training (CBST). This was to be reflected by (i) increased access to employment-oriented skills training that would benefit at least 6,000 youth, (ii) greater capacity of education and training providers, (iii) better-informed Maldivians of the employment situation and opportunities, (iv) more positive attitudes of parents and youth toward vocational and technical occupations, and (v) improved analysis of labor market information. This validation notes that an improved approach to and quality of training must accompany the quantitative target for training (6,000 persons) for it to be more employment-oriented. Likewise, greater capacity of training providers should not be measured only by the number of workshops developed and held but also by more tangible signs of capability and/or improved staff qualifications or similar measurements of institutional qualities.

## **D. Outputs**

5. The project supported employment skills training through three broad outputs or components, which targeted (i) training design, development, and delivery; (ii) career guidance, employment information, and social marketing; and (iii) capacity strengthening of the Ministry of Human Resources, Employment and Labor (MHREL). Each component was broken down into several subcomponents.

## **E. Provision of Inputs**

6. The total project cost was estimated at \$7.5 million equivalent with the Asian Development Bank (ADB) providing a \$6.0 million loan to finance 80% of the total project cost. The government was to provide the remaining \$1.5 million equivalent of counterpart financing. The actual project expenditure totaled \$4.5 million equivalent (\$3.9 million from ADB and \$0.6 million from the government). The project's environment safeguard category was C (no significant adverse impact expected).

## **F. Implementation Arrangements**

7. At appraisal, the Ministry of Finance and Treasury (MOFT) was designated as the executing agency for the project, and the MHREL was the project implementing agency. A

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<sup>1</sup> ADB. 2003. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of the Maldives for the Employment Skills Training Project*. Manila.

project implementation unit (PIU) headed by a project manager was to be responsible for the timely implementation of all project components and procurement packages. Working groups would coordinate and guide the implementation of project components and activities. A project steering committee would facilitate policy dialogue and coordination between ministries and agencies and advise the project manager of concerns and all aspects of project implementation issues.

## II. EVALUATION OF PERFORMANCE AND RATINGS

### A. Relevance of Design and Formulation

8. The project completion report (PCR)<sup>2</sup> rated the project *highly relevant*. The relevance criterion considers the relevance of both the objectives and design. It assesses three issues: the extent to which (i) the proposed outcome of the project is consistent with the country's development priorities and strategy, beneficiary needs, and ADB's country and sector strategies and corporate goals and policies—both at appraisal and at completion; (ii) the results chain on project inputs, activities, outputs, outcomes, and impacts is logical and underlying assumptions are appropriate; and (iii) the formulated design and its approaches, including the modalities and instruments, are an appropriate response to the identified problem.

9. On the first issue, the PCR noted the consistency of the proposed project objectives at appraisal and at completion with the government's national development plans and ADB's country strategy and program.

10. On the second aspect, this validation notes the structural deficiency in design. For example, the allocation of financial resources to different components at appraisal changed drastically during implementation. Project implementation involved selected activities and outputs that were planned at appraisal but were not implemented, such as the establishment of the Maldives Network for Employment Training (MNET) to manage the delivery of the CBST, which was considered too costly and no longer necessary. The appraisal envisaged cost recovery on training delivered but the PCR argued that this initiative was impractical and/or unfair as other forms of public education are provided for free up to post-secondary level. A large number of secondary school teachers were trained following the project design to function as focal points for career guidance in their schools, but they were proven unsuitable for this role. These issues revealed problems or shortcomings in the original output and activity selection.

11. On the third issue, closer consultations with employers to develop training courses for more diversified skills were considered the appropriate approach to spread income-generating opportunities across atolls and reduce risks to economic shocks. Given the design-related issues encountered during implementation (para. 10), this validation rates the project *relevant*.

### B. Effectiveness in Achieving Project Outcome and Outputs

12. The effectiveness criterion looks at whether the project outcome was achieved or is expected to be achieved. The successful delivery of outputs is also considered. The PCR rated the project *effective*.

13. In examining the project activities and outputs reported in the PCR and mission reports, this validation has fundamental concerns. Under component 1 (training design, development,

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<sup>2</sup> ADB. 2012. *Completion Report: Employment Skills Training Project in the Maldives*. Manila.

and delivery), which is the main project component, the processes of developing and delivering enhanced CBST were slow and disorganized during the first 5 years (2004–2008). For example, the first step—to determine skills demand through consultations with the private sector in the employment sector councils (ESCs)—only started in 2007 (PCR, Appendix 1). The subsequent step—to develop a revised national vocational qualifications framework—was started in 2008 and finalized in September 2009 (5th year), instead of by the 14th month of implementation as planned at appraisal. A related work was to develop skills standards for a minimum of 40 occupations of which 25 were still being reviewed at project completion. These delayed completion of the initial works squeezed the follow-on activities (developing teaching material, teachers training, institution building, and delivering the actual training) into a very tight time frame (2009–2011).<sup>3</sup> In delivering the CBST, the planned establishment of the MNET regional offices to undertake overall coordination of training programs was not realized. The single technical and vocational education and training (TVET) office established under the new Ministry of Human Resources, Youth and Sports (MHRYS) had limited capacity and representation in the regions. The construction of training and residential facilities at the Maldives Polytechnic was canceled because counterpart funds were lacking. The training delivery was outsourced to individual private and public skills training providers but there was no evidence that they were accredited to deliver the CBST. Of the total training sessions or types of training funded by the project, only 49% were estimated to be CBST; the rest were community skills training and other modules of training that had existed before the project. As such, the project did not achieve employment-oriented skills training at the scale and quality envisaged at appraisal.

14. Under component 2 (career guidance, employment information, and social marketing), the project's social marketing was considered effective. Media campaigns (on television, radio, and print) gave parents and youths a better perception of skilled vocational occupations. However, the activities under the two other subcomponents—career guidance and effort to better disseminate job opportunities—did not progress well. Although trained to provide career guidance to youth, teachers were not used for the task. This role was subsequently assumed by the career guidance working group of the MHRYS. Institution building on career counseling for the Ministry of Education and the MHRYS had limited success (PCR, para. 20). The planned career-guidance kiosks were not established in schools. Only 8 out of the proposed 21 island residents were trained to assist in disseminating employment information.

15. Component 3—capacity building for the MHREL in labor administration—was not fully accomplished (PCR, paras. 23–25). The project supported the drafting of the Employment Bill in 2008, which governs and clarifies employer and employee rights and obligations. Project staff and consultants finalized various studies to explore, among others, strategic options to promote domestic employment and to some extent replace expatriates with domestic workers; these were generally well received. On more directly building the capacity of concerned ministries, there were shortfalls in results. The subcomponent to the staff development plan and other improvement plans for the MHREL were finalized but their recommendations were not implemented because of the reorganization at the MHREL. Another subcomponent, which focused on developing a labor management information system (LMIS) to allow timely monitoring of changes in workforce, skills needs, and gaps was not used because of lack of funding to gather data. A gender action plan was also not developed as planned; the PCR noted that despite the significant challenges encountered in engaging women for training, the gender training target was met. No analysis was made to show the proportion of women among the

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<sup>3</sup> The project was financially closed in February 2012.

youth trained under the project and the proportion of women among those trained who succeeded in obtaining jobs.

16. The project's intended outcome was to provide more employment-oriented skills training and improve the government's capacity to deliver enhanced vocational training. At project completion, this validation considers that not enough youths received enhanced training and thus fully benefited from the enhanced CBST modules as originally intended. Despite the completed capacity-building steps, delivery of training of trainers for the CBST, and national policy making and sector management, the capacity built did not cover the scale envisioned for the number of staff. There were substantial doubts about whether the system or business process improvements were adopted and utilized. Based on the foregoing, this validation rates the project *less than effective*.

### **C. Efficiency of Resource Use in Achieving Outcome and Outputs**

17. The PCR rated the project *highly efficient*. Efficiency is a measure of how well the project used resources in achieving the outcomes. Two main questions are addressed: (i) to what extent the project achieved, or is expected to achieve an economic internal rate of return (EIRR) that is higher than ADB's cut-off rate (resource efficiency); and (ii) how efficiently the project was implemented (process efficiency).

18. As discussed in para. 13, project implementation suffered extensive delays in 2003–2008. The PIU and the project steering committee were established late and the government was undergoing a reorganization and the approach to various project activities were being modified. To better monitor and expedite all activities, a well-appreciated effort started in 2008 and carried on thereafter. In the end, project completion was delayed by 3 years behind the original schedule. The project as such was considered less than efficiently implemented.

19. In efficiency of resource utilization, the PCR presented an EIRR at completion of 51% compared with the 33% at appraisal. The higher reestimated EIRR was attributed to the lower project cost (\$4.5 million versus the appraisal estimate of \$7.5 million) while the number of youth trained were about 5,829 as compared with the 6,000 targeted at appraisal. However, focusing on the incremental economic benefits of the project, this validation notes that at completion the project provided employment-oriented CBST only to 49% of the trainees. The others received community applied training and other non-CBST modules, which were already existing before the project (i.e., under the “without-project” scenario). Further, even for the CBST, the delivery of quality training was a concern. Given the relatively high return rates calculated in the PCR, this validation is of the view that the project's economic return may still be above 12%. In balance, given the poor process efficiency but adequate expected returns on the resource expended, this validation rates the project *efficient*, although at the borderline.

### **D. Preliminary Assessment of Sustainability**

20. The PCR rated the achievements *likely sustainable*. The sustainability criterion looks at the probability that the human, institutional, financial, and natural resources are sufficient to maintain the outcome achieved over the economic life of the project and that any risks need to be or can be managed. This validation notes the efforts made particularly after 2008 to deliver better CBST and the establishment of the TVET authority. However, funding and resource commitments after the project do not clearly ensure that the authority and newly established MHRYS will be able to effectively manage the tasks of analyzing requirements, and then deliver quality and relevant training (including relevant certification and accreditations). The prospect

for delivering the CBST is problematic as well in an environment where there is no policy or plan to recover cost, even partly the CBST costs. The recent validation of the Maldives' Economic Recovery Program<sup>4</sup> suggested that government spending has been too high and unsustainable since 2008 as reported by the International Monetary Fund (IMF) and ADB's Asian Development Outlook for 2014. Although this development is beyond the intervention of this project, the fact that TVET is being delivered with no cost recovery is a concern. The government established the Maldives Polytechnic in April 2010. However, without renewed commitment to fund the necessary infrastructure, the polytechnic will not be able to deliver on any training target. Beyond training delivery, specific plans to strengthen concerned ministries and improve the information system were not implemented. Overall, this validation assesses this project *less than likely sustainable*.

## **E. Impact**

21. The PCR rated the project impact *significant*. The intended impact of the project was the increase in the number of actively employed Maldivians. The PCR noted that during the implementation period the country's labor participation rate increased from 59.1% in 2003 to 65.3% in 2009 and attributes that partly to the project deliverables. This validation notes, however, that the achieved project outputs were relatively small compared with the country's needs. A tracer study that tracked 2% of the youth trained found that 30% of them were able to subsequently find jobs compared with the expected 50% at appraisal. It did not provide the average, however, of the success rate in employment search under the without-project scenario.<sup>5</sup> The extent of the contribution of completed project activities to the stated impact is unclear. This validation rates project impact *moderate*.

## **III. OTHER PERFORMANCE ASSESSMENTS**

### **A. Performance of the Borrower and Executing Agency**

22. The PCR rated the performance of the MOFT as executing agency *less than satisfactory*. Project implementation was delayed partly because of the late recruitment of consultants. Although several factors, including a lack of suitable applicants, caused the delay, the MOFT could have been more proactive in ensuring timely recruitment. Because of a lack of counterpart funds, several project outputs were also not completed such as the establishment of MNET and the building for the polytechnic. Finally, following the reorganization of the MOE and the Ministry of Higher Education, Employment and Social Security, and the creation of the MHRYS, the MOFT should have ensured sufficient funding to ensure that the TVET institute was effectively staffed. This validation rates the MOFT performance *less than satisfactory*.

### **B. Performance of the Asian Development Bank**

23. The PCR rated ADB's performance *satisfactory*. This validation notes that no clear analysis was provided on how ADB might address and overcome implementation delays in 2003–2008. ADB made a commendable effort to redesign activities in 2007–2008 and beyond to expedite implementation and address challenges such as the shortfall in counterpart funds. Since substantial loan funds were still available, the implementation period could have been further extended to help achieve outputs and sustain benefits. ADB could have given more attention in supporting the restructured MHRYS and the new TVET authority to enhance the

<sup>4</sup> ADB. 2014. *Validation Report: Economic Recovery Program in the Maldives*. Manila. <http://www.adb.org/sites/default/files/PVR-341.pdf>

<sup>5</sup> PCR, Appendix 5, para. 6.



policy dialogue with the private sector, fund further surveys/data gathering to demonstrate LMIS usefulness, and create greater synergies with the other ADB projects. This validation rates ADB performance *less than satisfactory*.

#### IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

##### A. Overall Assessment and Ratings

24. Based on the above analysis for relevance, effectiveness, efficiency, and sustainability, this validation assesses the project *less than successful* (see table).

##### Overall Ratings

Criteria	PCR	IED Review	Reason for Disagreement and/or Comments
Relevance	Highly relevant	Relevant	
Effectiveness in achieving project outcome and outputs	Effective	Less than effective	At completion, there were not enough youths receiving enhanced competency-based skills training (CBST). Inadequate progress was made in capacity building to deliver the CBST and improve sector management (paras. 12–16).
Efficiency in achieving outcome and outputs	Highly efficient	Efficient	Project implementation was <i>less than efficient</i> . While there were issues in the recalculation of economic internal rates of return at completion, resource utilization was considered efficient. Overall, project rating is <i>efficient</i> although at the borderline (paras. 17–19).
Preliminary assessment of sustainability	Likely sustainable	Less than likely sustainable	Specific plans to strengthen the concerned ministries and improve the information system were not implemented. Incomplete training facilities, low budgetary resources, and a lack of cost recovery raise a concern over the sustainability of CBST delivery (para. 20).
<b>Overall assessment</b>	<b>Successful</b>	<b>Less than successful</b>	
Impact	Significant	Moderate	Achieved project outputs were relatively small compared with the country's needs, especially since some key targeted outputs were not completed. The extent of the contribution of completed project activities to the stated impact is unclear (para. 21).
Borrower and executing agency:	Less than satisfactory	Less than satisfactory	

Performance of ADB:	Satisfactory	Less than satisfactory	No clear analysis given about actions that could have been taken to overcome implementation delays in 2003–2008. A further extension of project implementation, especially when loan funds were still available, may have allowed more outputs to be accomplished and sustainability strengthened (para. 23).
Quality of PCR:		Less than satisfactory	Refer to para. 29

ADB = Asian Development Bank, CBST = competency-based skills training, IED = Independent Evaluation Department, PCR = project completion report.

Note: From May 2012, the Independent Evaluation Department views the PCR's rating terminology of "partly" or "less" as equivalent to "less than" and uses this terminology for its own rating categories to improve clarity.

Source: ADB Independent Evaluation Department.

## B. Lessons

25. The PCR details several lessons from the project to which this validation concurs. It is also important that the project design correctly balance the envisaged outputs with the planned implementation time, the capacity of the executing and implementing agencies, and project resources to avoid overambitious outputs and outcomes. It is essential that implementing units are properly established at inception with competent staff that are knowledgeable about their expected roles in implementing projects of assistance.

## C. Recommendations for Follow-Up

26. The project at appraisal envisaged the establishment of an LMIS that would gather useful information for guiding the ESCs in identifying high-demand occupations and then developing demand-driven CBSTs. Continuing attention is needed to ensure data are collected and the LMIS will eventually be operational.

27. This validation agrees with the issues raised in the PCR about strengthening the capacity of (i) the TVET authority to serve as the lead agency for sector oversight; (ii) the ESCs to further develop and update competency standards; and (iii) the National Career Guidance Council to perform its functions more fully in providing career guidance and making vocational occupations more acceptable socially. ADB should sustain what has been achieved in changing public attitudes toward demand-driven skills training and further develop and monitor training courses for quality assurance.

## V. OTHER CONSIDERATIONS AND FOLLOW-UP

### A. Monitoring and Evaluation Design, Implementation, and Utilization

28. The PIU established a project performance monitoring system that included a list of verifiable indicators for monitoring and evaluation of project outputs and outcomes. However, no evidence is given to show that any monitoring of the quality of the training was provided, or whether feedback was sought about the training.

**B. Comments on Project Completion Report Quality**

29. The requirements of ADB's Project Administration Instruction 6.07 were followed in preparing the PCR. The PCR provided comprehensive, interesting, and frank information about project outputs, activities, and other aspects of implementation. However, there were gaps in the assessments of performance in the five criteria of relevance, effectiveness, efficiency, sustainability, and impact. The PCR quality is, therefore, rated *less than satisfactory*.

**C. Data Sources for Validation**

30. This validation made use of the RRP; the PCR; ADB review mission reports dated 10 April 2007, 3 April 2008, 23 January 2009 (Midterm Review and Aide-Memoire), 2 June 2009, 1 June 2010, and 4 June 2010 (final review and aide-memoire); and some previous PCR validation reports.

**D. Recommendation for Independent Evaluation Department Follow-Up**

31. A project performance evaluation report would highlight a number of challenges under each evaluation criterion, which would be worth investigating further to obtain useful lessons for future TVET initiatives in general and for education initiatives in the Maldives.