

DEVELOPING SKILLS IN YOUTH TO SUCCEED IN THE EVOLVING SOUTH ASIAN ECONOMY



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BHUTAN COUNTRY REPORT

Bhutan has made significant progress despite being a small landlocked country



Economy grew at an average of 6.62% over the period 2014-18



Poverty reduced from 23.3% in 2007 to 8.2% in 2017



Literacy rate increased from 59.5% in 2005 to 71.4% in 2017



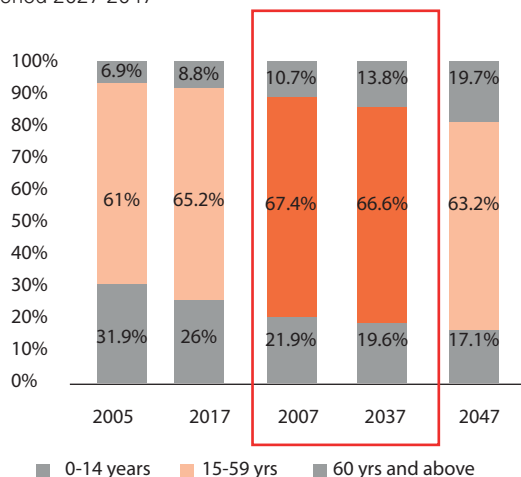
HDI increased from 510 in 2005 to 612 in 2017

1. Demographic Projections

Bhutan currently has a high population of youth. The working age population is estimated to increase over the next few years and will peak in the period 2027-2047, reaching 0.8-0.85 million.

There is a limited time window for Bhutan to realise the demographic dividend. Skill development of youth pre-requisite to reap the dividend.

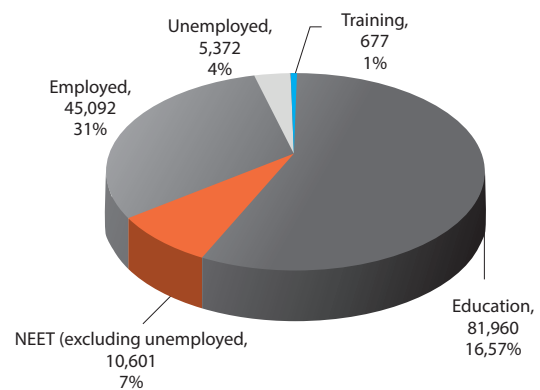
Figure: The working age population will peak in the period 2027-2047



Source: Population projections Bhutan 2017-2047, NSB

2. Youth and Unemployment

Youth unemployment, especially for educated Bhutanese, has remained high with 67 percent of bachelor's degrees holders reported jobless in 2016.



Source: Estimated from Census 2017 and Annual Education Statistics 2018

- Although Bhutan is benefiting from economic growth featuring hydro-power, the employment required in the power sector is very small.
- Increasing number of people move out of agriculture every year¹ (World Bank, 2019) due to falling agricultural productivity. Those moving out of agriculture are estimated to be youth who lack market oriented skills for decent employment opportunities.
- There is a high prevalence of women as own-account workers/contributing family workers (about 83%) in agriculture, which drives up the share of women in vulnerable employment².

3. Youth Labour Market Projections

Labour market projections reveal that youth labour supply would exceed demand, combined with skills shortage and mismatch

¹ Reportedly, 12,300 people on an average have moved out of agriculture during 2003-2010.

² Vulnerable employment is defined as the sum of the employment status groups of own account workers and contributing family workers. They are less likely to have formal work arrangements, and are therefore more likely to lack decent working conditions, adequate social security and 'voice' through effective representation by trade unions and similar organizations. Vulnerable employment is often characterized by inadequate earnings, low productivity and difficult conditions of work that undermine workers' fundamental rights

- If all formal sector projected job growth of the 12th Five Year Plan [16000 jobs] were filled by youth now in schools and training, there would still be 54000 youth without formal employment.
- Within the projected 16000 new jobs, the following factors may also occur: skills shortage (technical and transferrable); youth unwilling to migrate to the place of work; jobs not aspirational enough and construction jobs taken up by foreigners.

4. What are the major issues?



High number of out-of-school children and adolescents



Discouraged and/or disadvantaged NEET adolescents category



Prevalence of high youth unemployment rate



Low female Labor Force Participation due to household responsibilities and social barriers



Lack of adequate access for youth with disabilities



Limited access and opportunities in rural areas results in high rural-urban migration

5. Supply Side Assessment: Education and Transitioning to Work

Despite a good track record by Bhutan in investing in human resources, Bhutan needs to improve the vocational content in schools, enhance retention measures to stop children leaving school and bring the out of school youth back in paths towards employment.

- Significant decline in youth who never attended schools in 2018 compared to 2005, however high dropout rates observed (NSB, 2018) (NSB, 2005).
- Lack of vocational training integration - current curriculum structure prepares children for desk jobs fuelling the existing stigma against blue collar jobs. This has partially resulted in high number of graduates without jobs as employers report graduates have degrees but not the skills.
- Lack of awareness about alternative forms of employment such as entrepreneurship.
- Limited basic computer education and inadequate internet connectivity in public primary schools (AES, 2018).
- Shortage of adequate teaching methods especially for youth with learning disability.

Technical and Vocational Education: TVET is not aspirational

Focus Group Discussion (FGD) excerpt from a response in TTI, Thimphu (March 2019)

'The institute has no boarding facilities and the stipend paid is 'too low' to sustain here (Thimphu- a high cost of living urban city). Moreover, we have to work with non-functional automobile equipment which makes it difficult to find work. This further drives down the entry level wages as employers demand work experience on live vehicles'

- Low salary, limited decent jobs and lack of social security in vocational employment makes TVET less attractive (VOY FGDs).
- Limited intake capacity; lack of adequate boarding facilities, inadequate physical infrastructure and training on outdated equipment.
- TVET graduates also don't see much of a pathway to pursue higher academic education and career progression (MoLHR, 2016)

Barriers and challenges faced by youth towards meaningful employment.

'I have been rejected by employers while searching for jobs because I cannot talk properly and due to difficulty I face using my hands like other people. I wish to open my own tailoring shop and become financially independent and successful in life and wish to stay here for learning higher skills in tailoring and weaving.' - Youth with disability (both physical and cognitive)

- Significantly high prevalence of women (83%) engaged in 'vulnerable employment' in agriculture.
- Limited opportunities for higher education and 'decent jobs' leads to out-migration.
- Lack of work experience, lack of confidence, lack of jobs and employers hiring within their network are revealed to be the biggest Inter-personal barriers to getting work (VoY Survey).
- Gender stereotypes and patriarchal norms are reported to be prevalent within the workplace.
- Disabled youth are confronted by a lack of access to information, education system difficulties, limited access to TVET centers, and a lack of specialized vocational trainers. Training institutes evidently lack disable-friendly infrastructure and facilities.
- Youth with disabilities living in rural areas face additional challenges in terms access to education and training as opportunities are mostly concentrated in urban areas (Department of Youth and Sports, 2015).

6. Demand Side Assessment: Future of jobs

Five 'Jewels' or priority areas have been identified by Royal Government of Bhutan (RGoB) for sustainable economic growth and/or employment generation - Hydropower, Tourism, Agriculture, Mining and Cottage & Small Industries (CSI).

Tourism and Hospitality (T&H) - Flagship program to intervene in 5 districts and diversifying into new tourism products to generate jobs particularly in rural areas.

CSI and Entrepreneurship (CSI) - Identified to have huge untapped potential for achieving 'inclusive, resilient and diversified' economy. CSIs constitute more than 95 percent of total industrial enterprises encompassing myriad of sectors.

Preparing for emerging opportunities - ITES/ICT, knowledge based economy and Industry 4.0 - Expansion of digital space will open up opportunities in gig economy, digital media, app (mobile application) delivery services, facilitate start-ups for e-commerce.

Agriculture - Flagship programs (12th Five Year Plan and SDG Integration, 2019) announced to generate farm employment along with increase in farm incomes.

Hydropower - Economic diversification and import substitution in power-intensive transport will increase employment in energy intensive industries.

Construction - (12th FYP HRD Masterplan, 2018) projects 1892 jobs in 12 FYP with majority of these (1373) centred around Thimphu region. These jobs are projected in hydro power projects, government initiated infrastructure development projects among others. The construction of Sunkosh hydropower project in Dagana is planned to start soon. This would bring employment opportunities for youth in Dagana, which is the poorest Dzongkhag in Bhutan (NSB, 2018).

Mining - The Mines and Minerals Bill of Bhutan 2020, introduced recently makes it obligatory to the miners of the eligible affected community for employment opportunities. It also highlights skilled and non-skilled workers as important requirements for its implementation.

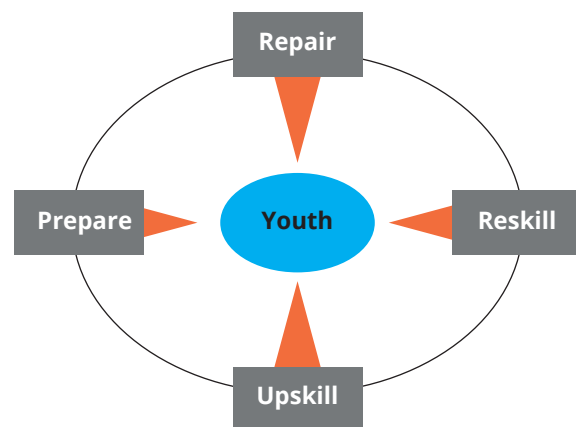
Healthcare - Significant scope in delivery of services in this sector due to staff shortages at various levels in both public and private sector. Typical job-roles facing shortage are those relating to hospital management, data management. Incidentally, all staff employed in the health sector is Bhutanese.

Migration International -As on June 2019, 6,935 youths were engaged through the overseas program with 4372 females and 2563 males. Most have migrated to Qatar, Kuwait, Japan and Dubai . There are six registered overseas agencies catering to different employment programs largely in Middle East, Japan, UK, Thailand and India.

Rural-Urban - The recently launched Comprehensive National Development Plan 2030 by the Royal Government of Bhutan plans to address rural-urban migration through designation and development of nine urban development areas.

7. What is the way forward?

- Enhance the entrepreneurship ecosystem and further push overseas employment opportunities to cater to the remaining 54,000 job seekers entering the job market.
- Of the estimated 48,000-50,000 migrants into Bhutan, 88 percent of which enter the construction sector, some share may be taken up by Bhutanese youth.
- Four-Pronged Strategy to facilitate skill development of various youth groups including Not in Employment Education Training (NEET) Adolescents



Repair the estimated 10000 NEET adolescents through normal TVET, TVE alternative pathways, recognition of prior learning, community learning centres and youth centres.

Prepare the 'flow' of youth entering the job market, who are currently in the education and training institutes. Pathways include competency based DIY programs in schools, etc. and industry relevant soft and transferable training (critical thinking, design thinking, leadership, communication skills, creativity, problem solving and endurance) in general education.

Reskill the youth - involved in subsistence agriculture and those moving out of it – to address the distress in agriculture and also increase employability in the non-farm sector (farm mechanisation extension etc.)

Upskill to meet the current and future needs of industry (e.g. emerging technologies, IT).

8. Recommendations

Government

1. Enhance ICT based training and equipment in schools, to be complemented by building a robust overall IT infrastructure.
2. Incentives to employers to set up child care centres.
3. Expedite the introduction of sign language curricula, aids and teachers for youth with speech and hearing impairments.
4. Enter into Mutual Recognition Agreements (MRA) with other countries; Ensure International Accreditation and Certification; Explore International Partnerships for Sourcing Start-up for facilitating opportunities for overseas employment and skill development.
5. Pursue Alternate TVE Pathways and Non-Formal Education to strengthen vocational orientation in schools and inclusion of NEET adolescents towards skill development. Introduce design thinking and critical thinking in schools.
6. Restructuring of the Apprenticeship Training Program on the lines of 'dual system of training'³.
7. Increase employment opportunities in tourism and hospitality⁴, closer to home for women living in rural areas.
8. Promote and strengthen Civil Society Organisations, including micro-credit CSOs, working with Women Self Help Groups

Industry

1. Enter into MoUs with training providers for increased industry engagement (for apprenticeship, OJT, curriculum development, Training of Teachers, sharing of latest equipment among others).
2. Establish Business Processing units/call centres - an industry with relatively low capital requirements compared to other labour intensive industries - to capitalise on the Bhutan's English speaking population.
3. Introduce short term foreign language courses for tour guides. Hire more female tour guides to meet the demand of female tourists preferring female guides.

4. Set up incubation centres across the country and make it accessible for youth, thereby encouraging youth to be innovators⁵.

TVET Institutions

1. Build TVET annual throughput of 30,000, around 600 trainers (1:50 ratio) and additional 60 TVET centres would be required.
2. Successful models that could be looked into include - Training partner driven Centres of Excellence (PM Kaushal Kendras), Apprenticeship System in TVET (Sri Lanka), Chittagong Skills Development Center (Bangladesh), Campus Based Skills University (Bhartiya Skills University) among others.
3. Enhance industry engagement in TVET by entering into MoUs with industry



³ Countries such as Japan and Germany among others have successfully implemented such apprenticeship training programs. Under this dual system of training, the theory and basic fundamentals about equipment, tools and safety is imparted in training centres while trade/sector specific OJT (on-the-job training) is given in the industry.

⁴ Primary survey reveals that many employers in the Tourism and hospitality sector prefer women to men. Female guides are preferred by many female tourists. Women in Royal Institute of Tourism and hospitality also report that hospitality is a sector because of less manual labour

⁵ Fablabs Bhutan is a case for instance where 15 incubation centres are planned to be set up, spread over the country, allowing people to explore technologies such as 3d printing among others and thereby, make products for the well-being of the community, and youth becoming entrepreneurs in the process