

Formulation of National Employment Policy for Bhutan National Employment Policy



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**Deloitte Touche Tohmatsu India
Private Limited**

Deloitte Centre, Anchorage II,
100/2, Richmond Road,
Bangalore 560 025 India
Tel - +91 80 6627 6000

Bangalore, India

6th Jan 2012

To:

Director,

Department of Employment, Ministry of Labour and Human Resources,

Royal Government of Bhutan,

Thimphu, Bhutan

Dear Sir,

As a part of the project '*Formulation of National Employment Policy*' for the Royal Government of Bhutan, we are glad to submit the National Employment Policy document along with this letter, for your kind perusal.

Thanking you.

Yours sincerely,

S Sasi Kumar

Name and Title of Signatory: S Sasi Kumar, Director

Name of Firm: Deloitte Touche Tohmatsu India Private Limited

Address: Deloitte Centre, Anchorage II, #100/2 Richmond Road, Bangalore 560025

List of Abbreviations

Abbreviation	Expansion
ABSD	Accelerating Bhutan's Socio-economic Development
ATP	Apprenticeship Training Programme
BCCI	Bhutanese Chamber of Commerce and Industries
BVQF	Bhutan Vocational Qualifications Framework
CSI	Cottage and Small Industries
DAHE	Department of Adult and Higher Education
DCRD	Department of Curriculum Research and Development
DEO	Dzongkhag Education Officer
DHI	Druk Holding and Investments
DoE	Department of Employment
DoHR	Department of Human Resources
DoL	Department of Labour
DoOS	Department of Occupational Standards
DSE	Department of School Education
DYS	Department of Youth and Sports
EDP	Economic Development Policy
ERS	Employment Responsibility System
FDI	Foreign Direct Investment
FYP	Five Year Plan
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
GNH	Gross National Happiness
GNHC	Gross National Happiness Commission
HRD	Human Resource Development
ICT	Information and Communications Technology
ILO	International Labour Organization
IZC	Institute of Zorig Chusm
LMID	Labour Market Information Division
LMIS	Labour Market Information System
MFI	Micro-Finance Institution
MoAF	Ministry of Agriculture and Forests
MoE	Ministry of Education
MoEA	Ministry of Economic Affairs

Abbreviation	Expansion
MoLHR	Ministry of Labour and Human Resources
MPI	Multidimensional Poverty Index
MSME	Micro, Small and Medium Enterprises
NEP	National Employment Policy
NGO	Non-Governmental Organization
NHRD	National Human Resource Development
NMW	National Minimum Wage
NOSS	National Occupational Skill Standards
NSB	National Statistics Bureau
NWF	National Work Force
OGTP	One Gewog Three Products
OHS	Occupational Health and Safety
PEEP	Pre-Employment Engagement Programme
PPP	Public-Private Partnership
PSDC	Private Sector Development Committee
R&D	Research & Development
RCSC	Royal Civil Service Commission
RIM	Royal Institute of Management
RNR	Renewable Natural Resources
RUB	Royal University of Bhutan
SEZ	Special Economic Zone
SME	Small and Medium Enterprise
SSC	Sector Skill Council
SSDP	Special Skills Development Programme
TCB	Tourism Council of Bhutan
TTI	Technical Training Institute
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
VSDP	Village Skills Development Programme
VTI	Vocational Training Institute

Concepts and Definitions

This section defines the important concepts and terms used in this report.

- **Employed¹**: Person who has performed some paid work in cash or in kind, during the reference period² for at least one hour or the person has a job or business formally attached but temporarily absent from the work and going to resume the work.
- **Unemployed³**: Unemployment is based on three categories which are to be followed simultaneously. They are - 'without work', 'available for work', and 'seeking work'.
- **Disguised unemployment or underemployment** is defined as workers possessing skills that are not fully utilized in their jobs. It can refer to situations wherein workers with high education, skill levels, and/or experience are employed in jobs that do not require such abilities or arise from involuntary part-time work, where workers who could be working for a full work-week can only find part-time work. Underemployment can also refer to situations of overstaffing whereby economic units employ workers who are not fully engaged.
- **Work⁴**: According to International Labour Organization (ILO) standards and United Nations 1993 System of National Accounts, work includes any kind of works or businesses including collecting water or firewood, cow herding, tailoring or making mates, etc. even for the households' own consumption.
- **Occupation⁵**: Type of work done during the reference period by the persons employed (or the kind of work done previously if unemployed), irrespective of the industry or the status in employment of the person. It provides description of a person's job.
- **Earnings⁶**: Major or main source of income through which the person earns a livelihood viz. wage, salary, bonuses, incentives and tips, etc.
- **Establishment⁷**: An economic unit, generally at a single physical location, where business is conducted or where services or industrial operations are performed.
- **Industry⁸**: Activity of the establishment in which the employed person worked during the reference period.
- **Full employment⁹**: It is a condition of the national economy, where all or nearly all persons willing and able to work at the prevailing wages and working conditions are able to do so.
- **Nature of employment¹⁰**: Nature of employment or employment status comprises the following codes:
 - Regular paid employee: A person who performed some kind of work, during the reference period, for wage or salary, in cash or in kind.
 - Casual paid employee: Those employees who work as and when they find the job for which they get paid either in cash or in kind.
 - Family worker (Non-agriculture) A person who helps in an economic enterprise operated by a member of his/her family without payment of wages or salary in the non-agriculture sector.
 - Family worker (Agriculture) A person who helps in an economic enterprise operated by a member of his/her family without payment of wages or salary in the agriculture sector.
 - Own account worker (Non-agriculture): A person who operates his own enterprise all alone in the non-agriculture sector and does not employ anybody to operate his/her enterprise, nor is employed by anybody.
 - Own account worker (Agriculture): A person who operates his own enterprise all alone in the agriculture sector and does not employ anybody to operate his /her enterprise, nor is employed by anybody.
 - Self-Employed: A person who works for his own enterprise but sometimes hire others.
 - Employer: A person who employs at least one person in his/her enterprise directly or through another person whom he pays in cash or in kind.
 - Piece/Contract paid worker: A worker who has a temporary contract to do a particular piece of work, but is not an employee of the company who they are working for.

- **Small family business**¹¹: Businesses owned and operated by immediate family members, with less than 10 employees including any family members actually employed.
- **Disabled**¹²: A person is considered 'disabled' if he or she is physically unfit for work, mentally unsound, blind or deaf.
- **Migration**¹³: Movement of people across a specific boundary for the purpose of establishing a new or semi-permanent residence. There are two types of migration comprising international migration (movement between countries; immigration) and internal migration (movement within the country; emigration).
- **Transition Rate**¹⁴: Number of pupils (or students) admitted to the first grade of a higher level of education, in a given year, expressed as a percentage of the number of pupils (or students) enrolled in the final grade of the lower level of education in the previous year.
- **Repetition Rate by grade**¹⁵: Number of repeaters in the given grade in a given year, expressed as a percentage of the total enrolment in the same grade in the previous year.
- **Survival rates by Grade**¹⁶: Percentage of a cohort of pupils (or students) enrolled in the first grade of a given level or cycle of education in a given school-year, who are expected to reach successive grades.
- **Student-Teacher Ratio**¹⁷: Average number of pupils per teacher at a specific level of education, in a given school-year. Teachers are defined as persons whose professional activity involves the transmission of knowledge, attitudes and skills that are stipulated in a formal curriculum programme to students enrolled in a formal educational institution

Project Brief

Project Background

The Royal Government of Bhutan has consistently placed high priority to the creation and promotion of quality employment opportunities for all its citizen in all its five year development plans. The current unemployment rate of 3.1%¹⁸ is not so high by international standards. However, there are concerns relating to the situation of youth and female unemployment and underemployment in the country.

The causes of the rising unemployment situation can be attributed to various economic, demographic and social factors. One major reason for the slow growth in employment has been that the country's growth in recent years has largely been capital intensive with faster growth in sectors that have low employment elasticity, whereas the traditionally labour intensive sectors such as agriculture have witnessed relatively slower growths. At the same time, there has been a vast expansion in school enrolment and it has given rise to the huge numbers of young people entering the labour market.

Many of these educated youth, who constitute the majority of the growing ranks of the unemployed do not have the employable skills, knowledge or aptitude required by the labour market. This is further compounded by the apparent mismatch between the expectations of youth on the remuneration, quality and location of employment and the inherent labour market realities. In addition to the growing numbers of educated youth searching for employment, there are also an increasing number of people migrating to urban centers in search of better job prospects.

While employment demand has scaled up considerably in view of the above reasons in recent years, there has been limited employment expansion, particularly in the civil service and public corporations which are the preferred employment choices for most educated youth currently. This limited public sector employment scenario appears unlikely to improve significantly in the near future. The small and underdeveloped private sector too has not been able to fulfil the potential of becoming the engine of growth and provider of employment.

The lack of adequate regulatory framework in relation to corporate/professional practices, governance, career growth opportunities for workers, competitive remuneration, working conditions, benefits, etc. has also tended to discourage employment absorption due to a lack of confidence between both potential employers in private sector and jobseekers/employees. Employers are also concerned about the increasing "job hopping" tendencies of young Bhutanese and the subsequent loss of time (especially on inducting and training new people) and investments which discouraged them from employing, especially the youth entrant. At the same time, many young people were not attracted to work in the private sector and at times remained unemployed on account of low quality jobs, lack of career opportunities and poor remuneration.

Currently the employment related issues are being addressed through various development programmes implemented by the Ministry of Labour and Human Resources. It is also addressed as an important cross-cutting theme. To this end, at present the employment issues are tackled through multiple programmes implemented by multiple agencies which also result in duplication of efforts and waste of resources.

With the current system of dealing with the employment issue, it would be difficult to address the existing problem of mismatch of demand and supply in the labour market of the country without being guided by a comprehensive National Employment Policy (NEP).

Scope of work

The overall objective of the consultancy service is to develop a comprehensive National Employment Policy suitable for Bhutan that will serve as an umbrella policy encompassing employment issues by providing overall direction to all concerned agencies in their efforts towards eliminating mismatch between supply and demand in the labour market and by providing a framework towards the goal of achieving gainful and decent employment for all women and men in the labour force. More specifically it aims at:

- accelerating employment growth in the formal sector; and
- improving the quality of jobs (in terms of productivity, earnings, and protection of workers) in the informal sector.

The scope of work as for this assignment is as follows:

- Review the existing employment situation at sectoral level and related policies and strategies developed by various ministries/agencies. (e.g. Economic Development Policy, General Education Policy, Tertiary Education Policy, National Human Resource Development Policy, Labour Administration Policy, Vocational Education and Training Policy, etc.)
- Study the Industrial Development Policy
- Study future development plans of the country
- Study labour statistics generated from the Labour Market Information System (LMIS) and National Statistics Bureau
- Based on information from the above, prepare National Employment Policy that clearly spells out specific policy statements that will dynamically respond to the country's immediate and future employment issues
- Identify appropriate strategies for translating the policy statements into implementable programmes
- Conduct series of consultative workshops/meeting with various stakeholders to finalize the Policy

Structure of the report

The report on the National Employment Policy of Bhutan consists of three sections as follows:

- The first section, *Framework of Employment and Policy Formulation*, outlines the framework for the study and details the factors affecting employment. This section highlights the framework and methodology that has guided the framing of the National Employment Policy for Bhutan
- The second section contains the introduction, context and rationale for the National Employment Policy
- The third section contains the National Employment Policy including the goal, objectives and policy statements

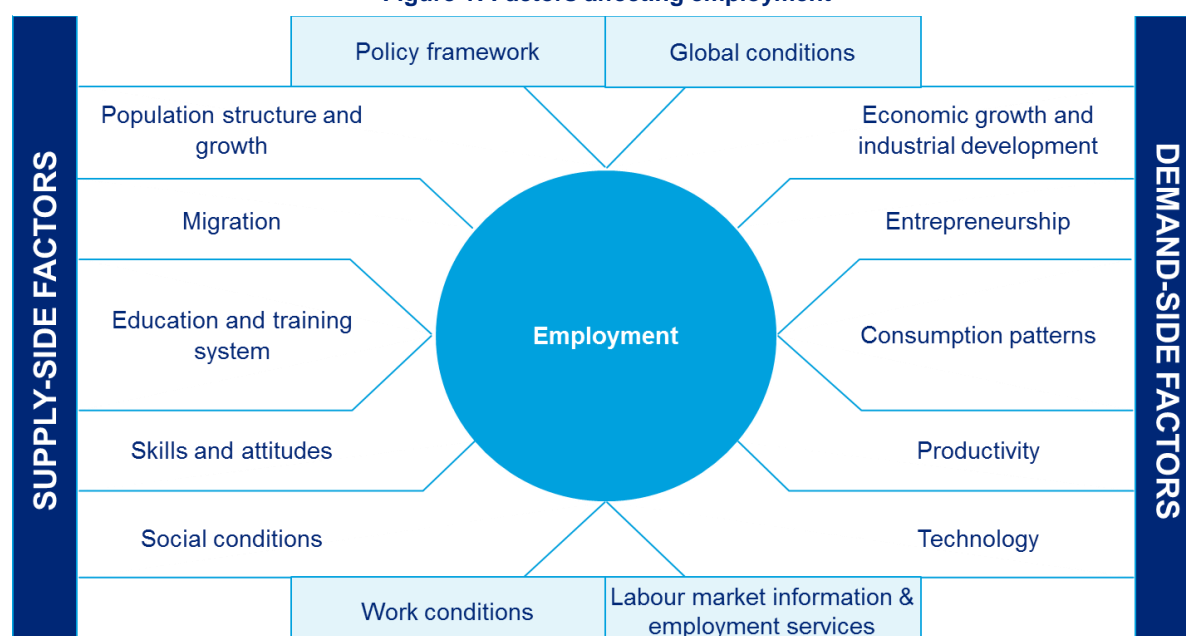
Additionally, the annexures include, details of the stakeholder interactions held between 29th September and 16th December, 2011 and a summary of the of key issues affecting employment in Bhutan and objectives of the National Employment Policy.

Framework of Employment and Policy Formulation

Employment and related linkages

The employment situation in a country is a derivative of various factors that influence demand and supply for labour. A range of demographic, economic, structural and policy factors shape thereby constitute key linkages to the employment system. The figure below illustrates some of the key variables from the demand and supply perspectives, which have a bearing on the employment situation in a country. While this is not an exhaustive list of factors that impact employment, this constitutes some of the key aspects of the employment ecosystem.

Figure 1: Factors affecting employment



Supply side factors

- Population structure impacts the supply of labour through factors such as the size of the working age population and the labour force. A growing population with a rising share of youth and those within the working age would result in a higher supply in the labour market.
- Migration can be either international or domestic (within the country). Migration again impacts the labour supply as people either enter or exit the employment market in a particular area/region. Domestic migration, particularly from rural to urban areas can often result in unemployment while the migrants seek jobs.
- Education and training is a key factor that prepares the labour force with the knowledge, skills and qualifications for finding employment. This has a key bearing on the quality of the labour supply in a country.
- Skills and attitudes have a bearing on the supply of labour. Apart from basic and technical skills provided by the education and training system, other variables such as manual skills and abilities, behavioural skills, entrepreneurial skills shape the supply of labour. Attitudes impact labour supply through the willingness of the people to engage in employment.
- Social conditions such as the ability of women and persons with disabilities to join the labour force and seek employment also impact the supply of labour.

Demand-side factors

- Demand for labour is essentially a derived-demand driven by the overall demand for goods and services in an economy. Demand for goods and services stimulate production/economic activity which, in turn, generate employment as firms/industry would require additional manpower to expand output. The growth could be in the public or private sectors. A key factor in developing economies where a majority of the population lives in rural areas is the growth in both agricultural and non-farm sectors.
- Entrepreneurs invent/adopt a new product or process and thereby generating new employment opportunities in a country.
- Productivity is a key factor impacting demand for labour as higher labour productivity can lower costs of production, thereby increasing the demand for labour.
- Technological changes could result in a decreased demand for labour. It may also result in skill redundancy if workers lack the technological skills required in the new types of occupations. Alternatively, technological changes can result in new products, new markets, or increased productivity thereby increasing demand for labour.
- Consumption patterns influence employment by affecting the demand for goods and services. Changing consumption patterns could result in a fall in demand for one sector with increasing demand in another.

Factors affecting demand and supply

- A country's policies have a major bearing on its employment situation. Economic and fiscal incentives to promote a sector can result in higher employment in those industries while other policies such as immigration policies can impact the supply of labour in a country.
- Global political and economic conditions shape the employment patterns in a country through both demand and supply dimensions. Structural shifts in the world economy could result in production of certain goods and services shifting from one country to another, thereby increasing demand for labour. High levels of economic growth in a country could also result in lower levels of migration to other countries in search of job opportunities and higher wages.
- Factor affecting working conditions such as wage levels, adherence to labour regulations and employment support policies can act as incentives for employment and attract labour to industry/sector. However, high wages and excessive regulations may pose a challenge to employers and thereby reduce demand for labour.
- Labour market information and other employment services such as job fairs, job counselling, employment exchanges provide details on the existing employment scenario to both job-seekers and employers and facilitate the alignment of demand and supply of labour.

Unemployment

Unemployment refers to a situation where persons who are willing and able to work, are unable to secure work or economic activity which gives them income or means of livelihood. There are various forms of unemployment, some of which are described below:

- **Voluntary unemployment** is attributed to the individual's decisions to remain unemployed
- **Frictional unemployment** refers to the situation when people are unemployed as they are in between jobs or seeking employment. This reflects the fact that it takes time for people to find and settle into new jobs.
- **Seasonal unemployment** is a frequent occurrence in occupations such as agriculture when demand for labour is high only during certain periods of the years.
- **Structural unemployment** occurs due to a mismatch between the skills of the unemployed workers and the skills needed for the available jobs
- **Cyclical unemployment** occurs when there is not enough aggregate demand in the economy to provide jobs for everyone who wants to work
- **Disguised unemployment** or **underemployment** is defined as workers possessing skills that are not fully utilized in their jobs. It can refer to situations wherein workers with high education, skill levels, and/or experience are employed in jobs that do not require such abilities or arise from involuntary part-time work, where workers who could be working for a full work-week can only find part-time work. Underemployment can also refer to situations of overstaffing whereby economic units employ workers who are not fully engaged.

Unemployment is a major challenge facing economies due to its various associated costs. It leads to stress and loss of self-esteem and also has health implications in the form of increased susceptibility to malnutrition, illness, and depression. Prolonged unemployment can result in workers losing their skills. Social costs of unemployment include higher crime rates resulting from people with less disposable income than before. High levels of unemployment can also have political implications arising from civil unrest.

Employment in the Bhutanese context

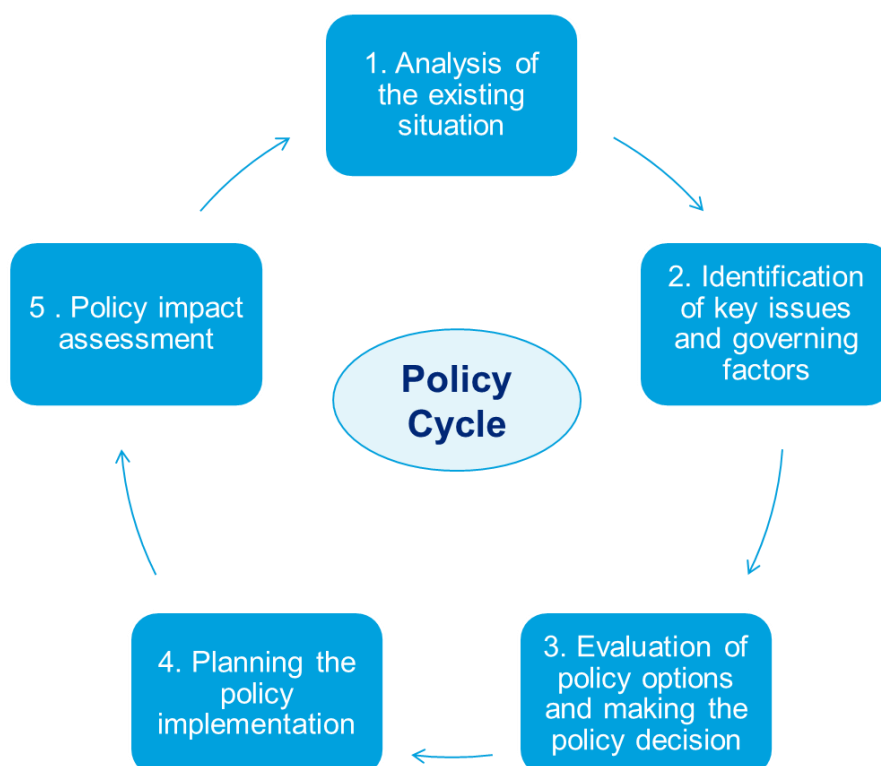
In the context of Bhutan, it is essential to consider the role of employment within the Gross National Happiness (GNH) framework of the country. GNH is the overriding philosophy of socio-economic development, social welfare and governance in Bhutan and one of the four pillars of the GNH framework is '*Enhancing sustainable and equitable socio-economic development*'. Creating the appropriate conditions for happiness of people is the mandate for the Royal Government and its different ministries and agencies. Happiness is not possible if people are not gainfully employed and can provide suitable and sustainable livelihoods for themselves and their families. Hence, employment is conducive to happiness and prosperity of people. The various costs of unemployment highlighted in the previous section demonstrate the importance of providing employment to the people of the country. Achieving this mandate necessitates the provision of gainful employment to the people of Bhutan, thereby ensuring adequate, sustainable livelihoods and standards of living.

Framework and methodology for employment policy formulation

Policy formulation in itself is a multifaceted process, shaped by the nature and scope of the policy. Policy making relating to employment adds another challenging dimension arising from the complexity of the employment ecosystem due to the various factors that affect and are affected by employment. Attending to the demands of diverse stakeholders, while undertaking policy changes, is a significant challenge.

A balanced perspective of policy making requires an appreciation of the political and institutional aspects of policy formulation. In the context of an employment policy, one of the key characteristics of the employment system lies in its direct and indirect linkages with the socio-economic structure. Therefore, any policy changes in this field would have socio-political and economic dimensions which would have to be carefully assessed while developing a policy.

Understood in this context, the task of developing a National Employment Policy for Bhutan is both complex and challenging. The nature of this task necessitates a definitive framework to guide and direct the policy formulation process. Being a strategic, national-level initiative, it is also important that the adopted framework be supported by sound theoretical foundations, research and experience. Based on literature review of the policy formulation process, we decided to adopt a framework for developing an employment policy that is founded on policy planning and implementation frameworks proposed by international organizations including the International Labour Organization (ILO)¹⁹, the World Bank²⁰ and the United Nations Educational, Scientific and Cultural Organization (UNESCO)²¹. The framework follows the policy cycle approach, and includes the following policy-planning and implementation processes: Analysis of the existing situation and issue identification; generation and evaluation of policy options; making the policy decision; planning the policy implementation and; monitoring and policy impact assessment.

Figure 2: The Policy Cycle Approach

The following section details this approach in relation to the theoretical basis suggested by the ILO, World Bank and UNESCO frameworks for the policy planning process.

1. Analysis of the existing situation

The policy formulation process begins with an assessment of the broader context and background of the country as well as an analysis of the employment sector and its related linkages. Factors such as demographic shifts, education and training trends and growth patterns in various sectors of the economy, have a significant impact on labour markets. Understanding the institutional framework of employment and related factors aids in understanding the institutional set up and its coordination mechanism with regard to employment policies and programmes. A review of existing indicators, policies and programmes affecting employment helps to assess the current labour market situation in the country.

The process of formulating a National Employment Policy for Bhutan was initiated with a review of the institutional framework and role of key institutions in the labour and employment ecosystem. This was followed by a situational assessment of the broader socio-economic context of the country. From the demand perspective, key sectors in the economy as well as those with high growth potential were identified, particularly from an employment perspective. This facilitated the identification of major employment opportunities in Bhutan, which forms the basis to skill the workforce for future employment. From the supply-side of the employment system, the demographic projections and status of the education and training system were assessed as the skill development capacity of the country will significantly influence the quality of the manpower entering the workforce / job market.

The existing employment scenario in the country was also reviewed in order to identify trends in employment patterns and to assess the key issues in the system. Additionally, key policies impacting employment in the country including existing employment policies, education policies as well as other development policies and plans were reviewed to understand their linkages and perspectives on employment in the country. As the overall objective of the development process in Bhutan is to maximise the Gross National Happiness of the country, a review of the GNH framework and its policy implications was also undertaken.

Inputs from stakeholder interactions as well secondary research were used to assess the employment scenario in Bhutan. Extensive consultations with a wide range of stakeholders including employees, employers, job seekers, students, faculty and management of delivery institutes, ministry officials and representatives from industry and non-governmental organizations were held. The detailed list of stakeholders consulted for this study is presented in the Annexure to the report.

STAKEHOLDER CONSULTATIONS FOR DEVELOPING NATIONAL EMPLOYMENT POLICY

- Over 200 stakeholders (from 50 different sets/types) consulted through meetings, workshops and field visits
- These include officials from ministries, industry bodies / representatives / employers, employees, students, faculty and management of education and training institutes, job seekers and CSOs
- Stakeholder consultations held in Thimphu, Phuentsholing, Gelephu and Samdrup Jongkhar

2. Identification of key issues and governing factors

The theory, research and experience suggests that the situational assessment should further extend to sector analysis, including an identification and understanding of the major sectoral issues relevant to the region. It also recommends that policy makers and planners identify interest groups, understand their perspectives and assess their openness to reform.

Towards this end, a detailed sectoral analysis to identify the key issues affecting employment in the Bhutanese context was required. From the demand-side perspective, the **key sectors from an employment perspective** had to be identified and assessed to determine the challenges they face. The factors hampering **private sector growth and development** also needed to be considered, since the private sector has been identified as the engine of growth in the country. Factors affecting **entrepreneurship** were to be assessed, along with the challenges in **rural employment**, which contributes a significant share of total employment in the country.

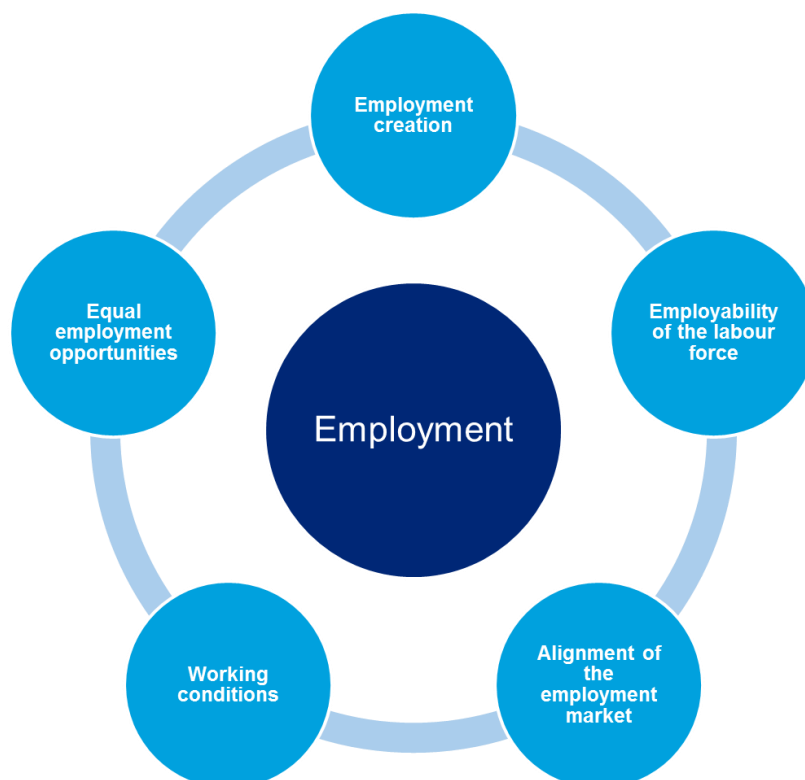
From the supply-side, the challenges facing the **education and training system** in the country had to be understood as it is primarily responsible for producing skilled/ qualified manpower for employment in various sectors. Additionally, the **employability of the labour force** on dimensions such as knowledge, skills and attitudes and the extent of skill enhancement and training provided to employees by organizations needed to be assessed. The extent of **underemployment**, being a key issue affecting several emerging economies, had also to be understood and assessed.

Considering factors that affect supply and demand in the employment market, issues relating to the broader **policy and regulatory environment** affecting employment had to be identified, since the lack of a co-ordinated policy approach is often a key challenge. The current status, adequacy and efficiency of **labour market information** and **employment services** also had to be reviewed.

In addition, issues linked to labour market policies had to be considered since these directly impact employment. Concerning the aspect of decent work, the availability of adequate **working conditions** and **equal employment opportunities** for all sections of society, particularly for **women and other disadvantaged groups**, had to be assessed. With increasing urbanization, issues relating to **migration and regional development** also had to be identified in order to facilitate a comprehensive review of employment in Bhutan to identify key issues.

From the policy planning and intervention perspective, these factors affecting employment were consolidated into five key dimensions, in alignment with the broad objectives of this study. These five dimensions and their categories, which are detailed below, facilitated a comprehensive review of the employment scenario and its related linkages in Bhutan, while maintaining a focused approach to guide the assessment of key issues and policy formulation relating to employment.

Figure 3: Dimensions of employment



The following table details the key employment categories under the five dimensions of employment.

Key dimensions of Employment		
<i>Dimension</i>	<i>Category</i>	<i>Description</i>
Employment creation	<i>Focus sectors for employment</i>	This category considers the key sectors from the perspective of demand for skills and employment potential.
	<i>Private sector growth/development</i>	Since employment is a derived demand, this category assesses the factors determining growth in the private sectors such as incentives and regulations.
	<i>Entrepreneurship / MSME development</i>	Since entrepreneurship is a key factor affecting demand for labour, factors affecting growth of Micro, Small and Medium Enterprises (MSMEs) such as access to credit / market / skills / support services and enabling environment are considered in this category.
	<i>Rural employment</i>	As a significant proportion of the workforce is in rural areas, factors influencing rural employment, particularly agriculture are addressed in this section.
Employability of the labour force	<i>Education and Training System</i>	The education and training system has the prime responsibility for producing qualified and skilled workforce. The adequacy of the system for achieving this requirement and the challenges faced are assessed in this category.

Key dimensions of Employment		
<i>Dimension</i>	<i>Category</i>	<i>Description</i>
	<i>Employability of the labour force</i>	The employability of the labourforce needs to be considered on parameters such as skills, attitudes and knowledge for being productive resources. In-service training in the private and public sectors are also considered.
	<i>Underemployment</i>	The various forms of underemployment and productivity related aspects are assessed under this section.
Alignment of the employment market	<i>Policies and incentives</i>	Employment is affected by various factors involving numerous stakeholders and institutional bodies. This section assesses whether a co-ordinated approach towards employment is being followed.
	<i>Labour market information</i>	This category addresses the labour market information channels such information bulletins, labour force surveys, online systems, etc.
	<i>Employment services</i>	Employment services addresses support services for job seekers and employers including counselling services, placement support, etc.
Working conditions	<i>Labour market policies</i>	Labour market policies relating to wages, organization of workers, facilities, benefits, etc. set the framework for the working conditions and are addressed in this section.
	<i>Working conditions, occupational health and safety</i>	Factors specifically constituting working conditions such as wages, career growth opportunities, job security and occupational health and safety are addressed in this category.
Equal employment opportunities	<i>Employment of women</i>	The gender aspect of employment is a key consideration in the provision of equal employment and is considered in this category.
	<i>Employment of vulnerable groups</i>	This section addresses the mechanism to support employment for vulnerable groups, and persons with disabilities in particular.
	<i>Migration/ Regional development</i>	Rural-urban migration resulting from a lack of local employment opportunities is an issue faced by many developing countries and is addressed in this section.

3. Evaluation of policy options and making the policy decision

There could broadly be four common approaches towards generating policy options, following from the situation analysis and key issue identification, based on UNESCO's policy planning framework; firstly the **systemic mode** is characterized by generation of data, formulation and prioritization of options, and refining options with data derived from sector analysis, and the existing body of professional knowledge; second, the **incremental mode** used when a problem within the employment system is highlighted where the policymaker seeks to adapt the system to address the present difficulties rather than to anticipate future ones, thereby promoting incremental improvements; third the **ad hoc mode** applied when the problem is outside the employment system which requires that the system make some adjustments or changes and finally the **importation mode** that arises from adopting innovations in employment systems from around the world.

In our approach for this assignment we adopted a combination of the systemic and importation modes of generating policy options. Our primary inputs were based on the sector review and stakeholder interactions during the situation analysis, while we also undertook benchmarking of international experiences in addressing employment related challenges with a view to identifying successful initiatives in framing or implementing an employment policy.

In terms of the evaluation of policy options, the theory suggests three key criteria to consider – desirability, affordability and feasibility.

Desirability primarily refers to determining which option would be most desirable to all stakeholders and compatible with the broader growth and development plans. The affordability parameter comprises factors such as the fiscal and social costs/implications of the policy changes. The feasibility criteria would evaluate the availability of institutional mechanism, availability of human resources for implementing the change, capacity building requirements, and time required for implementation as against availability.

However, in reality, making the policy decision is not often a result of the previous stages of the decision. The numerous stakeholder interests and resource constraints imply that the policy which is selected is eventually a trade-off or compromise of sorts which may not entirely satisfy a particular group but is the one which may have a broader level of acceptance on the whole from the ecosystem.

As our approach towards the policy formulation process is consultative in nature, diverse stakeholder views were received. Hence we utilized the insights gained from the assessment to formulate possible policy options in developing a draft National Employment Policy for Bhutan. The draft Policy was extensively discussed with the key stakeholders comprising of policy makers and implementers including MoLHR officials and key stakeholders through a series of workshops. Based on the concurrence from the principal stakeholders, a comprehensive framework representing the various policy components and their linkages would be determined. Special emphasis has been placed on ensuring that the National Employment Policy contributes to the realization of the Gross National Happiness (GNH) principles and it is in alignment with the four GNH pillars of enhancing sustainable and equitable socio-economic development, preservation and promotion of cultural values, conservation of the natural environment, and establishment of good governance.

4. Planning policy implementation

Once a policy has been determined, planning for policy implementation should begin immediately. According to ILO's *Guide for the preparation of National Action Plans on Youth Employment*, action plans and implementation strategies should have goals, objectives and targets to be achieved by the end of the implementation period. Main operational outcomes and indicators should be clearly defined for measurement. Human, material and financial resources required for the implementation of the policy as well as the implementation and co-ordination mechanisms should be identified. Finally, systems and tools to monitor and evaluate progress in policy implementation should be established.

In our approach, we have framed implementation strategies for achieving the prioritized objectives and targets outlined in the policy document. These focus on addressing the short term, medium term and long terms challenges relating to employment in Bhutan and are structured around the key employment dimensions defined for this study, which are Employment creation; Employability of the labour force; Alignment of the employment market; Working conditions and; Equal employment opportunities.

5. Policy impact assessment and subsequent policy cycles

Once the policy has been in place long enough to produce results, a policy assessment/review check can take place. If assessment reveals that the policy outcome is lacking, it is necessary to determine whether the policy itself is inadequate, or whether implementation is at fault. While the implementation strategies will provide inputs towards the implementation of the policy in terms of timelines, funding, necessary institutional structures, capacity building and key performance indicators and also suggest the modalities for periodic review of the implementation of the policy, the actual implementation and monitoring of the policy are not within the purview of this assignment.

In theory, if a policy initiative is carried out systematically, the process of policy design, planning, implementation, assessment, and re-design will become iterative. We are hopeful that this exercise is the beginning of such a dynamic and continuous process whereby in the long run, Bhutan's National Employment Policy is periodically reviewed/assessed and refined on an on-going basis.

Context and Rationale for the National Employment Policy

Introduction

Gross National Happiness is the overriding philosophy of socio-economic development, social welfare and governance in Bhutan and one of the four pillars of the GNH framework is '*Enhancing sustainable and equitable socio-economic development*'. Creating the appropriate conditions for happiness of people is the mandate for the Royal Government and its different ministries and agencies. Happiness is not possible if people are not gainfully employed and are unable to provide suitable and sustainable livelihoods for themselves and their families. Hence, employment is conducive to happiness and prosperity of people. The various costs of unemployment highlighted in the previous section demonstrate the importance of providing employment to the people of the country. Achieving this mandate necessitates the provision of gainful employment to the people of Bhutan, thereby ensuring sustainable livelihoods.

Context

The Royal Government of Bhutan has consistently placed high priority on the creation and promotion of quality employment opportunities for all its citizens in its development plans. The current unemployment rate of 3.1% is not very high by international standards. However, there are concerns relating to the situation of youth (9.2%) and female unemployment (4.2%) and underemployment in the country.

The causes of the rising unemployment situation can be attributed to various economic, demographic and social factors. The following table provides a summary of the key issues relating to employment in Bhutan that have emerged from both stakeholder interactions and secondary research. The issues have been categorized under five key dimensions of employment that include employment creation; employability of the labour force, aligning the employment market, working conditions and equal employment opportunities.

Key employment issues in Bhutan	
Category	Key issues
Employment creation	
<i>Focus sectors for employment</i>	<ul style="list-style-type: none"> • Skill shortage in sectors such as hydropower, construction, financial services, health, etc.
<i>Private sector growth/development</i>	<ul style="list-style-type: none"> • Inability of private sector to generate adequate employment opportunities
	<ul style="list-style-type: none"> • Lack of organization of firms to adequately represent private sector interests
	<ul style="list-style-type: none"> • Limited use of modern technologies and quality certifications
	<ul style="list-style-type: none"> • Dependence on foreign labour due to lack of adequately skilled local workers and inability to attract youth to private sector
	<ul style="list-style-type: none"> • High labour costs for firms
	<ul style="list-style-type: none"> • Non-conducive regulatory environment
	<ul style="list-style-type: none"> • Lack of supportive infrastructure such as roads, power and transport
	<ul style="list-style-type: none"> • Limited access to credit

Key employment issues in Bhutan	
Category	Key issues
<i>Entrepreneurship/ MSME development</i>	• Lack of entrepreneurial culture
	• Weak capacity building and institutional support
	• Difficulty in starting new business
	• Limited access to credit
<i>Rural employment</i>	• Labour shortage in rural area
	• Declining contribution of agriculture to GDP
	• Reliance on subsistence farming
	• Infrastructure deficiencies
	• Weak capacity in local governance
Employability of the labour force	
<i>Education and training system</i>	• Skill mis-match in relation to market requirements
	• Shortage of technical and entrepreneurial skills
	• Negative perception of TVET
	• Misaligned course offerings in TTIs
	• Quality of education
	• Poor quality assurance and accreditation standards
	• Lack of soft skills training
	• Faculty shortage
	• Shortage of funds
	• Limited industry-institute interactions
	• Lack of effectiveness of Government skill development programmes
	• Poor enrolment in private training courses
	• Challenges relating to continuing education
	• Low enrolment of girls in tertiary education
• Lack of focused support for persons with disabilities in education and training	
<i>Employability of the labour force</i>	• Skills shortage
	• Unfavourable perception towards skilled labour jobs
	• Youth unemployment – attitude and self confidence
	• Limited in-service training in the private sector
	• Inadequate funding for human resource development
	• Inadequate Government support for training needs of SMEs
<i>Underemployment</i>	• Low productivity
	• Female underemployment
	• Underemployment in agriculture
Aligning the employment market	
<i>Policies and incentives</i>	• Poor co-ordination and information sharing
	• Restrictive employment-related regulations
<i>Labour market information</i>	• Lack of informal sector data
	• Limited capacity for data analysis
	• Limited availability of disaggregated data and future projections
	• Limited awareness and usability of labour market information
	• Lack of independent monitoring
<i>Employment services</i>	• Limited professional career guidance
	• Low effectiveness of employment services

Key employment issues in Bhutan	
Category	Key issues
Working conditions	
<i>Labour market policies</i>	• Poor implementation of labour regulations
	• Lack of worker organization
	• Lack of awareness about labour regulations
	• Constraints on foreign worker recruitment
<i>Working conditions, occupational safety and health</i>	• Unattractive working conditions in the private sector and dissatisfaction with remuneration
	• Insufficient human resource management/development systems in the private sector
	• Lack of attention to informal sector working conditions
Equal employment opportunities	
<i>Employment of women</i>	• Lower work-force participation
	• Challenges to start new business
	• Wage disparity
	• Limited representation at higher decision-making levels
<i>Employment of vulnerable groups</i>	• Lack of targeted policy/data on persons with disabilities
	• Lack of supportive infrastructure
	• Low work-force participation
<i>Migration/ Regional development</i>	• Disproportionate urban migration
	• Unbalanced regional development

Rationale

A pro-poor growth trajectory for a country must provide for the encouragement of high labour absorption and the creation of gainful employment opportunities. The impending employment scenario for Bhutan appears challenging particularly due to the limited absorption capacity in the public and corporate sectors, besides the other key challenges. Currently the employment related issues are being addressed as an important cross-cutting theme. To this end, they are tackled through multiple programmes/initiatives implemented by multiple agencies which also results in considerable duplication of efforts and waste of resources. With the lack of a co-ordinated approach towards employment, there is a critical need for the Royal Government to adopt strategies that address this major national challenge. The consequences of significant and prolonged unemployment including the negative economic and social impacts highlight the importance of this task.

In this context, the National Employment Policy articulates the key employment related objectives of the Royal Government and addresses the major issues facing the system. In particular, the Policy outlines strategies that will accelerate employment growth, improve the quality of working conditions and provide equal employment opportunities, while addressing the requirement of producing an adequately skilled workforce aligned to the requirements of the job market. The National Employment Policy has been formulated in alignment with the 10th Five Year Plan as well as other relevant policies of the Royal Government of Bhutan and shall form the basis for developing the employment related objectives in the 11th Five Year Plan.

National Employment Policy

Goal of the National Employment Policy

The goal of the National Employment Policy of the Kingdom of Bhutan is the achievement of full, productive, gainful and decent employment for the people of Bhutan, which will drive the country towards achieving high levels of human development and contribute to the maximization of the Gross National Happiness of the country.

Policy statements – objectives and policy options

In order to achieve the overarching goal of the National Employment Policy, a series of focused objectives and policy statements are listed. These policy statements will seek to address the key challenges within the employment framework addressing the needs of various target groups and regional requirements in alignment with the Gross National Happiness framework and other relevant development policies in Bhutan.

I. Employment creation

A. Focus sectors for employment

1. Objective: *Support employment creation in high potential sectors*

- 1.1. Employment generation shall be placed at the core of national and local economic and social planning. The Royal Government shall highlight the prominent role played by the expansion of employment in economic and social development and seek to expand employment through multiple channels. Employment generation opportunities shall particularly be encouraged in developing regions and to address the employment needs of the youth and vulnerable sections of the society, including women and persons with disabilities. Each Dzongkhag shall be responsible for the creation of local employment opportunities
- 1.2. Fiscal incentives shall be provided by the Royal Government to priority growth sectors including construction, tourism and hospitality, agriculture, forest based production, natural resources, ICT, financial services, energy education, health an art and craft etc., as identified in the Economic Development Policy, to promote employment and revenue generation.
- 1.3. The Royal Government shall drive employment and investment in major infrastructure projects so as to create additional job opportunities.

2. Objective: *Create institutional mechanisms for skill forecasting*

- 2.1. Sector Skill Councils (SSCs) shall be formed to analyse and project the current and future skills development requirements in the high potential sectors/ industries. The Sector Skill Councils shall be

mandated to prepare rolling plans projecting the sectoral skills needs for the various jobs/employment opportunities for ten-year periods.

3. Objective: *Promote transition to a green economy*

- 3.1. Incentives shall be provided by the Royal Government to encourage firms to adopt technologies and practices that aid the transition towards a green economy. High quality green services as identified in the Economic Development Policy shall be promoted, including high-end education, high-end health services and traditional medicines, ICT, tourism and hospitality, financial services and R&D and consultancy services.
- 3.2. The Establishment Census and labour force surveys shall be mandated to gather additional information to identify issues and capture skill levels relating to the green economy.
- 3.3. The Royal Government shall place emphasis on developing and upgrading the skills of the workforce in order to facilitate the adoption of green technologies. Adequate support shall be provided to aid the transition to a green economy through public employment services.

4. Objective: *Enhance financial support for employment promotion*

- 4.1. Special employment funds shall be allocated from the national budget by the Royal Government for the purpose of promoting employment. These funds shall be used to subsidize job referrals, specific employment initiatives, etc., to serve as guarantee funds for small loans and interest subsidies for less profitable projects, and to support public and private employment services.

B. Private sector growth/development

1. Objectives: *Increase employment-based growth of private sector*

- 1.1. Economic development of the private sector shall be encouraged and supported by the Royal Government to ensure creation of additional jobs and broader employment opportunities. Preferential fiscal and non-fiscal incentives shall be developed to promote growth in employment-intensive industries, as outlined in the Economic Development Policy.
- 1.2. Access to infrastructure, markets, finance and skills shall be enhanced for the private sector to ensure growth which will increase employment opportunities, particularly in sectors such as tourism and ICT which have been identified to have significant employment potential, according to the Economic Development Policy.

2. Objective: *Encourage formation and empowerment of sector associations*

- 2.1. Industry representation shall be enhanced in policy formulation, programme implementation and monitoring through the formation and empowerment of industry bodies and associations under the guidance of the Private Sector Development Committee.

3. Objective: *Facilitate access and usage of modern production technologies and techniques*

- 3.1. The Royal Government shall promote the adoption of emerging technologies and best-practices from foreign multinationals by enabling better access to such innovations. Specific incentives shall be provided to industries to adopt and deploy modern technologies and production techniques, while ensuring that additional employment opportunities are not compromised.
- 3.2. Advocacy and capacity-building initiatives shall be promoted by the Royal Government to encourage adoption of internationally recognized quality certifications.

4. Objectives: *Enhance skills and productivity of the local workforce and improve perception of private sector employment*

- 4.1. A long-term focused communication and advocacy campaign shall be initiated across the nation by the Royal Government to alter the current perception of private sector as a less favoured choice of employment, especially amongst the youth.
- 4.2. The nationalization of the workforce shall be enhanced and supported by the Royal Government to increase the availability of skilled local manpower and enable re-skilling and re-deploying of unemployed nationals in the private sector. Human resource development for the private sector shall be focused on, as recommended by the National Human Resource Development Policy. Incentives shall be provided to those companies which employ a greater proportion of Bhutanese workers and invest in their training and development.

5. Objective: *Enable a supportive and co-ordinated regulatory environment for private sector growth*

- 5.1. The Royal Government shall expand consultations with the private sector to understand their concerns regarding the regulatory environment and to create a conducive investment climate and business environment for private sector enterprises. Regulations shall be periodically reviewed to ensure clarity and ease of application in conjunction with the needs of the private sector.
- 5.2. Single-window clearances of new investment and business proposals shall be facilitated and enhanced by the Royal Government.

C. *Entrepreneurship/ MSME development*

1. Objective: *Foster entrepreneurial culture among the people*

- 1.1. National Entrepreneurship Conferences shall be promoted on an annual basis by the Royal Government to connect entrepreneurs with investors and industry captains and provide training sessions and guidance on relevant business issues.
- 1.2. Leading businesses and employers shall be encouraged by the Royal Government to provide entrepreneurship information and counselling services, conduct business competitions and facilitate networking opportunities for youth entrepreneurs.
- 1.3. Awards shall be instituted by the Royal Government to recognize the achievements of successful entrepreneurs. Competitions for young entrepreneurs shall be instituted to encourage and inspire budding entrepreneurs. Suitable media shall be utilized to promote the culture of entrepreneurship and improve public perception of entrepreneurship as a career choice, as recommended in the draft MSME Policy.

2. Objective: *Develop institutional capacity to support entrepreneurship*

- 2.1. Cluster development plans/programmes shall be strengthened by the Royal Government to provide access to better infrastructure, banking facilities, skill upgradation centres, technology and innovation centres. These shall be aligned with the Ministry of Agriculture and Forests' cluster development plans and the initiatives proposed under the draft MSME Policy for MSME development.
- 2.2. The Royal Government shall establish entrepreneurship parks, business incubators and academic clusters to build capacity for aspiring entrepreneurs in future high growth industries.
- 2.3. A marketing cooperative or agency which links products and services of entrepreneurs to domestic and international markets shall be promoted with support from the Royal Government.

- 2.4. A nation-wide entrepreneur support network shall be created by the Royal Government for young and budding entrepreneurs. Established businesses and industry captains shall be encouraged to mentor aspiring entrepreneurs and guide start-up ventures.

3. Objective: Reduce regulatory hurdles and time delays in starting a new business

- 3.1. Entrepreneurs in sectors with high employment potential shall be encouraged through a fast-track system for approving business start-up and expansion proposals. Regulations shall be simplified to enable easier processes and systems for entrepreneurial ventures and process automation shall be promoted, as recommended by the draft MSME Policy. A one-stop window and enterprise registration system shall be created to reduce time delays in starting new businesses.
- 3.2. The Royal Government shall devise a social safety net for young entrepreneurs and start-up ventures, especially in rural areas, to mitigate the risks attached to failure, to the best possible extent.

4. Objective: Facilitate easier access to credit for MSMEs

- 4.1. The Royal Government shall encourage financial institutions to enhance credit support and micro-guaranteed loans to MSMEs and business start-ups. Priority sector lending shall be initiated for MSMEs, in line with the recommendations of the draft MSME Policy.
- 4.2. The feasibility of creating a dedicated national fund for the informal sector to provide support to MSMEs shall be assessed by the Royal Government.
- 4.3. Programmes that provide credit and support services such as discounted rates, guarantees etc. shall be promoted by the Royal Government to facilitate better credit facilities for entrepreneurs wishing to start their own businesses. Soft loans shall be provided for MSMEs that are located in rural areas, in order to facilitate better access to credit for rural entrepreneurs.

D. Rural employment

1. Objective: Increase attractiveness of rural employment

- 1.1. Enhanced focus will be given to promoting cottage and small industries (CSI) to promote rural employment. Opportunities for cottage and small industries in rural areas will be identified by the Royal Government through the Ministry of Economic Affairs (MoEA) and the Ministry of Agriculture and Forests (MoAF) based on regional resources and supportive business development services shall be provided.
- 1.2. The Royal Government shall create greater awareness among the rural population on the importance of financial discipline through savings and insurance facilities. Social security mechanisms such as crop insurance shall be extended to the rural labour force to support rural farmers. Special programmes and incentives shall be developed to support rural entrepreneurs in particular.
- 1.3. The Royal Government shall initiate capacity-building activities for local governments to improve their ability to plan, implement and monitor growth and employment in rural areas.
- 1.4. Supportive infrastructure including better roads, transport, educational institutes and hospitals shall be enhanced in rural areas by the Royal Government.

2. Objective: Improve output and productivity in agriculture

- 2.1. Viable and sustainable farming methods including mechanization and consolidation of land holdings shall be promoted by the Royal Government through the Ministry of Agriculture and Forests (MoAF) to improve output and productivity in agriculture.
- 2.2. Mechanization of agriculture shall be supported by the Royal Government by providing sales tax exemptions on farm machinery, as indicated in the Economic Development Policy.
- 2.3. Financial services shall be expanded in rural areas specifically to support farmers in their efforts to improve production techniques through micro finance institutions (MFIs) offering credit at lower interest rates. Financial institutions shall be subsidized by the Royal Government for incurring losses arising from such mandated disbursements.
- 2.4. The Royal Government through the Ministry of Agriculture and Forests (MoAF) shall strengthen access to essential agricultural infrastructure such as warehouses and cold storage facilities.

3. Objective: Encourage product diversification, commercialization of agriculture and non-farm employment

- 3.1. The capacity of farmer co-operatives shall be strengthened by the Royal Government through the Ministry of Agriculture and Forests (MoAF) to facilitate better access to markets, inputs, finance and extension services.
- 3.2. Cash crops shall be further promoted by the Royal Government to enable transition from subsistence to commercial farming. The implementation of the One-Gewog Three-Products (OGTP) strategy shall be supported to encourage targeted product diversification in agriculture. Commercial farming shall be encouraged through the provision of tax holidays, as highlighted in the Economic Development Policy.
- 3.3. The Royal Government shall create conducive investment conditions in rural areas to attract investment and facilitate greater non-farm employment. Alternative rural livelihood options such as local handicrafts, community/rural tourism and agro-processing industries shall also be promoted to provide sustainable options for non-farm employment.

II. Employability of the labour force

A. Education and training system

1. Objective: Align skills trainings and TVET course offerings to industry requirements

- 1.1. The relevance of education and training outcomes to labour market requirements shall be monitored and evaluated on a regular basis. Courses in education and training institutes shall be restructured, in alignment with ongoing initiatives of the Ministry of Education (MoE), to discontinue programmes where there is a clear surplus of labour and replaced with programmes offering skills that have current or future demand. In particular, courses should be developed to address long term skilled manpower requirements in sectors where medium and long term shortages are forecast.
- 1.2. The feasibility of adopting a dual system of education that links on-the-job experiential training and classroom education shall be explored.
- 1.3. Dzongkhag (District)-level skill gap studies shall be conducted on an annual basis to identify labour market availability and requirements. The data from the studies will be used to align competency-based training programmes to meet labour market requirements. On the basis of the studies, a list of recommended courses will be prepared regularly for every sector and new TTIs will be created in under-served regions to bring the unskilled manpower from these regions into the mainstream workforce.

- 1.4. Focused skill training and development programmes involving demand driven short term training courses shall be developed. The skill development courses shall be in the form of modules which will be developed in consultation with industry and seek to provide skill sets sought by industry, for ensuring gainful employment. The programmes will be introduced in the education and training system at various points of entry to the labour force (such as class VIII, class X, class XII and final year of certificate/ diploma/ graduate level courses). Private sector partnership will also be sought in training provision, testing and certification of the courses.

2. Objective: Encourage greater enrolment in TVET

- 2.1. School curricula shall be modified to include vocational and non-vocational skills training and work-based learning. Some mandatory technical and vocational education and training shall be included in the curriculum from the middle secondary level onwards. Vocational clubs shall be promoted in schools to impart skills trainings that will create job awareness among students, as highlighted in the Education Policy Guidelines and Instruction document.
- 2.2. Flexible pathways in education and training shall be instituted to facilitate crossovers between TVET and formal education systems so as to allow for mainstreaming of TVET trainees.
- 2.3. Public campaigns to re-brand and promote TVET and work shall be conducted to incentivize youth towards vocational training. National awards and competitions for technical and vocational education shall be initiated to improve the perception of technical and vocational education.
- 2.4. Career counselling at school levels for both students and parents shall be strengthened to highlight the labour market requirement and the benefits of TVET.

3. Objective: Include entrepreneurship courses in the education and training system

- 3.1. Guidelines for entrepreneurship education shall be developed for inclusion in the curriculum in schools. Entrepreneurship education shall be provided in vocational education and training. These shall be undertaken in co-ordination with initiatives of MoE and MoLHR.
- 3.2. Entrepreneurship modules shall also be developed for all college students and trainees in Technical Training Institutes in co-ordination with initiatives of MoE and MoLHR.

4. Objective: Raise the quality of education and training to meet international standards

- 4.1. To improve the standards of training, the employment (placement) of graduates shall be considered as a key criterion for assessing the quality of training programmes, with the funding of schools and training centres linked to the number of trainees placed.
- 4.2. Programmes that promote vocational education research shall be instituted with adequate funding. Their mandates will include collecting and analysing national TVET statistics and dissemination of research findings.
- 4.3. General research shall also be promoted and supported by the Royal Government to improve the quality of education and research in the country, and to facilitate Bhutan's transformation to a knowledge society.
- 4.4. The quality of tertiary education provided in Bhutan shall be strengthened in order to create highly qualified knowledge workers. Collaborations with foreign universities shall be increased to enhance the general standard of higher education in Bhutan. The expertise and training of multinational firms shall also be leveraged to complement vocational education and training in Bhutan.

- 4.5. A self-regulating mechanism shall be instituted through professional associations, supported by legislation, which will allow the associations to determine institutes that are of sufficient quality to be accredited.

5. Objective: Improve behavioural and soft skills of students

- 5.1. Behavioural skills and soft skills training shall be introduced from the lower-secondary education level to inculcate these essential requirements of the job market. These will seek to develop facets such as communication skills, interpersonal skills, professional attitudes and business and social etiquette through Behaviour Change Communication (BCC) strategies.

6. Objective: Address faculty requirements across the education and training system

- 6.1. Competent faculty shall be recruited across the education and training system to address the shortage of faculty. High performing tertiary and Class XII graduates shall be attracted to the teaching profession through adequate incentives and capacity building initiatives.
- 6.2. Faculty development initiatives shall be supported including pre-service and in-service training consisting of short-term refresher courses in modern technology as well as teaching methodology.
- 6.3. A Technical Teacher Training Institute shall be instituted at the national level to specifically address the industry need to produce more technically qualified graduate teachers. The teacher training centre will focus on development of industrial training and skill development faculty.

7. Objective: Enhance facilities and infrastructure in education and training institutes

- 7.1. A detailed assessment of the availability and maintenance of physical and teaching infrastructure at each college/ training institute will be conducted, considering the current and short term needs. Based on the infrastructure plan new training facilities will be set up in under-served areas and a comprehensive replacement, repair and maintenance mechanism will be put in place for all existing and new infrastructure.

8. Objective: Encourage greater industry-institute linkages

- 8.1. Industry involvement in curriculum development shall be strengthened to reflect industry requirements in the education and training system on an on-going basis.
- 8.2. A programme for job shadowing for all students in higher secondary schools shall be instituted to enable students to experience a particular career opportunity and provide practical exposure to the work environment.
- 8.3. Internship programmes for students in tertiary education shall be developed and strengthened. Student internships will provide opportunities for students to gain work experience and help them to determine if they have an interest in a particular career.
- 8.4. In order to foster stronger collaborations between industry and technical training institutes, the alignment of TTIs close to industrial hubs shall be considered while determining the location of new training institutes.
- 8.5. Representatives from industry shall be encouraged to engage with institutes as visiting faculty in order to inculcate a more practical and contextual approach to the education and training system.

9. Objective: Improve the effectiveness of Government skill development programmes

- 9.1. Periodic third-party impact assessments of Government skill development programmes shall be conducted in collaboration with industry, with the purpose of monitoring and evaluating the programmes and identifying measures to improve their reach and effectiveness.

10. Objective: Increase enrolment in private training courses through quality improvement

- 10.1. Enrolment in private training institutes shall be incentivized through measures to improve the quality of training provided by them, including the enforcement of minimum standards for faculty, infrastructure and academic requirements.

11. Objective: Enhance opportunities for non-formal and continuing education

- 11.1. Flexible pathways shall be developed for young people who have left school early to be able to continue their education. Partnerships with relevant organizations shall be forged to promote access to basic education through the provision of scholarships and bursary schemes. Non-formal education shall be offered at flexible times to accommodate out of school young people.
- 11.2. Counselling centres shall be instituted and advocacy programmes shall be developed and implemented for out-of-school youth to encourage them to pursue continuing or non-formal education.
- 11.3. Open and Distance education (ODE) opportunities shall be promoted at the diploma and graduate levels since they allow for flexible and cost effective education delivery to the population. These initiatives shall be in alignment with the existing continuing education and distance education programmes of the Ministry of Education (MoE)/ Royal University of Bhutan (RUB). Restrictions limiting the future prospects of ODE graduates, such as the inability to be eligible for certain positions and occupations, shall be sought to be removed to improve the attractiveness of ODE.

12. Objective: Enhance support for the increased enrolment of girls and the persons with disabilities in tertiary education and training

- 12.1. Increased enrolment of girls in tertiary education shall be promoted by providing supportive infrastructure and facilities such as hostels. Advocacy programmes and initiatives shall be launched to address the gender equities in tertiary education.
- 12.2. A national level education/skills centre for young people with disabilities shall be established. This centre will enable persons with disabilities in Bhutan to acquire training and skills to run their own businesses or be employed and participate more effectively in the workforce.

B. Employability of the labour force

1. Objective: Develop institutional mechanisms for co-ordinating skill development

- 1.1. Strong and sustainable institutional mechanisms for skill development shall be created by the Royal Government. These shall particularly address the skill requirements of the focus sectors for employment. A nodal agency shall be identified to function as the apex body for overseeing skills development in Bhutan across sectors, and with a mandate for policy formulation, regulation and co-ordination of various skill development initiatives in the country.

2. Objective: Enhance technical and vocational skills of the workforce

- 2.1. The feasibility of the provision of short-term vocational trainings to employees shall be assessed since continuing vocational training increases the innovation capacity of firms, by allowing workers to upgrade their skills and respond more rapidly to changes in economic conditions. Skilled workers are

particularly required in the short term in the categories of service workers and shop and market sales, craft and related workers and elementary occupations.

- 2.2. Technical and vocational education and training shall be formalized as a pre-employment destination for school dropouts in order to develop skills that will facilitate their employment. Pilot skill development programmes shall be also developed under the public training system aimed at ensuring the employability of redundant workers.
- 2.3. Based on the skill gaps identified during the periodic skill gap assessments, skill gap bridging programmes shall be designed and developed to identify and plan for enhancing the employability of the labour force.

3. Objective: *Improve dignity of labour and enhance the worthiness of skilled labour*

- 3.1. The attractiveness of skilled work shall be promoted through measures such as career paths and apprenticeships with accreditation.
- 3.2. A dress code for labourers shall be developed to improve the self-worth and image of skilled labourers.

4. Objective: *Improve the attitude and self-esteem of the youth*

- 4.1. A long term multiple national campaign involving various stakeholders including industry, labour, educationalists, mass media, local communities and the Royal Government shall be planned and conducted with the purpose of raising awareness in the society of the problem of youth unemployment and to try to infuse youth with a sense of the importance of work and dignity of labour.
- 4.2. Job-shadowing/ Work experience programmes, life skills programmes and career guidance initiatives shall be introduced and strengthened in schools and other educational institutions to improve the work ethic of school leavers and young graduates and to provide them with the appropriate skills and attitudes for the work environment. Technical and vocational education and training courses shall also incorporate modules that emphasize quality, work ethics and discipline to influence youth attitudes positively.
- 4.3. Training camps including vocational training and work experience shall be conducted targeting young people who are not in education, employment or training to improve their confidence and motivation to work.
- 4.4. A national programme for volunteerism and national service shall be instituted by the Royal Government, across the areas of education, health, employment, environment, armed services and culture to instil the right values and attitudes in the youth (as suggested in the Youth Policy 2011).

5. Objective: *Enhance funding for human resource development across the public, private and corporate sector*

- 5.1. The Royal Government shall mandate firms to institute Employee Education and Training Funds to deliver vocational skills training and continuing education to their workers.
- 5.2. A Youth Employment Fund shall be established by the Royal Government to finance employment interventions to smoothen the transition of youth to decent work.
- 5.3. A National Skill Development Fund shall be set up by the Royal Government to fund various skill development and training initiatives of various sectors. Both public and private skill development and training programmes shall be eligible to draw support from the proposed National Skill Development Fund for supporting their training requirements.

6. Objective: Augment Government support for training needs of MSMEs

- 6.1. The feasibility of instituting a national level training centre for Micro, Small & Medium Enterprises (MSMEs) to specifically address the training and capacity building requirements of the MSME sector shall be assessed by the Royal Government. The proposed centre shall seek to provide support to prospective and existing entrepreneurs for the promotion and development of small-scale industries in Bhutan.

C. Underemployment**1. Objective: Enhance productivity of the workforce**

- 1.1. A National Productivity Council shall be constituted by the Royal Government as the apex organization to promote a culture of productivity in Bhutan. Its mandate will be to measure productivity in various sectors and undertake research in the area of productivity, besides providing training and conducting productivity promotion activities.

2. Objective: Ensure productive employment opportunities for educated women in the workforce

- 2.1. Productive employment opportunities for women shall be identified in coordination with relevant ministries/ departments to encourage women entrepreneurs.

3. Objective: Improve productivity of agricultural labour

- 3.1. The implementation of productivity improvement strategies in agriculture as identified by the Ministry of Agriculture and Forests (MoAF) shall be undertaken.

III. Aligning the employment market**A. Policies and incentives****1. Objective: Enhance coordination and information sharing mechanisms across ministries and government agencies**

- 1.1. An Employment Responsibility System (ERS) shall be developed by the Royal Government to clearly outline the roles and responsibilities for various ministries/ departments and other key agencies involved in employment related activities and to facilitate a co-ordinated and integrated approach towards the employment market. The ERS shall also allocate specific employment targets for employment promotion and generation to the various ministries and agencies. MoLHR shall be the nodal agency for developing and implementing the ERS.
- 1.2. To co-ordinate effective implementation of the ERS, there shall be a cross sectoral approach involving a collaborative arrangement amongst the agencies/ departments/ ministries, employers, NGOs and co-operatives that are involved in job creation, labour force supply (education, training TVET, skill development, entrepreneurship development, etc.) and employment services. There shall also be a mechanism to consolidate budgets, resources, programmes across ministries to ensure employment promotion in the country receives necessary focus, funding and support.
- 1.3. A professional network consisting of members from the private, corporate and government sectors as well as non-government organisations shall be established by the Royal Government to facilitate better co-ordination and information sharing between the various stakeholders in the employment market.

- 1.4. The Royal Government shall identify regions/ dzongkhags with lower employment rates, less enterprises, high migration rates and high poverty levels and develop special employment promotion programmes for these regions/ dzongkhags to move them up the ladder of employment in five years.
- 1.5. The Royal Government shall undertake targeted need assessment for specific segments of people for designing focused skill development and capacity building interventions to facilitate better employment amongst these segments. The segments may include the following categories:
 - General groups: School dropouts, unemployed youth with education and training, women job seekers, etc.
 - Vulnerable groups: Women, youth involved in substance/ sexual abuse, youth involved in crimes, orphans, child labour, people with disabilities.
- 1.6. The Royal Government shall assess and explore the possibility of creating progressive social security systems/social protection for the interest of the labour force.

2. Objective: Recognize and rewards contributions to employment generation

- 2.1. Awards and commendations shall be instituted by the Royal Government to recognize institutions and individuals who make outstanding contributions to the promotion of employment

3. Objective: Introduce legislation to enhance employment promotion

- 3.1. The feasibility of introducing employment promotion legislation shall be evaluated by the Royal Government. The proposed legislation will provide a legal basis for implementing the National Employment Policy.

B. Labour market information

1. Objective: Enhance the collection and organization of data on the informal sector

- 1.1. An institutional structure/mechanism shall be developed by the Royal Government with a specific mandate to examine the problems of the informal sector and suggest measures to overcome them. The proposed mechanism will be mandated to collect information on the informal sector as well as to periodically undertake studies and prepare reports relating to the informal sector in the country.

2. Objective: Improve awareness, quality and validity of labour market information

- 2.1. An Occupational Outlook Handbook shall be published on a biennial basis, providing information on the nature of work, working conditions, training and education requirements, earnings, career progression and job outlook for various defined occupations. This proposed publication will assist job seekers in identifying suitable employment opportunities and making informed decisions about their future work lives.
- 2.2. Tracer studies of graduates shall be conducted on a periodic basis. The studies shall cover graduates from colleges under RUB and technical training institutes, as well as those who go pursue their higher studies abroad with the purpose of collecting relevant information to evaluate the quality and occupational relevance of the programmes and services provided by the education and training system. They will also facilitate a better understanding of the youth unemployment situation in the country.
- 2.3. Extracts and summaries of labour market information publications shall be distributed in education and training institutes from middle-secondary school level onwards in order to enhance awareness on the existing labour market situation.

- 2.4. MoLHR shall generate and publish more data on the labour market. Industry associations shall assist MoLHR in this process. The capacity of MoLHR to conduct rigorous data analysis shall also be enhanced.
- 2.5. Periodic third-party impact assessments and concurrent monitoring and evaluation of the labour market shall be conducted to enhance the validity of labour market information and to encourage independent monitoring.

C. Employment services

1. Objective: *Enhance professional career guidance and counselling services*

- 1.1. A co-ordinated standard and systematic approach to career counselling and guidance shall be developed. It shall include a clear demarcation of processes and roles and responsibilities.
- 1.2. The creation of a pool of occupational psychologists and career counselling professionals in the country shall be promoted to facilitate enhanced career counselling services.
- 1.3. Career counselling programmes in schools and colleges shall be strengthened so that the youths seeking job are well aware and informed about the current labour market situation and the future requirements. This shall be undertaken in co-ordination with the ongoing initiatives of the Ministry of Education (MoE) and the Ministry of Labour and Human Resources (MoLHR).
- 1.4. A Parenting Programme shall be constituted to provide counselling to the parents of students in education and training institutes, in co-ordination with the existing programmes of the Ministry of Education (MoE). The objective of this programme will be to counsel parents on the employment prospects in the labour market and to address the issue of pressure faced by students due to parental expectations.

2. Objective: *Improve the effectiveness of employment services*

- 2.1. An annual survey shall be conducted to assess the aspirations of job-seekers as well as to identify industry expectations, with the overall objective of aligning employment services effectively.
- 2.2. Job Cafes shall be commissioned by the Royal Government to function as centres for one-stop services for youth. The job cafes shall provide various employment services including information on work opportunities, occupation profiles, career counselling services, discussions related to employment, etc.
- 2.3. Employment assistance services shall be strengthened at the grassroots level across the country. Programmes involving various concerned bodies in the Government and private sectors shall be conducted to raise the occupational consciousness of youth.
- 2.4. Public employment service institutions shall consistently seek to improve the quality and efficiency of their services and shall refrain from engaging in business activities.
- 2.5. The feasibility of introducing private recruitment consultants, in line with the recruitment agencies for foreign workers in Bhutan shall be assessed to extend the employment services available to the people.

IV. Improving working conditions

A. Labour market policies

1. Objective: *Ensure periodic review of wage policies*

- 1.1. There shall be periodic reviews and updation of minimum wage levels in consultation with stakeholders to reflect market realities. The review shall take into consideration factors such as inflation while determining the revised minimum wages.

2. Objective: *Facilitate better implementation and monitoring of labour regulations*

- 2.1. There shall be better enforcement and monitoring of labour regulations to ensure safe and regular working conditions for all employees.
- 2.2. All employees shall be informed and made aware of their labour rights by their employers. Advocacy initiatives to increase awareness on labour rights by MoLHR and other bodies shall also be strengthened.
- 2.3. Information and awareness sessions on worker rights shall be encouraged during career counselling/education classes for students from middle secondary levels onward.
- 2.4. There shall be annual awards mechanism instituted for '*Best Enterprises for Compliance with Labour Regulations*'.
- 2.5. There shall be a Help Desk instituted at MoLHR for providing assistance for enterprises concerning compliance related matters on the labour regulations.
- 2.6. There shall be an online portal for documented '*Best Employment Practices*' in enterprises in terms of HRD practices and labour regulation compliances. This shall be done through periodic interactions with enterprises, identification and development of case studies and publication and promotion of discussions around it.

3. Objective: *Encourage formation and strengthening of worker associations/organizations*

- 3.1. Worker associations/organizations shall be involved in policy formulation, advocacy and information dissemination to ensure representation of employee concerns.
- 3.2. Access to legal aid shall be made available to all employees irrespective of their age, gender or background to protect their rights in case they face any discrimination at the workplace.
- 3.3. Farmer and producer organizations shall be empowered to bargain collectively for better marketing and price support systems to enhance their incomes.

B. Working conditions, occupational health and safety

1. Objective: *Facilitate better working conditions in the private sector*

- 1.1. There shall be regular consultations between ministries, employers and employees to review working hours, leave allocation, remuneration and other benefits in order to ensure that appropriate working conditions and environment are maintained in the private sector.

- 1.2. The adoption of comprehensive human resource management and best practices in personnel development shall be encouraged in the private sector through formation of institutions like '*Bhutan HRD Network*' and '*Bhutan Society for Training and Development*'.
- 1.3. Sector-specific salary benchmarking/surveys and ratings of '*Best Places to Work*' shall be encouraged on an annual basis to enable greater occupational awareness and informed career choices for aspiring youth and job seekers.
- 1.4. New practices of working time such as compressed workweeks, staggered working time arrangements and work-from-home practices shall be encouraged to resolve work time related issues.
- 1.5. Work-safety insurance shall be provided to employees for occupations which are deemed to be hazardous and accident-prone, to ensure that compensation for workers is safeguarded.

2. Objective: Facilitate monitoring of informal sector working conditions

- 2.1. Mechanisms to track and monitor working conditions in the informal sector shall be developed in order to facilitate the development of policies that specially address the needs of this important segment of the workforce.
- 2.2. The Royal Government shall develop a mechanism to protect the interest of vulnerable sections within the informal sector such as street vendors and small shop keepers. Measures shall be devised to transition workers into the formal economy. Worker Facilitation Centres shall be created and encouraged to initiate processes such as registration of informal sector workers and their subsequent skill development/upgradation.
- 2.3. The labour inspection system shall be further enhanced and strengthened to tackle the challenge of mainstreaming the informal sector and ensuring better working conditions in the private sector.

V. Equal employment opportunities

A. Employment of women

1. Objective: Encourage greater female participation in the work force

- 1.1. Targeted employment and self-employment programmes shall be developed for unemployed women in specific age-groups and districts which are identified to have higher unemployment. Sectors which support the employment of women shall be identified and promoted.
- 1.2. Mentorship programmes for female youth and gender-specific career counselling shall be promoted to enhance greater female participation in the workforce.
- 1.3. Day care centres, crèches and other child care facilities shall be promoted at or near workplaces in order to encourage greater workforce participation of women with children. Gender friendly working conditions shall be promoted at workplaces.

2. Objective: Ensure equal opportunities for female entrepreneurs in terms of access to credit, labour and infrastructure

- 2.1. Women Self Help Groups shall be promoted and further supported by the by the Royal Government to ensure better access to credit, infrastructure and skills for female entrepreneurs.
- 2.2. The Royal Government shall place special emphasis on supporting women entrepreneurs in cottage and small industries as stated in the Economic Development Policy.

3. Objective: Safeguard the equality of women in their enjoyment of labour rights

- 3.1. Committees and associations that ensure equality in work conditions and dignity of work for women in employment, shall be encouraged. There shall be greater advocacy to ensure wage parity for male and female employees at workplaces.
- 3.2. There shall be improved monitoring and enforcement of existing labour regulations to ensure there is no discrimination against female employees.

4. Objective: Enhance women participation in decision-making bodies at higher levels

- 4.1. Mechanisms to enhance greater participation of young women in decision making roles in parliament, government ministries, agencies and organizations, shall be promoted by the Royal Government.

B. Employment of vulnerable groups**1. Objective: Design targeted policies for persons with disabilities**

- 1.1. A study shall be conducted to assess and map the needs of persons with disabilities to enable targeted policy formulation for them.
- 1.2. Specific job clusters and occupations shall be identified to tap the potential of persons with disabilities and ensure gainful employment.

2. Objective: Enhance institutional and infrastructure support for disadvantaged groups including persons with disabilities

- 2.1. A referral system shall be developed between agencies involved in social services and the labour market to support disadvantaged youth in obtaining employment.
- 2.2. Favourable employment conditions shall be provided for the employment of persons with disabilities. Capacity-building initiatives and supportive infrastructure shall be established in schools, colleges and workplaces to enable equal education, training and employment opportunities for persons with disabilities.

3. Objective: Increase work-force participation of the vulnerable groups and safeguard the labour rights of persons with disabilities

- 3.1. Targeted employment promotion programmes for vulnerable groups with particular employment difficulties shall be established. Families which do not have even a single earning member shall be identified and employment shall be provided to at least one member.
- 3.2. Stringent enforcement of labour regulations shall be practiced to ensure that there will be no discrimination against persons with disabilities during recruitment and employment by any employer.
- 3.3. There shall be greater advocacy and campaigning to enhance awareness about the benefits of increasing diversity in the workplace.

C. Migration/ Regional development**1. Objective: Facilitate and guide the systematic migration of rural labour to urban areas**

- 1.1. There shall be better coordination and planning between local Government departments to ensure smooth transitioning, productive employment and good working conditions for migrant rural labourers who move to urban areas seeking employment.

- 1.2. An information and service network and specific training programmes shall be developed to guide and support migrant workers who seek employment.
- 1.3. Labour inspections and monitoring shall be strengthened to ensure that rights of migrant workers are protected.

2. Objective: *Facilitate balanced regional development*

- 2.1. There shall be equal emphasis on employment promotion systems in both urban and rural areas to ensure balanced migration patterns. Regional economic and industrial clusters shall be promoted and developed to provide local employment opportunities and ensure balanced employment across regions.
- 2.2. Regional employment services shall be strengthened to ensure better alignment of regional demand and supply of labour and planning for education and training institutes in accordance with industry demand.
- 2.3. There shall be enhancement of local employment opportunities through promotion of avenues such as eco-tourism, community tourism and handicrafts.

Periodic review of the National Employment Policy

The National Employment Policy of Bhutan is reflective of the requirements of the country based on an assessment of the current and emerging employment situation. However in order to ensure that the NEP is contextual and aligned to the needs and objectives of the country over a period of time, the Policy should be reviewed and updated periodically, and at least once in five years based on progress in achieving the stated policy objectives and reflecting key employment priorities and other relevant policy perspectives of the Royal Government.

Annexure

List of stakeholder interactions undertaken

Stakeholder interaction	No. of stakeholders	Date
1. Officials of Department of Employment, MoLHR	10	29th September 2011
2. Director, Department of Human Resources, MoLHR	1	29th September 2011
3. Director, Department of Labour, MoLHR	1	29th September 2011
4. Bhutan Chamber of Commerce and Industry (BCCI)	1	30th September 2011
5. Secretary, MoLHR	1	30th September 2011
6. Secretary, Ministry of Economic Affairs (MoEA)	2	30th September 2011
7. Student interactions with job seekers at MoLHR	5	03rd October 2011
8. Secretary, Ministry of Education (MoE)	1	03rd October 2011
9. Secretary, Ministry of Agriculture & Forests (MoAF)	2	03rd October 2011
10. General Secretary, Construction Association of Bhutan	1	04th October 2011
11. Vice Chancellor and Director (Planning), Royal University of Bhutan (RUB)	2	04th October 2011
12. Thimphu Institute of Automobile Engineering	1	05th October 2011
13. Director, Royal Institute of Management (RIM)	1	05th October 2011
14. Director, Tourism Council of Bhutan	2	05th October 2011
15. Industry representatives at Phuentsholing	32	11th October 2011
16. Director, Regional Employment and Labour Office, MoLHR, Phuentsholing	1	11th October 2011
17. Director, Department of Occupational Standards, MoLHR	1	31st October 2011
18. Executive Director, Youth Development Fund	1	31st October 2011
19. MD, Automobile Association	1	31st October 2011
20. Employees, Auto industry	3	31st October 2011
21. GM, Army Welfare Project	3	2nd November 2011
22. GM, Gyalthshen Wood Industries	1	2nd November 2011
23. GM, National Warm Water Fish Culture Centre, MoAF	1	2nd November 2011
24. Proprietor, Poultry Farm	1	2nd November 2011
25. Dean, Jigme Namgyel Polytechnic	1	4th November 2011

Stakeholder interaction	No. of stakeholders	Date
26. Faculty, Jigme Namgyel Polytechnic	12	4th November 2011
27. Students, Jigme Namgyel Polytechnic	5	4th November 2011
28. GM, Barma Chemicals	1	4th November 2011
29. Employees, Barma Chemicals	3	4th November 2011
30. MD, Druk Satair Corp. Ltd	1	4th November 2011
31. GM (ADM), S.D. Eastern Bhutan Ferro Silicon Pvt. Ltd.	3	4th November 2011
32. MD, Lhaki Steel Plant	1	7th November, 2011
33. Employees, Lhaki Steel Plant	4	7th November, 2011
34. GM, Druk Wang Alloys	1	7th November, 2011
35. Food Corporation of Bhutan	1	7th November, 2011
36. MD, Drangchhu Beverages	2	7th November, 2011
37. Regional Immigration Office	2	8th November, 2011
38. Bhutan Milk & Agro Pvt Ltd	1	8th November, 2011
39. Interactions with Jobseekers, Regional Office of MoLHR, Phuentsholing	3	8th November, 2011
40. Employee, Bhutan Insurance Ltd.	1	8th November, 2011
41. Dean, Student Affairs, College of Science and Technology	1	8th November, 2011
42. Dean, Student Affairs, Royal Thimphu College	1	10th November, 2011
43. Students, Royal Thimphu College	5	10th November, 2011
44. Chief Planning Officer, Perspective Planning Division, GNHCS	1	10th November, 2011
45. CEO, Drukcom Pvt. Enterprise/IT Association	1	14th November, 2011
46. Interactions with job-seekers, MoLHR	5	14th November, 2011
47. CEO, Bhutanese Tour Operators Association	1	14th November, 2011
48. DMD, Bhutan Devt Bank	2	15th November, 2011
49. Bhutan National Bank	3	15th November, 2011
50. Mothithang Higher Secondary School	2	16th November, 2011
51. Agricultural Marketing and Cooperatives Department, MoAF	2	16th November, 2011
52. Representatives from DoE, MoLHR	6	9th December, 2011
53. Representatives from MoLHR at Ministry level workshop	~15	12th December, 2011
54. Industry representatives at stakeholder workshop, Phuentsholing	~30	14th December, 2011
55. Representatives at stakeholder workshop, Thimphu	~30	16th December, 2011
56. Representatives from MoLHR	~15	23rd January, 2012

Summary of key issues affecting employment in Bhutan and objectives of the National Employment Policy

Category	Key issues	Objectives
Employment creation		
<i>Focus sectors for employment</i>	<ul style="list-style-type: none"> Skills shortage in sectors such as hydropower, construction, financial services, health, etc. 	<ul style="list-style-type: none"> Support employment creation in high potential sectors Create institutional mechanisms for skill forecasting Promote transition to a green economy Enhance financial support for employment promotion
<i>Private sector growth/development</i>	<ul style="list-style-type: none"> Inability of private sector to generate adequate employment opportunities 	<ul style="list-style-type: none"> Increase employment-based growth of private sector
	<ul style="list-style-type: none"> Lack of organization of firms to adequately represent private sector interests 	<ul style="list-style-type: none"> Encourage formation and empowerment of sector associations
	<ul style="list-style-type: none"> Limited use of modern technologies and quality certifications 	<ul style="list-style-type: none"> Facilitate access and usage of modern production technologies and techniques
	<ul style="list-style-type: none"> Dependence on foreign labour due to lack of adequately skilled local workers and inability to attract youth to private sector High labour costs for firms 	<ul style="list-style-type: none"> Enhance skills and productivity of the local workforce and improve perception of private sector employment
	<ul style="list-style-type: none"> Non-conducive regulatory environment 	<ul style="list-style-type: none"> Enable a supportive and co-ordinated regulatory environment for private sector growth
	<ul style="list-style-type: none"> Lack of supportive infrastructure such as roads, power and transport 	<ul style="list-style-type: none"> Increase attractiveness of rural employment
	<ul style="list-style-type: none"> Limited access to credit 	<ul style="list-style-type: none"> Facilitate easier access to credit for MSMEs
<i>Entrepreneurship/ MSME development</i>	<ul style="list-style-type: none"> Lack of entrepreneurial culture 	<ul style="list-style-type: none"> Foster entrepreneurial culture among the people
	<ul style="list-style-type: none"> Weak capacity building and institutional support 	<ul style="list-style-type: none"> Develop institutional capacity to support entrepreneurship
	<ul style="list-style-type: none"> Difficulty in starting business 	<ul style="list-style-type: none"> Reduce regulatory hurdles and time delays in starting a new business
	<ul style="list-style-type: none"> Limited access to credit 	<ul style="list-style-type: none"> Facilitate easier access to credit for MSMEs
<i>Rural employment</i>	<ul style="list-style-type: none"> Labour shortage in rural area Infrastructure deficiencies Weak capacity in local governance 	<ul style="list-style-type: none"> Increase attractiveness of rural employment

Category	Key issues	Objectives
	<ul style="list-style-type: none"> Declining contribution of agriculture to GDP Reliance on subsistence farming 	<ul style="list-style-type: none"> Improve output and productivity in agriculture Encourage product diversification, commercialization of agriculture and non-farm employment
Employability of the labour force		
<i>Education and training system</i>	<ul style="list-style-type: none"> Skills mismatch in relation to market requirements Misaligned course offerings in TTIs 	<ul style="list-style-type: none"> Align skills trainings and TVET course offerings to industry requirements
	<ul style="list-style-type: none"> Shortage of technical and entrepreneurial skills 	<ul style="list-style-type: none"> Include entrepreneurship courses in the education and training system
	<ul style="list-style-type: none"> Negative perception of TVET 	<ul style="list-style-type: none"> Encourage greater enrolment in TVET
	<ul style="list-style-type: none"> Quality of education Poor assurance and accreditation standards 	<ul style="list-style-type: none"> Raise the quality of education and training to meet international standards
	<ul style="list-style-type: none"> Lack of soft skills training 	<ul style="list-style-type: none"> Improve behavioural and soft skills of students
	<ul style="list-style-type: none"> Faculty shortage 	<ul style="list-style-type: none"> Address faculty requirements across the education and training system
	<ul style="list-style-type: none"> Shortage of funds 	<ul style="list-style-type: none"> Enhance facilities and infrastructure in education and training institutes
	<ul style="list-style-type: none"> Limited industry-institute interactions 	<ul style="list-style-type: none"> Encourage greater industry-institute linkages
	<ul style="list-style-type: none"> Lack of effectiveness of Government skill development programmes 	<ul style="list-style-type: none"> Improve the effectiveness of Government skill development programmes
	<ul style="list-style-type: none"> Poor enrolment in private training courses 	<ul style="list-style-type: none"> Increase enrolment in private training courses
	<ul style="list-style-type: none"> Challenges relating to continuing education 	<ul style="list-style-type: none"> Enhance opportunities for non-formal and continuing education
	<ul style="list-style-type: none"> Low enrolment of girls in tertiary education Lack of focused support for persons with disabilities in education and training 	<ul style="list-style-type: none"> Enhance support for the increased enrolment of girls and persons with disabilities in tertiary education and training
	<i>Employability of the labour force</i>	<ul style="list-style-type: none"> Skills shortage
<ul style="list-style-type: none"> Unfavourable perception towards skilled labour 		<ul style="list-style-type: none"> Improve dignity of labour and enhance the worthiness of skilled labour
<ul style="list-style-type: none"> Youth unemployment – attitude and self confidence 		<ul style="list-style-type: none"> Improve the attitude and self-esteem of the youth

Category	Key issues	Objectives
	<ul style="list-style-type: none"> Limited in-service training in the private sector Inadequate funding for human resource development 	<ul style="list-style-type: none"> Enhance funding for human resource development across the public, private and corporate sector
	<ul style="list-style-type: none"> Inadequate Government support for training needs of SMEs 	<ul style="list-style-type: none"> Augment Government support for training needs of MSMEs
<i>Underemployment</i>	<ul style="list-style-type: none"> Low productivity 	<ul style="list-style-type: none"> Enhance productivity of the workforce
	<ul style="list-style-type: none"> Female underemployment 	<ul style="list-style-type: none"> Ensure productive employment opportunities for educated women in the workforce
	<ul style="list-style-type: none"> Underemployment in agriculture 	<ul style="list-style-type: none"> Improve productivity of agricultural labour
<i>Aligning the employment market</i>		
<i>Policies and incentives</i>	<ul style="list-style-type: none"> Poor co-ordination and information sharing 	<ul style="list-style-type: none"> Enhance coordination and information sharing mechanisms across ministries and government agencies
	<ul style="list-style-type: none"> Restrictive employment-related regulations 	<ul style="list-style-type: none"> Introduce legislation to enhance employment promotion Recognize and rewards contributions to employment generation
<i>Labour market information</i>	<ul style="list-style-type: none"> Lack of informal sector data 	<ul style="list-style-type: none"> Enhance the collection and organization of data on the informal sector
	<ul style="list-style-type: none"> Limited capacity for data analysis Limited availability of disaggregated data and future projections Limited awareness and usability of labour market information Lack of independent monitoring 	<ul style="list-style-type: none"> Improve awareness, quality and validity of labour market information
<i>Employment services</i>	<ul style="list-style-type: none"> Limited professional career guidance 	<ul style="list-style-type: none"> Enhance professional career guidance and counselling services
	<ul style="list-style-type: none"> Low effectiveness of employment services 	<ul style="list-style-type: none"> Improve the effectiveness of employment services
<i>Working conditions</i>		
<i>Labour market policies</i>	<ul style="list-style-type: none"> Poor implementation of labour regulations Lack of awareness about regulations 	<ul style="list-style-type: none"> Ensure periodic review of wage policies Facilitate better implementation and monitoring of labour regulations
	<ul style="list-style-type: none"> Lack of worker organization 	<ul style="list-style-type: none"> Encourage formation and strengthening of worker associations/ organizations

Category	Key issues	Objectives
<i>Working conditions, occupational health and safety</i>	<ul style="list-style-type: none"> Unattractive working conditions in the private sector and dissatisfaction with remuneration Insufficient human resource management/development systems in the private sector 	<ul style="list-style-type: none"> Facilitate better working conditions in the private sector
	<ul style="list-style-type: none"> Lack of attention to informal sector working conditions 	<ul style="list-style-type: none"> Facilitate monitoring of informal sector working conditions
<i>Equal employment opportunities</i>		
<i>Employment of women</i>	<ul style="list-style-type: none"> Lower work-force participation 	<ul style="list-style-type: none"> Encourage greater female participation in the work force
	<ul style="list-style-type: none"> Challenges to start businesses 	<ul style="list-style-type: none"> Ensure equal opportunities for female entrepreneurs in terms of access to credit, labour and infrastructure
	<ul style="list-style-type: none"> Wage disparity 	<ul style="list-style-type: none"> Safeguard the equality of women in their enjoyment of labour rights
	<ul style="list-style-type: none"> Limited representation at higher decision-making levels 	<ul style="list-style-type: none"> Enhance women participation in decision-making bodies at higher levels
<i>Employment of vulnerable groups</i>	<ul style="list-style-type: none"> Lack of targeted policy/data on persons with disabilities 	<ul style="list-style-type: none"> Design targeted policies for persons with disabilities
	<ul style="list-style-type: none"> Lack of supportive infrastructure 	<ul style="list-style-type: none"> Enhance institutional and infrastructure support for disadvantaged groups including persons with disabilities
	<ul style="list-style-type: none"> Low work-force participation 	<ul style="list-style-type: none"> Increase work-force participation of the vulnerable groups and safeguard the labour rights of persons with disabilities
<i>Migration/ Regional development</i>	<ul style="list-style-type: none"> Disproportionate urban migration 	<ul style="list-style-type: none"> Facilitate and guide the systematic migration of rural labour to urban areas
	<ul style="list-style-type: none"> Unbalanced regional development 	<ul style="list-style-type: none"> Facilitate balanced regional development

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KEY CONTACTS

Vedamoorthy Namasivayam

Senior Director

Deloitte Touche Tohmatsu India Pvt. Ltd.

Tel: +91 (80) 6627 6112

Fax: +91 (80) 6627 6412

Mobile: +91 98450 15311

Email: vnamasivayam@deloitte.com

S. Sasi Kumar

Director

Deloitte Touche Tohmatsu India Pvt. Ltd.

Tel: +91 (80) 6627 6173

Fax: +91 80 6627 6017

Mobile: +91 99804 00882

E-Mail: ssasikumar@deloitte.com

Address

Deloitte Centre, Anchorage II

100/2 Richmond Road

Bangalore, Karnataka 560025

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