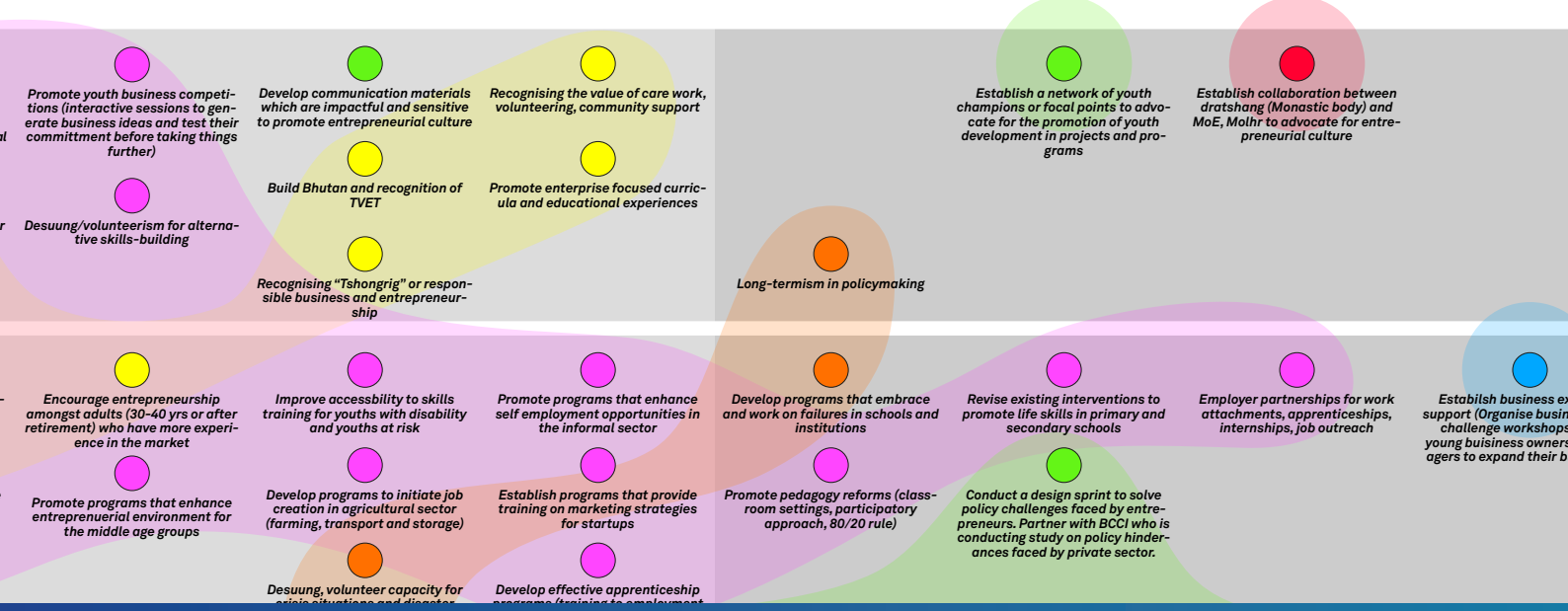
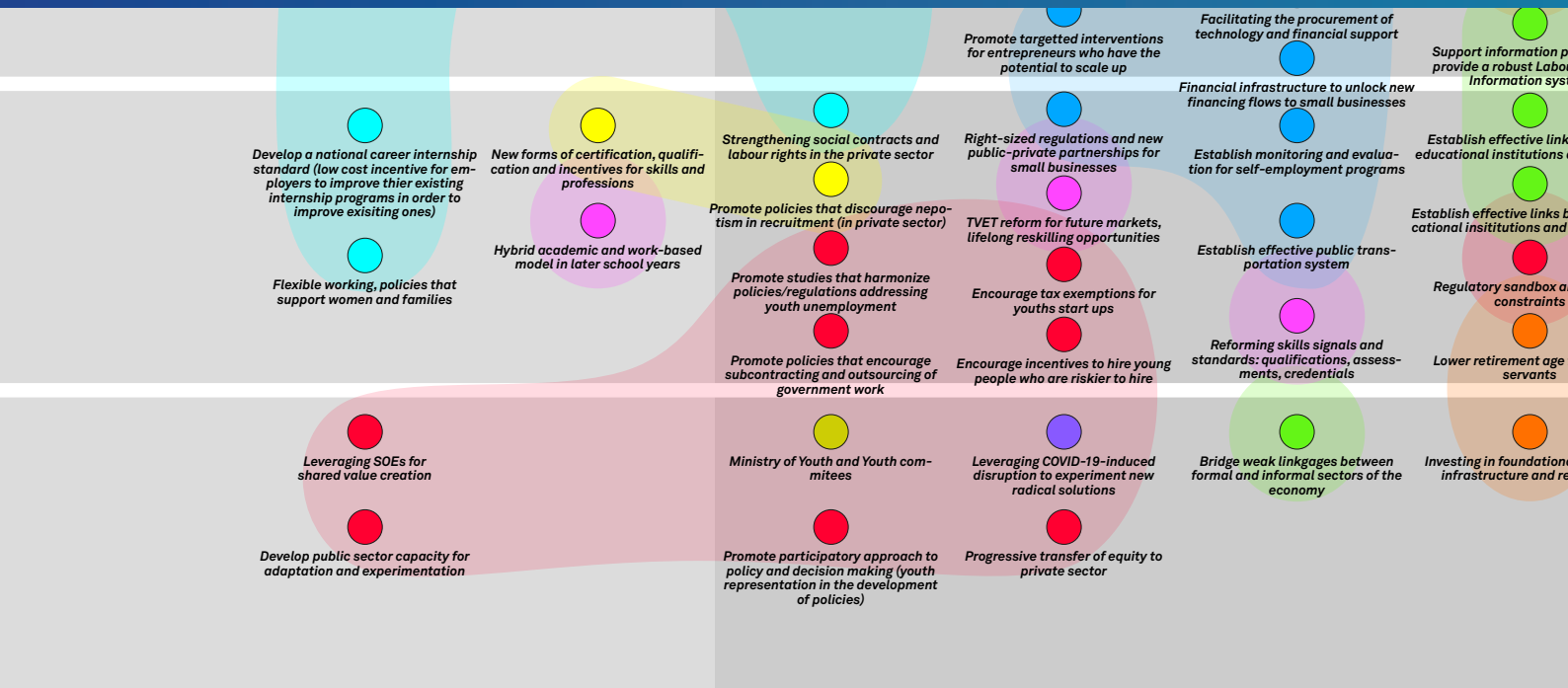


OPPORTUNITY DOMAINS

- SOCIAL NORMS AROUND WORK
- LEARNING AND SKILLS PATHWAYS
- GLOBAL AND REGIONAL CONNECTIVITY
- FUTURE LIABILITIES AND RISKS
- HARD AND SOFT INFRASTRUCTURE
- TRANSFORMATIVE ROLE OF THE STATE
- INFORMATION FLOW AND COLLECTIVE INTELLIGENCE
- STRONG SOCIAL SAFETY NET



Addressing the Youth Unemployment Challenge in Bhutan Through a Systemic Portfolio-Based Approach



COLLECTIVE CAPACITY



SYSTEM CAPACITY

**ADDRESSING THE YOUTH UNEMPLOYMENT
CHALLENGE IN BHUTAN THROUGH A
SYSTEMIC PORTFOLIO-BASED APPROACH**

FOREWORD

The persistent unemployment issue, particularly the youth unemployment has been a growing national concern for Bhutan. The challenges faced with the labour market dynamics are both unique and complex as there are numerous factors needed to be addressed. The Ministry of Labour and Human Resources is tasked to facilitate employment through provisions of skills training, direct engagement, self-employment promotion, and improvement of conditions of initiatives. However, these interventions are inadequate as a holistic approach is required to address complexities of the labour market dynamics. The outbreak of COVID-19 pandemic has further aggravated the unemployment situation with many being laid off from sectors rendered unviable by the pandemic as well as the overseas returnees.

This report on "Addressing the Youth Unemployment Challenge in Bhutan Through a Systemic Portfolio-Based Approach" presents much needed way forward for devising innovative strategies to overcome the challenges of the labour market. The report explores multidimensional nature of youth unemployment in Bhutan through the method of system mapping. The resulting portfolio-based interventions recommended by this report will serve to address the pain points of the labour market. Issues like parental divorces, barriers to scale, preference for civil service, siloed approach of the agencies, social norms and stigma, narrow social safety net, weak information flow are some of the many pain points identified by this report.

I am happy that the Ministry of Labour and Human Resources in collaboration with the relevant agencies have come up with such a comprehensive report. I commend the sincere effort and commitment made by the task team for the past one year. I would also like to express my appreciation and gratitude to the UNDP-Bhutan for assisting with this task.

I look forward to implementing the recommendations of this report to realize the vision of our Ministry – to provide gainful employment to every Bhutanese.

Wishing everyone a happy reading.



Tashi Wangmo
Secretary

FOREWORD

Unemployment, particularly amongst youth, has become a major concern for Bhutan's sustainable development. It was first identified as a growing concern in the Royal Government and UNDP's National Human Development Report 2005, entitled "The Challenge of Youth Unemployment". The COVID-19 pandemic, with its disproportionate impact on young people, has further exacerbated the challenge, particularly amongst young women. According to the Labour Force Survey 2020, youth unemployment has doubled in one year from 11.9 percent in 2019 to 22.6 percent in 2020.

Something bold and fast needed to be done. To respond to this fast-growing development crisis, UNDP, Gross National Happiness Commission (GNHC), Ministry of Labour and Human Resources (MoLHR), Ministry of Economic affairs (MoEA) and other partners embarked on a journey to tackle youth unemployment through a systems approach. The first step was to understand and recognize unemployment as a 'complex challenge', impacted by multiple, interconnected factors. It became evident that simply focusing on the supply and demand factors alone would not solve the issue.

The systems mapping of youth unemployment help us unearth and deepen our understanding of the underlying causes, key structures and patterns that drive the employment system to behave the way it does. The first part of the work draws insights from the analytical piece published earlier called the *Intelligence Report: Systems Mapping of Youth Unemployment* (scan the code below to download).

UNDP, together with partners, is pleased to present the *Systemic Portfolio Based Approach Report*, which translates the findings from the *Intelligence Report* into a strategic action plan, using a portfolio-based logic. This approach avoids a 'silver bullet' thinking by resisting the application of stand-alone interventions as siloed solutions. Instead, the report presents a coordinated suite of interventions that are integrated and complement one another. It is our hope that the proposed interconnected interventions will be catalytic in influencing and impacting different levers of change within the employment space, such as policy reforms, institutional frameworks, and behavior change.

We have discovered one valuable insight through this exercise. Despite challenges of finding jobs, the Bhutanese youths are driven by a strong passion to give back to their country. This presents a potential that must be harnessed to build Bhutan back better from the COVID-19 pandemic. Merely empowering youth is not enough. The youth must be actively engaged in collectively achieving the country's vision. This is critical now more than ever given the urgent need for the nation's economy to recover from the crisis.

Subsequently, the report highlights the lack of concerted efforts in the mental model transition. This stems from the widely held assumption that the employment programs will automatically result in mindset and behavior change.

Given the diverse nature of solutions proposed in the report, collaborative efforts of different stakeholders, including the private sector and CSOs, will be crucial in implementing the recommendations. Therefore, I hope that this report provides a way forward for innovative partnerships among all agencies engaged and mandated to contribute towards employment creation in the country.

Some of the solutions presented in this report, such as the digital engagement platform, human centric approach to job portal system, entrepreneurship learning management system, technopreneurs meet, have already been experimented and implemented by agencies in partnership with UNDP. I look forward to seeing more solutions being tested and scaled up. UNDP stands committed to supporting efforts to translate this report into actions and transformational results.

Lastly, the finalization of this report would not have been possible without our close collaboration with, and support and contribution from GNHC, MoLHR, MoE and MoEA and overall guidance provided by the Regional Innovation Centre, UNDP Bangkok Regional Hub. The report has also immensely benefited from the technical inputs from more than 100 stakeholders, including the Local Government representatives and youths themselves. Taking this opportunity, I would like to convey our sincere appreciation for this incredible team effort.



Azusa Kubota
Resident Representative
UNDP Bhutan



ACKNOWLEDGEMENT

This report is a collective action of the task team formed with representatives from Gross National Happiness Commission, Ministry of Labour and Human Resources, Ministry of Education, Ministry of Economic Affairs, Accelerator Lab , UNDP Bhutan and Regional Innovation Centre, Bangkok Regional Hub, UNDP.

Special thanks go to the youths, the Local Government representatives, CSOs, other government ministries and department officials who provided valuable inputs into making this report relevant to current realities.

MULTISTAKEHOLDER TASK TEAM:

1. Tshering Choki, Ministry of Labour and Human Resources
2. Pema Namgay, Ministry of Labour and Human Resources
3. Sherab Tenzin, Ministry of Education
4. Tshering Samdrup, Ministry of Economic Affairs
5. Gyem Dorji, Ministry of Economic Affairs
6. Kinley Yangden, Gross National Happiness Commission
7. Dechen Zam, Gross National Happiness Commission
8. Bishnu Chettri, UNDP
9. Sonam Choki, UNDP
10. Tshering Wangmo, UNDP
11. Kunzang Wangmo, UNDP
12. Tshoki Zangmo, UNDP

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EXECUTIVE SUMMARY

Bhutan's struggle to create sufficient, productive employment for its young people has long been one of the issues of greatest national concern. Even before the current COVID-19 crisis, youth unemployment in Bhutan was over four times higher than the overall unemployment rate. With close to half of the country's population under the age of 27, the scale of the challenge was growing. And now, the economic fallout of the pandemic is hitting Bhutan's youth hardest- destroying jobs and livelihoods and undermining educational opportunities and mental wellbeing.

The Royal Government of Bhutan (RGoB) in partnership with UNDP Bhutan are drawing on public sector innovation approaches and tools to navigate volatile, uncertain and complex contexts. Youth unemployment is one such complex problem space where this approach is being applied. This work began over a year ago through an extensive consultation with policy makers, Civil Society Organizations (CSOs), employers, and young people, leveraging system mapping as a methodology for highlighting and understanding the interdependent dynamics of the youth unemployment challenge in the country. It resulted in a compelling description of these dynamics¹ and suggested an experiment framework that the relevant implementing agencies could refine and begin to experiment for change.

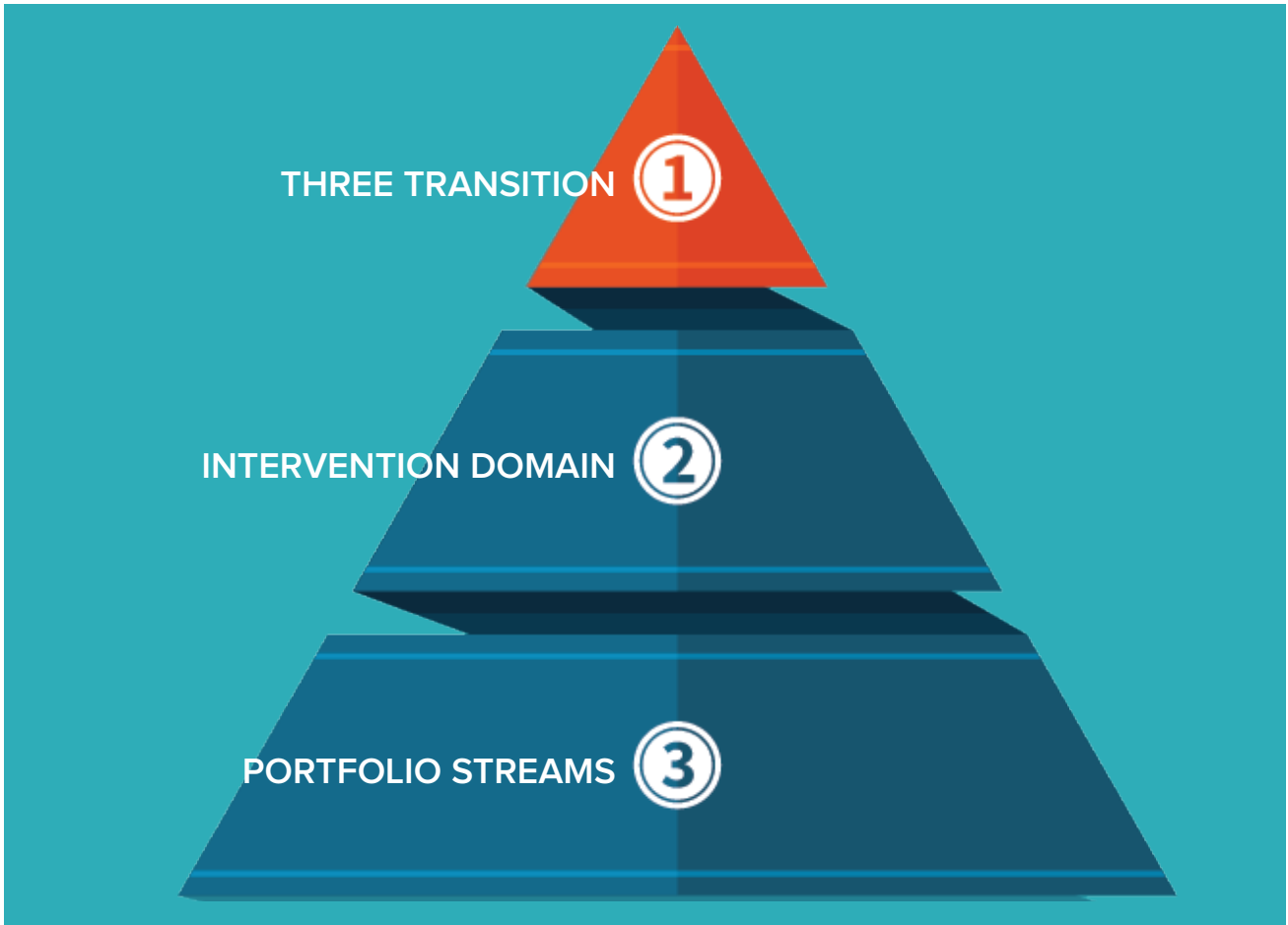
To build on this initial work, a Task Team composed of professionals from a wide range of different government agencies was formed in 2021. The purpose of this group has been to make further sense of the established experiment framework and to translate its findings into a strategic action plan using a *portfolio-based approach and logic*. This approach avoids “silver-bullet” thinking by resisting the application of stand-alone interventions as siloed solutions in complex domains. Rather, a portfolio embraces the implementation of a coordinated suite of initiatives that are aligned and complement one another. As such, a portfolio-based platform presents itself as an alternative implementation model well-suited for experimenting with transformational change in complex social-economic development domains.

This report is an in-depth record of this work. In it, we outline the particular dynamics that currently undermine desired progress on this issue and suggest a new frame embedded in a strategic narrative (alternative way to see and approach this issue.) Complementing this, we also present a portfolio-based framework for systematically addressing this issue. We refer to this as a “nested framework²” as it is composed of three levels:

- **System Transitions:** 3 parallel yet related transition spaces required to shift current activity in line with the proposed vision for the desired state of the system.
- **Intervention Domains:** tangible areas where targeted action is required to shift current dynamics to desired results in these transition spaces. The intervention domains are *areas of leverage* where experimental effort (over time) could lead to transformational change.
- **Portfolio Streams:** thematic areas consisting of interventions designed to initiate activity in each of the intervention domains. Put another way, the portfolio streams feature the action-based initiatives this framework suggests beginning with upon implementation. Being a portfolio, these interventions share a purpose and logic and are not siloed in their design and intent.

¹ See for more detail:: <https://www.bt.undp.org/content/bhutan/en/home/library/intelligenc-report-systems-approach-to-youth-unemployment-in-bhutan.html>

² refers to the way the overall system or paradigm relates to its broader context, to the paradigm and its embedded components, or to the way the components in the system relate to each other and to the system itself



This framework provides an initial starting point to approach the youth unemployment challenge in Bhutan with a new vision and intended approach. Being a complex wicked problem, this work requires humility, curiosity, and a willingness to experiment with change in order to learn more intently about the problem space. Moreover, it requires collaborative and collective partnership across sectors to make the difference one expects.

INTRODUCTION

Youth unemployment is a persistent challenge globally. Recent estimations from the International Labour Organization indicate that despite an increasing global youth population, labour market participation rates have decreased.³ Moreover, youth are three times more likely to be unemployed compared to their adult counterparts. Like most complex social development challenges, these are the results of a multitude of factors, global competitiveness, rapid technological advancements, rapidly changing labour market needs, and (as of recent) the global COVID-19 pandemic are examples of the dynamical drivers of this challenge space.

Zooming in, nowhere globally is this problem as pronounced as in the Asia and Pacific Region. With 14.1 percent of the region's youth experiencing employment challenges, a massive gap exists in terms of bridging socio-economic opportunity with the needs and wants of emerging generations. For countries within the region, despite an almost universal presence of this issue regionally, the unique manifestations of youth unemployment in these niche circumstances make it difficult to apply global standards and best practices to fix the problem. Youth unemployment is intrinsically linked to a broader national development ecosystem that weaves together social, economic, cultural, technological and political dynamics into one overall problem space domain. As such, there is no silver-bullet or an easy fix.

Efforts to fundamentally address youth unemployment in Bhutan is a tangible demonstration of this point. Bhutan has been struggling with this challenge since 2005. With a disproportionate number of youth making up the national population (close to 50 per-cent below the age of 25⁴), creating the conditions for a vibrant labour market whereby youth not just hold a job, but a meaningful one, is a grand challenge.

Recognizing the sheer complexity of this challenge, the Royal Government of Bhutan (RGoB) in collaboration with UNDP Bhutan embarked on an innovative path at the start of 2020 to discover new approaches for addressing the youth unemployment challenge. This process has revealed system dynamics and under-the-surface aspects of the challenge space that present a new frame for understanding the challenge, and also how we might intervene. A systems map outlining the key pain points was identified after extensive consultations with stakeholders including youths⁵.

Acknowledging the complexity and interconnected nature of the challenge, a task team composed of a diverse group of RGoB representatives was formed in May 2021 to work towards designing an action plan that would target the entire system. The mandate of this task team has been to contemplate the complex learnings that surfaced in this work and to devise a systemic framework for taking action. For example, the task team has extensively examined why there is such a strong preference for public sector jobs and not vocational opportunities in other sectors amongst youth. The concluding evidence suggests that this behavioral reality is not simply tied to youth and their desires. It runs much deeper and is grounded in a cultural dynamic that positions parents (and Bhutanese society at large) as strong influences over youth and their underpinning preferences. As such, to address this issue holistically, interventions must not simply target the obvious problem space (youth) but must go broader and position interventions in aspects of the challenge space that are less direct and obvious (in this case, recognizing leverage in shifting parents and societal mindsets around work).

3 See https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_737648.pdf

4 See <https://bhutan.unfpa.org/en/node/15301>

5 See <https://www.bt.undp.org/content/bhutan/en/home/library/intelligenc-report-systems-approach-to-youth-unemployment-in-bhutan.html>

For the last few months the project team has been developing an action plan that applies a *portfolio-based logic* and approach for driving the needed change. A portfolio-based approach avoids ‘silver-bullet’ thinking by resisting the application of stand-alone interventions as solo solutions in complex domains. Rather, a portfolio embraces the implementation of a coordinated suite of initiatives that are aligned and complement one another. As such, a portfolio-based platform presents itself as an alternative design and implementation model well-suited for experimenting with transformational change in complex social-economic development domains.

This report serves as a detailed account of the learnings through this project. It outlines insights that have surfaced through the problem-framing portions of the work. It attempts to provide a compelling rationale for the framework that has been developed for taking systemic strategic action on this front. This framework is guided by a *strategic narrative* that sets a vision and intent for what desired change looks like. Finally, the framework itself features a portfolio of interventions that share a logic and alignment intended to begin to address this challenge in a more holistic, strategic, and collaborative way.

PART ONE:

UNDERSTANDING THE PROBLEM SPACE

This project has been purposeful in adopting a holistic approach to understand the system dynamics that are currently present, which either limit or enable the conditions required for positive labour market outcomes for the youth. While the principal frame for this project is centered around youth unemployment, this project has revealed how deeply entwined the complexities are that drive current realities for the youth.

The appointed task team was diligent in convening stakeholders and subject matter experts from across the government, private sector, and youth to provide a firsthand account of the predominant issues at play. This work helped reveal three overarching systemic challenges (indicated in table one below) that collectively inhibit youth and their pursuit of meaningful employment opportunities. These are the *skills mismatch*, *lack of economic diversification*, and *entrenched societal beliefs and values*. While these issues are complicated in their own right, the interdependent nature of these problem spaces (and the sub-issues within them) create a level of complexity that cannot be addressed or solved through a traditional method or approach.



TABLE 1: OVERARCHING SYSTEMIC CHALLENGES

CHALLENGE AREA	RELATED SUB-ISSUES
<p>THE SKILLS MISMATCH</p> <p>Currently, a structural misalignment between the current and emerging needs of employers (demand-side) and talent pool of the labour force (supply-side) exists. There are several reasons for this.</p> <p>First, areas of focus and preferential attention tend to favor immediate needs and quick-fix opportunities. While the government develops five-year development plans, a vision document that outlines a long-term economic plan is missing considering that the Bhutan Vision 2020 has already come to an end. The need for a long-term economic planning and translation of this into skills training today for workers of tomorrow is absent. Related, supply-side planning (labour market development) and demand-side development (economic development) are not completed in unison. Rather they are disconnected leading to critical alignment gaps in terms of purpose and action in these spaces. The current 21st Century Economic Roadmap once endorsed will serve as a vision document that would help address the misalignment issue between demand and supply of skills.</p> <p>Access to clear and user-friendly information sources relevant to labour market opportunity and need (e.g. skill needs and job demand) is difficult to attain. This limits the ability of system stakeholders (including the youth) to fully appreciate needs and opportunity areas for sustainable employment opportunities, both current and emerging.</p> <p>Modern-day infrastructure, including the use of digital platforms for education/training purposes is still developing in Bhutan. Supporting infrastructure has the capacity to enhance service delivery and the overall learning experience for youth.</p> <p>Current approaches to training and education delivery are premised on traditional methods that limit acquired real world experience and skill development. Also, a focus on soft-skill development that fosters and encourages critical and creative thinking, situational judgment, leadership, collaboration as examples is not a priority focus at the moment. In a rapidly changing world, creating the conditions for youth to develop critical soft-skills that will help them adapt, evolve, and demonstrate resilience is important.</p>	<ul style="list-style-type: none"> ● Short-Termism and Reactive Planning ● Disconnect from Economic Planning ● Awareness and Information Challenges ● Lack of Supporting Infrastructure ● Outdated Curriculum and Pedagogical Approaches ● Limited integration of different actors in the ecosystem such as the employers in demand creation of jobs

CHALLENGE AREA

LACK OF ECONOMIC DIVERSIFICATION

An equally important system challenge is the state of the economy in Bhutan. Lack of economic diversification highlighted in this report is not a new challenge that is but has been outlined in many important discourses. While the pandemic has renewed the argument around hydropower and the risk of putting all eggs in one basket, the fact that hydropower brings about jobless growth and the need for diversification still holds ground. Initial analysis of the economic sector shows the missing middle syndrome in Bhutan. Small and Medium Enterprises (SMEs) make up 95 percent of the registered businesses in Bhutan, but contributes only 11% in terms of employment generation. Small businesses globally generate more jobs and have higher capacity to innovate and diversify economic activities. However, diversification of the economy is a challenge in Bhutan with a strong industrial presence only existing in a few concentrated areas (i.e. manufacturing and tourism).

Moreover, Bhutan geographically is in a hyper-competitive region with surrounding countries also embarking on similar development and economic trajectories. This creates competition regionally for Bhutan which significantly affects its economic potential. This regional reality makes it difficult to attract sufficient investment to propel novel economic growth. Investment is critical for establishing and scaling economic efforts and creating the vibrant economic conditions necessary to unlock the youth employment opportunities.

Finally, foundational to all of these points, is that currently there is no well-articulated vision for the country's economic future. Such a vision would outline the outcomes desired and help direct efforts and areas to align focus. In the absence of such a vision, siloed effort and uninformed interventions can prevail.

RELATED SUB-ISSUES

Dominant State Presence as an Economic Player

Regional Competition

Absence of an Overall Economic Vision and Future Planning

Lack of Foreign Investment in scaling up CSIs and other potential sectors like ICT-enabled industry

CHALLENGE AREA

SOCIETAL BELIEFS AND VALUES

While the skills mismatch and economic diversification issues are apparent, the prevalence of deeply held societal perceptions and value-sets pertaining to work (in particular meaningful dignified work), is a crucial aspect of this challenge. Stigma, real or perceived, is prevalent in Bhutan. Blue-collar vocational employment, for example, is not held with equal esteem as compared to 'white-collar' options.

This stigma drives a strong cultural preference for public sector employment. This work is held with honor and higher esteem than alternative counterparts. The provision of adequate support structures (employment benefits, adequate/competitive salary/leave entitlements/health and safety protocols, etc.) in the public and private sector are vast, limiting the attractiveness of alternative employment options outside of perceived safe and secure public sector realities.

Who is perceived as having knowledge and is in a position to contribute to the framing of issues and solutions considered is limited. Stakeholders, including private sector involvement, front-line educators, and youth themselves are beneficiaries of services rather than partners in improving the current realities of the problem space. This dynamic is tied to the role of the state as the provider: the state provides for its people and stakeholders. However, as we are learning in complex problem spaces, a diversity of actors with diverse perspectives are required to create shared movement towards preferred realities.

Finally, a reluctance to take chances, embrace calculated risk, and even learn from tolerable failure is counter-cultural. Creating a dynamic economy that creates opportunity for youth requires embracing obvious and non-obvious action paths forward. Embracing risk and learning from failure, while perhaps counter-intuitive, can help accelerate growth. Moreover, growth of an entrepreneurial start-up base as a foundation for future growth requires a measure of risk tolerance that presently does not exist.

RELATED SUB-ISSUES

Societal Stigma Regarding Blue Collar Work

Strong Societal Preference for Public Sector Oriented Careers

Stakeholders are seen as Beneficiaries and Not Partners

Fear of Failure/Risk Aversion

Compounding these dynamics are the structural barriers that promote siloed behavior and action amongst those dedicating efforts to better the conditions of youth employment in the country. These siloes persist between government units and departments, between government entities and other system stakeholders and between stakeholders themselves. This reality creates great inefficiency, duplication in effort, and runs the risk of creating interventions that are at cross-purposes with one another.

Finally, state capacity is another issue. With a rapidly evolving global environment, great pressures are on governments globally to keep pace. In Bhutan, this places much pressure on the government and its resources to do all things well. Acting as a system manager and coordinator, investment attraction engine, quality control and assurance agent, and chief decision-maker creates immense pressure and forgoes opportunities for building shared responsibility over some of these requirements. Finding ways to relieve/share some of this responsibilities is important for alleviating the pressure on the government alone to achieve and deliver desired results.

THE PROBLEM SPACE: SUMMARY

This section outlines the dynamical problem space that the youth employment challenge finds itself in. To stress, not one of these issue areas (or sub-issues within) is solely responsible for the current state of realities facing youth. These realities are the result of collective impacts of the issues outlined here.

As such, focusing attention on one and ignoring others, and resisting to recognize the interdependent nature through a more holistic and strategic action-oriented approach is insufficient for tackling the challenge. Rather, a new frame for seeing the problem space and working to affect change is required. The following section outlines a frame for doing so.

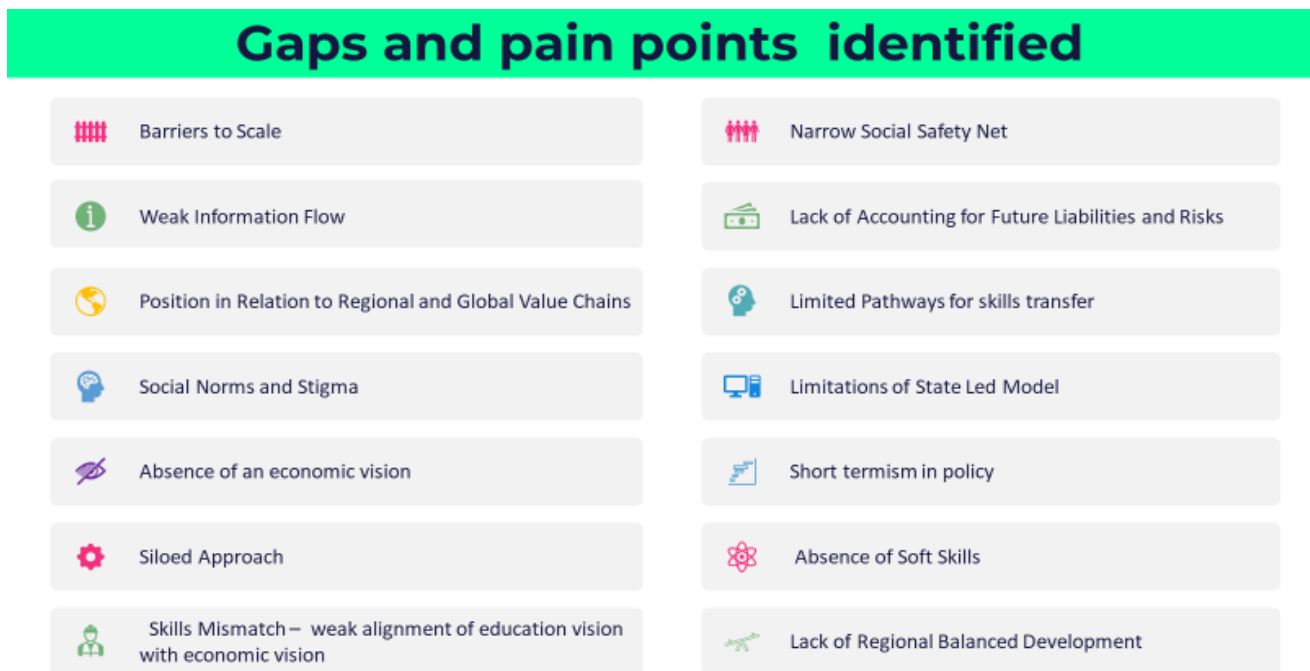


Figure 1: Pain points within the employment system

Source: Intelligence Report: Systems Approach to Youth Employment in Bhutan

PART TWO:

YOUTH EMPLOYMENT IN BHUTAN: A FRAMEWORK FOR MOVING FORWARD

INTRODUCING THE FRAMEWORK

Through its journey, the appointed task team deliberately chose not to adopt the predominant deficit-based framing that has guided previous work in this space. Rather, the task team was driven by an alternative purpose: to develop an alternative framing that positions youth in an advantageous light and as an instrumental part of what is needed to drive overall lasting change in Bhutan.

Guided by this vigor, the task team developed a strategic narrative that articulates a vision (and the range of support required) for the systemic realities necessary to drive prosperity not only for youth, but for all of Bhutan. This narrative has been carefully crafted after extensive interaction with a wide group of stakeholders and is guided by His Majesty the King's Royal Addresses on different occasions. Collectively, they revealed a deep sense of faith and hope in Bhutan's future and positioned the country's youth as a unique strategic asset. Moreover, they revealed that leveraging the country's youth as the backbone of future prosperity is currently one of potential and not *realization*. As such, if not optimized, this could lead to missed opportunities similar to the demographic dividend window.

These deep and enlightened engagements helped the team re-frame the youth unemployment challenge which is expressed in the strategic narrative. Pivotal assertions made in the narrative are as follows:

- Youth are an asset and need to be viewed as such to drive inclusive socio-economic development in Bhutan;
- Driving a desired future requires solutions to address more than just labour supply and demand objectives; and
- Youth employment is about the potential that is currently available in the economy and identifying key interventions to unleash and harness that potential towards building an inclusive, innovative and dynamic economy through shared value creation.

Again, this work is informed by the capacity-based framing that positions Bhutan's youth as a source of strength that can help unleash future possibilities. **This serves as the central thesis that informs the strategic narrative for the portfolio of interventions.**

Youth Voices: What they have to say “the World We Want!”

How all of us can together give better thought on brighter bhutan

to change the future Bhutan...!

To be a part of the change!

Help our country

Address issues concerning the youth of Bhutan. Exploring growth mindset to change the look of humanity

Exchange knowledge

To interact with other Bhutanese youth, know their opinions and be part of the change

What youth can contribute to the change

Learn more about the youth

curious what other people of my age are thinking about Bhutan and its future

Figure 2: Voices of the youth

YOUTH AS THE BACKBONE FOR SUCCESS: A STRATEGIC NARRATIVE TO GUIDE FUTURE EFFORTS RELATED TO YOUTH EMPLOYMENT IN BHUTAN

Bhutan is a strong and proud country that espouses principles of balance, good-will, and happiness. These principles have served as the backbone of an impressive socio-economic evolution that has foundationally improved the lives of its people in a way that is authentic to its culture and history.

As Bhutan moves forward, it will need to continue to demonstrate vision and courage to propel its development growth. For a relatively small country located in a hyper-competitive economic region, this means taking advantage of every asset the country possesses. Perhaps there is no single more important asset for the country right now than its youth population. With approximately 50 per-cent of its population below the age of 27, there is immense potential to leverage the passion and ambition of youth to drive transformative socio-economic change over the next several decades.

Bhutan's youth are well suited to be the drivers of this change. They are grounded in Bhutan's unique and cherished cultural teachings and have a strong desire to be an inclusive part of building Bhutan in a way that gives back to all. Given the dynamism of the emerging 4th industrial revolution, and the globally driven competitive dynamics that come along with it, possessing this human potential and talent presents an amazing opportunity for Bhutan to find its competitive niche within the broader web of regional and global markets.

The challenge is how to translate this human potential from theory into reality? How might Bhutan leverage its youth to be the engine of its socio-economic growth and evolution? It starts with setting a foundational vision, a "north star," to guide decision-making, planning, and action as it relates to youth and their future.

Through much engagement, analysis, deliberation, and reflection this work has established a vision that possesses the qualities necessary to begin to align and coordinate efforts in this respect. The vision states:

"A System that creates the Conditions for young people to have Dignity and Choice and realize Purpose aligned with GNH values."

This vision presents a strategic imperative for Bhutan and those required to work towards this. It imagines a *system* whereby the interdependent efforts (rather than siloed behaviors) of a wide range of actors open economic opportunities that youth can not only partake in, but willingly pursue and be proud of. It requires those in decision-making positions to create a space for others to contribute towards this vision. In the case of Bhutan this means human-centered engagement not only with youth, but also with the private sector, educators, mentors, parents, and so on. It requires educational platforms that work hand in hand with economic ambitions to create uniform intentions between labour supply and demand. It sees equipping its people with soft skills that enable the growth of adaptive capacities as a must. Finally, it is supported by a futures-oriented approach that seeks to understand emerging trends, opportunities, and threats, and continually translates this information into action.

While this is the aspiration, we are beginning with current-state realities. We must go beyond conventional thinking and approaches. This is a wicked problem. The challenge space consists of a myriad of interconnected dynamics that aggregate together to reinforce current realities for youth in the country. External to Bhutan, the operating environment for established and emerging industries is being disrupted by rapidly evolving technologies, automation, and demands from growing consumer bases. As such, pathways taken by countries like Japan and South Korea in the pursuit of socio-

economic development no longer hold as a linear path from labour to capital intensive growth. This leaves decision-makers around the world struggling to assist countries find new prosperous paths for development in the wake of no “blue-print.”

Internal to Bhutan, cultural perceptions around what “are” and “are not” desirable modes of employment is impacted by the pace of change and the need for skills training and education to keep up with quickly evolving labour-market needs. It is reinforced by organizational silos that struggle to work towards a common goal and purpose. Finally, it is perpetually ingrained into cycles of behaviour through a predominant frame of thinking that features deficit-based logic and positions youth as a passive recipient of goods and services. Such thinking is incapable of driving the action necessary to unleash this potential towards building an inclusive, innovative and dynamic economy through shared value creation.

We know that with a wicked problem such as this, silver-bullet thinking and siloed interventions do not generate required change. Instead, we need portfolios of complementary, interconnected interventions acting in parallel on multiple points with coalitions of actors working towards a shared orientation. A portfolio approach is needed to test hypotheses, leverage interconnections between different interventions, generate intelligence from the system, and continuously learn and adapt. A framework that supports horizontal layered rather than a funneling approach.

What follows is a strategic framework for action that recognizes the complex dynamics of the current state but is oriented to deliver on the north star. Our portfolio of interventions is one that seeks to realize the potential of the Bhutanese youth. It also seeks to support decision-makers in navigating through this complex space and take calculated action despite the policy uncertainty that exists in this space.

CREATING NEW POSSIBILITY: A PORTFOLIO APPROACH FOR ADDRESSING YOUTH UNEMPLOYMENT IN BHUTAN

So how might we begin to pivot this work in a way that acknowledges the complex dynamics embedded in this area? Through this project we have developed a “nested” framework that creates a strategic approach for beginning to systemically address youth employment via a portfolio-based approach and methodology.

It is driven by the foundational assertion made in the strategic narrative: that youth is one of Bhutan’s primary assets, and systems need to be redesigned to translate this asset’s potential into an actualized reality.

The nested framework itself features 4 main levels, each aligned to guide action and behavior moving forward. A brief introduction to each of these levels follows.

At the highest level are **system transitions**: 3 parallel yet related transition spaces (outlined in the diagram) required to shift current activity in line with the vision for this work. The focus on “transitions” is purposeful in this framework. As espoused in models such as the work of the Berkana institute⁶ systems never evolve instantaneously. Rather, they shift over a time, sometimes gradually, and sometimes abruptly. This transition features the breakdown of old patterns, power dynamics, and ways of thinking and creates space for new ones to grow. In this spirit, the transitions proposed in this framework articulate the key transitional spaces that need to occur for youth to begin to flourish in Bhutan. From a strategic perspective, the transition spaces indicate *where change is required to have desired impact*.

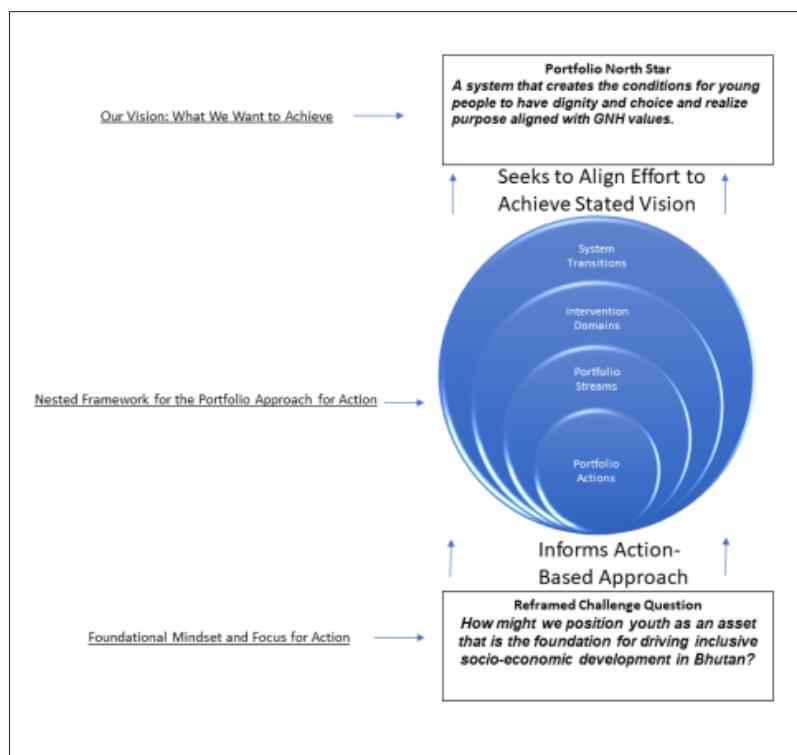


Figure 3: A nested framework

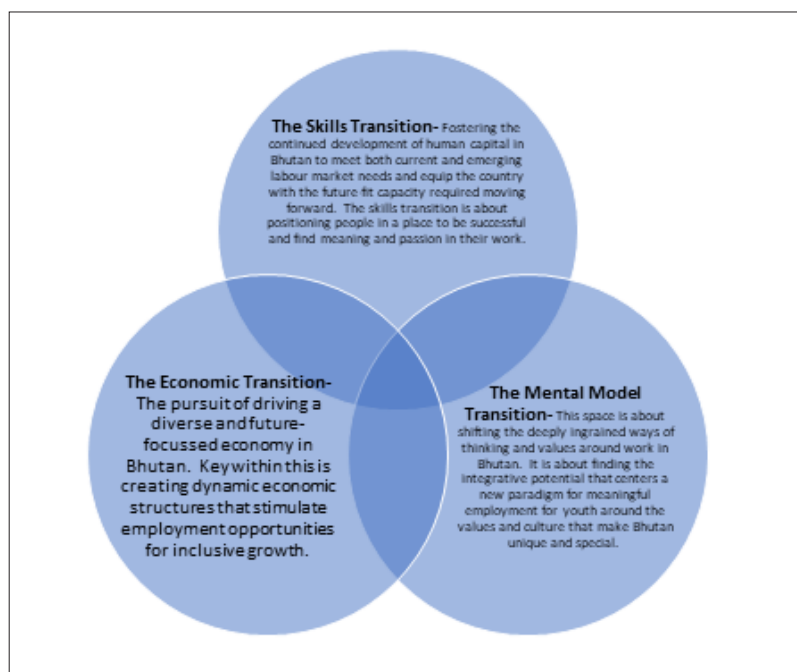


Figure 4: System Transitions

⁶ See: <https://berkana.org/wp-content/uploads/2020/04/Emergence-Booklet-English.pdf>

As the diagram suggests, these are interdependent transition spaces that occupy both their own domain, but also elements of shared space where an integrative approach is required for intervention. As such, a siloed approach for managing each of these transitional spaces will lead to suboptimal results given the nature of their interdependence. It is this integrative approach that the portfolio we have developed is premised upon.

Next, we have the **intervention domains**. These are more tangible areas, that engrain potential to unleash cascading effects across the transition spaces and can be seen as a pre-requisite for the sustained and transformative change towards the north star. The intervention domains outline catalytic points within the system that has potential to impact transformational change.

TRANSFORMATIVE ROLE OF THE STATE

Bhutan's state-led development model enabled the economies of scale to diversify into priority sectors and direct subsequent revenues to support rapid poverty reduction and human capital development. However, under the state-led growth model, with the dominance of state-owned enterprises and the "missing middle" of private sector firms, creating economic (market) and job diversity is a challenge. The government can use effective state capacity to enable new models of shared value creation across public and private sectors. An "entrepreneurial state" can incentivize new forms of partnerships, for example by leveraging the role of state owned enterprises to partner with small firms, use of public procurement and fiscal tools to incentivize the creation of lead markets (such as green energy) with the private sector providing most of dynamism and growth. Reshaping the government's role as advocate, thought leader, funder, customer, regulator and legislator will help to unlock decentralized assets, capabilities and opportunities; and enable new models of value creation.

BUILDING A SOCIAL OPPORTUNITY:

Without a broad-based social support structure that protects job quality in both the private and public sectors, the current imbalance between public and private sector employment will continue to persist. Furthermore, a comprehensive social safety net that combines fiscal, relational, and emotional support to limit current family hardships (e.g. single parent families) and expand children's opportunities is needed. If we can alleviate struggles for subsistence through social safety nets, we can generate the 'cognitive surplus' (Shirky, 2010) needed for innovation, experimentation, and entrepreneurship.

INFORMATION FLOW AND COLLECTIVE INTELLIGENCE:

There are weaknesses in information flow and feedback loops across the system: individuals lack information about jobs and skills, employers lack information about upcoming trends and their skills needs and opportunities, and sectors lack mechanisms for coordination (e.g. between firms or with government and other partners). Information silos in government departments lead to silos in policy implementation and regulations and mechanisms for oversight that are not fit for needs. The system needs stronger distributed capabilities for learning and collective intelligence at all levels in order to have the capacity to continually adapt and renew itself.

LEARNING AND SKILLS PATHWAYS:

There are weak feedback loops from labour market demand to education and training systems meaning outdated skills options, lack of data on skills needs and job demand. There is also a lack of skills-building from on-the-job experience, intra-firm learning and inter-firm learning due to the immaturity of the private sector. More fundamentally, the current paradigm focuses on the need to address 'skills mismatch', i.e. how skills can be transferred to meet current gaps. Instead, there is a need to look at diversifying skills and capabilities in order to unlock future opportunities, jobs and markets. Finally, knowing there may be finite opportunities internal to Bhutan, having a firm understanding of the emerging labor needs of surrounding "host" countries where Bhutanese may find prosperous careers and livelihoods is important.

BARRIERS TO SCALE

Bhutan's private sector is dominated by cottage and small industries that are constrained to grow and create more, higher quality jobs. For example, the agriculture sector represents over 60% of employment, yet it is largely informal, subsistence agriculture with low productivity and limited market linkages - generating work that does not guarantee economic resilience. Gaps in infrastructure, technology and market linkages create barriers to scale. If cottage and small industries can access right-sized technology, infrastructure and services it can create the conditions for connectivity and productivity growth. This will help to address the 'missing middle' of firms and support the growth of a vibrant, sustainable private sector for job generation.

SOCIAL NORMS AROUND WORK

Social stigma of blue-collar jobs, TVET courses and business, and widespread cultural norms that privilege the civil service as the desirable career pathway, are contributing to an employment imbalance where a disproportionate number of highly skilled graduates are recruited into the public sector. Negative perceptions of private sector jobs, combined with their greater instability and overall compensation perpetuate this cycle. Gender norms around specific occupations, domestic work and childcare responsibilities and a lack of strong caregiving infrastructure hinder women's participation in the labour market.

Figure 5: Intervention domains

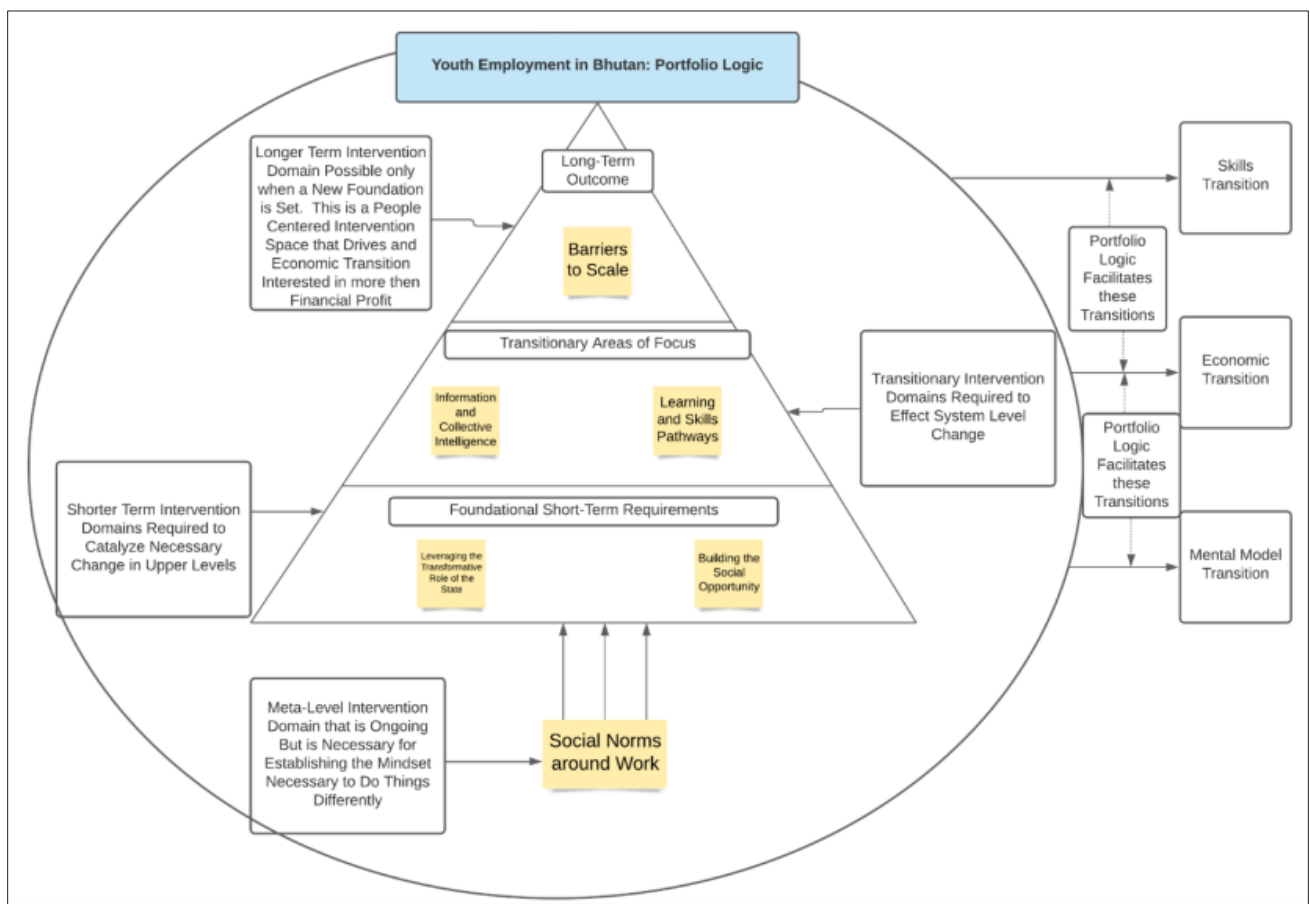
These intervention domains hold a logic in that some are more foundational to early success than others. As is suggested in figure three, mobilizing the capacity of the state to initiate new "models of value creation" and building broad-based social support structures to build capacity in youth to be adaptable, resilient and realize their potential, initiating long term visioning process to identify critical areas for aligning education and training programs, etc., are foundational shorter-term requirements needed to catalyze initial progress.

Serving as transitional intervention domains that will take longer to seed action and realize impact include exploring ways to open up communication and information sharing amongst stakeholders, including how the government works internally and with its stakeholders (includes how stakeholders work together themselves.) Also, optimizing current and creating new learner and skills pathways is necessary in this transitional space. This intervention domain invites actions to better align labour market training with projected labour market need (i.e. supply and demand) as well as rethinking current learning delivery models to bring in experiential learning modules to build formative real-world experience.

Finally, the long-term intervention domain is removing current barriers, which prevent scaling individual businesses and whole economic sectors to serve as engines of economic growth in the country. Removing barriers to scale is critical for diversifying Bhutan’s economy and creating sustainable job opportunities moving forward. Desired impact will not be realized immediately, and time is required to create the conditions whereby these barriers are mitigated, hence its longer-term projection. However, it serves as a critical intervention domain for unlocking opportunities for youth to realize their potential.

Figure 6: Interventions domain influence diagram

PORTFOLIO STREAMS



For Bhutan to achieve its economic vision as laid out in the visionary statements by His Majesty the King to ‘build a dynamic knowledge-based economy’, it is critical that a holistically minded approach is adopted for guiding action. Respecting this, at its core the framework features 4 portfolio streams that are thematic areas consisting of interventions designed to initiate activity across the intervention domains. Being a portfolio, these interventions share a purpose and logic and are not siloed in their design and intent. They have been developed with their interdependence in mind to ensure this holistic requirement is embedded within the core of this framework.

These portfolio streams are:

1. **Career and skills development:** For Bhutan, there is currently limited opportunity to partake and benefit from the growing gig economy, both regionally and more globally. Bhutan is highly affected by regional and global dynamics and cannot afford to ignore external drivers of change. Part of this is equipping current and future youth with the hard and soft skills necessary to thrive in this emerging regional/global gig economy. As such, the objectives of this portfolio stream are to:
 - a. Enhance focus on soft skill development in formal and informal educational settings;
 - b. Strengthen youth-based support structures including mentorship and counseling supports;
 - c. Liberate the flow of information amongst system stakeholders so that demand and supply information supports are shared freely;
 - d. Experiment with public policy to see how or if educational supports can be more anticipatory and agile to change.

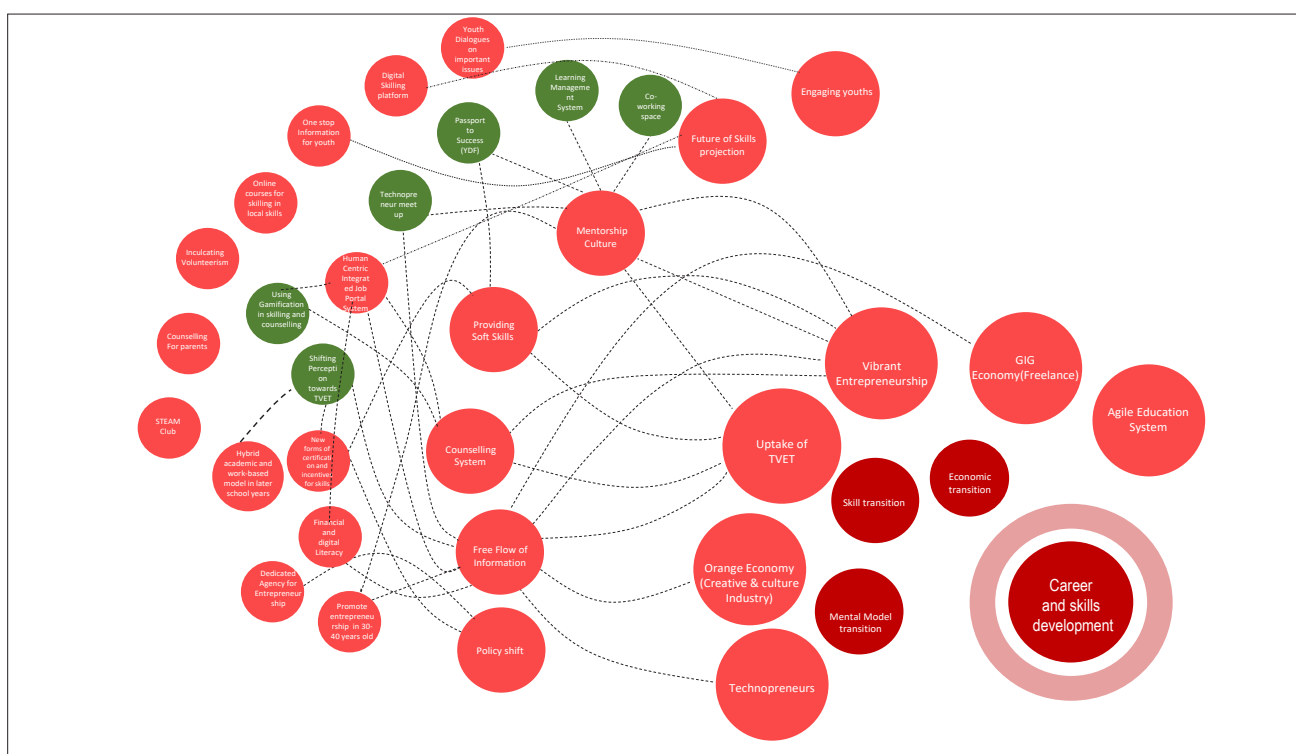


Figure 7: Career and skills development portfolio

2. **Governance portfolio stream:** portfolio focused on equipping government with the added attributes required to drive and sustain transformational systemic change. This includes:
 - a. Establishing a mission-oriented approach for pursuing change in line with the articulated “north-star”
 - b. Embracing innovation as more than a buzzword but as a process and necessary ingredient for achieving desired change
 - c. Breaking down silos and driving collective ownership over the issues that need to be addressed to create change.
 - d. Strategic learning through the establishment and practice of strong monitoring and evaluation protocols.

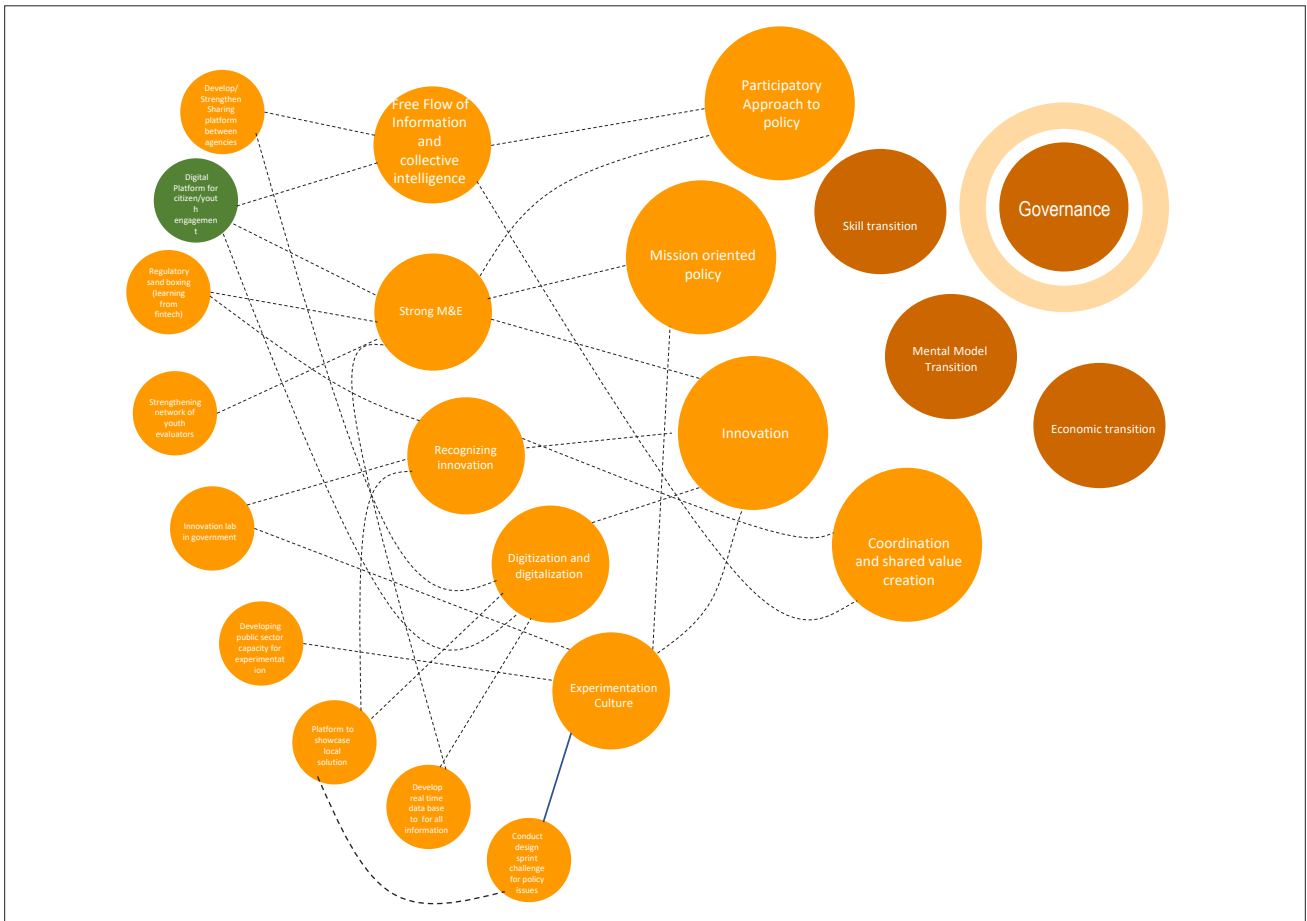


Figure 8: Governance portfolio

3. Social safety and embracing new opportunity: creating an incentive-based system that seeks to shift mindsets and encourage labour market participation in relatively novel areas. Key aspects include:

- a. Creating inclusive employment opportunities that account for diverse needs, skills, and backgrounds.
- b. Gender equality through female focused employment growth
- c. Entrepreneurship as a viable path for those who desire and are adept in this space through skills based and financially based support structures;
- d. Driving private sector growth through market linkages and increasing scaling potential

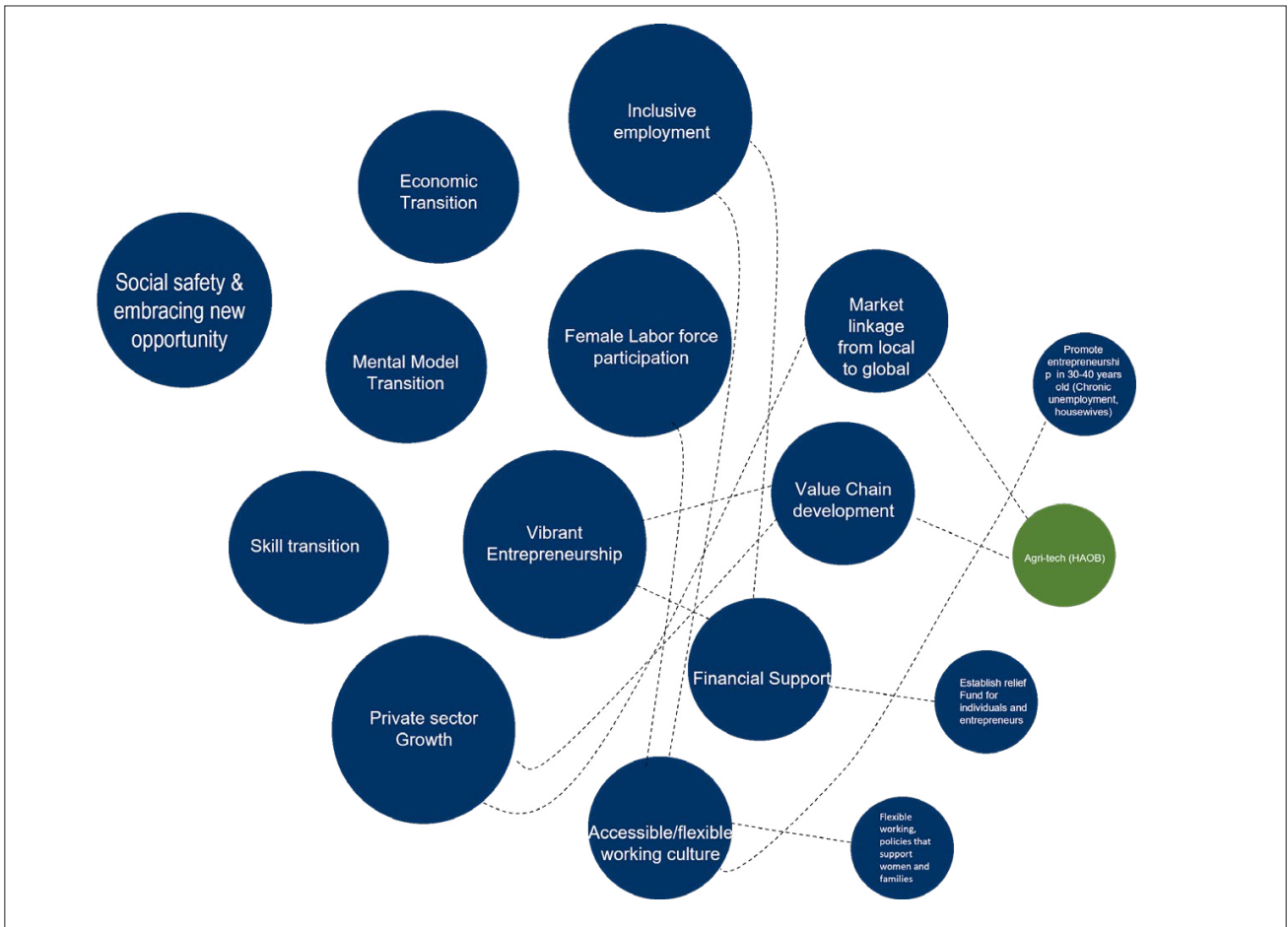


Figure 9: Social Safety and Embracing New Opportunity Portfolio

4. Dignity: Portfolio dedicated towards reducing stigma and increasing pride in blue collar and TVET oriented career pathways. The key aspect of this portfolio is understanding the root causes of stigma and experimenting with how (if) these perceptions can be overcome. In particular, this portfolio stream is focused on (initially) experimenting with how to better understand the current mindset of citizens towards blue collar jobs and how to design targeted interventions to shift this mindset. Secondly, it will also

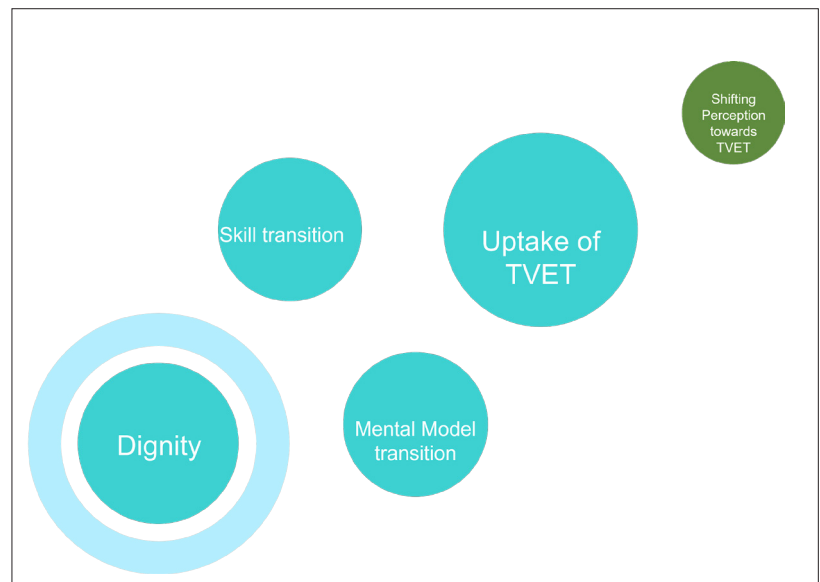


Figure 10: Dignity Portfolio

focus on understanding and shifting the mindset of policymakers to encourage more participatory government and collaboration with external stakeholders through engendering concepts of 'govpreneur' in the system.

PORTFOLIO FRAMEWORK: CONCLUDING THOUGHTS

This section provides a detailed breakdown of the core components of the portfolio-based approach for addressing youth unemployment in Bhutan. The framework is careful in articulating what is required, where action must be taken, and how to approach this work.

To reiterate, the underlying premise for this recommended approach is the recognition that this is a wicked challenge that requires a holistic strategy and collaborative action/shared ownership of this strategy. Moreover, certainty cannot be guaranteed in complex social spaces like this. As such, this portfolio should not be interpreted as a silver-bullet that will solve this challenge in the short-term. Rather, in acknowledging youth unemployment in Bhutan as a wicked problem this approach is being recommended *as a better way for moving forward*.

Its underlying logic is informed by holistic assessment of the current challenge space and the myriad of issues and drivers that are contributing to the status quo. Moreover, it is robust in its response and argues against focusing narrowly on one aspect of this challenge in isolation from others. Instead, this approach argues for recognition of the dynamic linkages between policies, cultures and institutions, of the gap between current and desired state as well as proposes possible pathways stakeholders can pursue to create a more promising future for the youth, and for Bhutan at large. This will require patience, humility, collaboration, and adaptive capacity to seed success and learn. However, with the right approach for implementation, these characteristics can be embedded directly into the DNA of operationalizing this portfolio. The next section offers some recommendations for next steps around implementation.



PART THREE: THE PORTFOLIO'S PROPOSED INTERVENTIONS

ASSESSING CURRENT STATE EFFORTS USING THE TRANSITION FRAMEWORK

To best inform the development of interventions/experiments required for each portfolio stream, a thorough process was undertaken by the task team to help understand and identify (to the greatest degree possible) the full range of efforts that are currently underway or planned in Bhutan. A two-day retreat was hosted, whereby a range of system stakeholders were engaged to help map these interventions to indicate which transition spaces and which system actors they were relevant to (youth, the state, the education system, the private sector, society as a whole.)

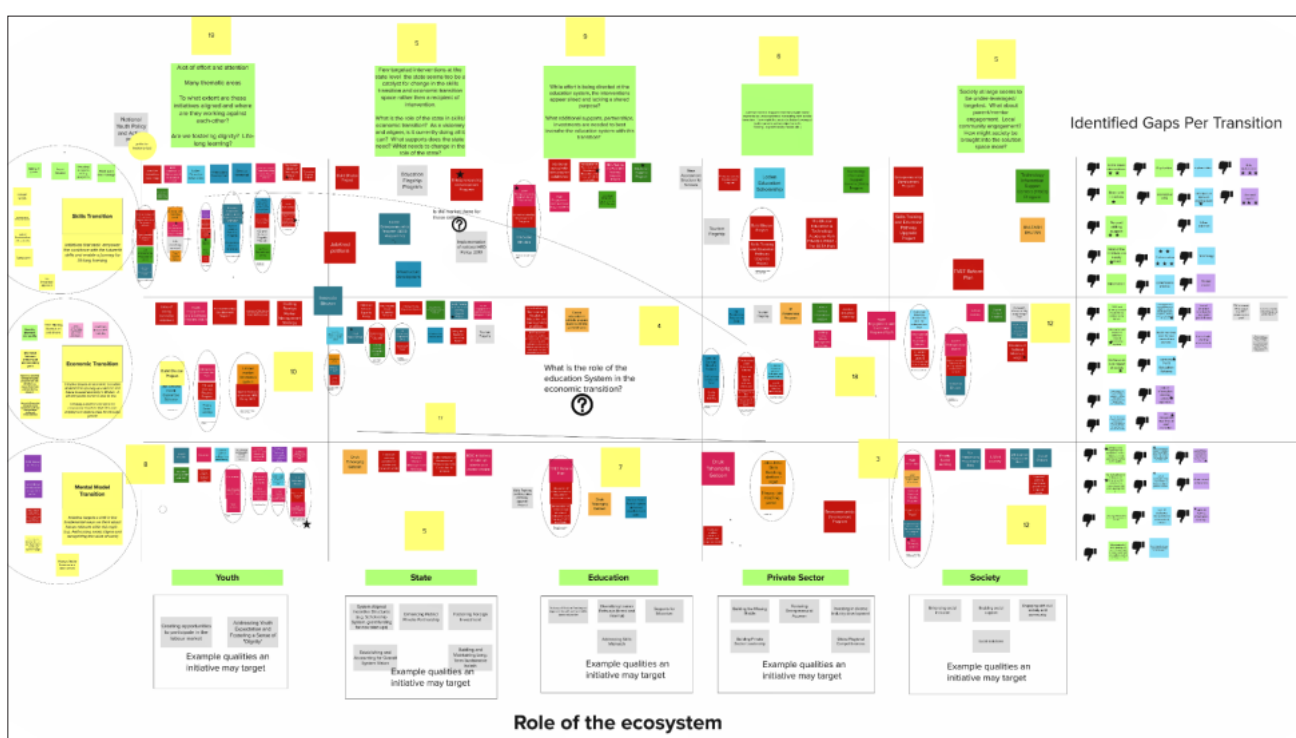


Figure 11: Current Initiative Mapping

Through this effort, several observations and insights surfaced concerning the nature of what the current efforts are focused on, and how they are being pursued. For instance, a great deal of emphasis and effort are being directed towards the skills transition space, in particular efforts directly targeting the youth themselves. Promotion of vocational training, a preference for STEM based programming, fostering entrepreneurial capacity, and general skills upgrading are examples. In addition to skills-based training, investment in infrastructure to support and foster the growth of youth skills is occurring. A focus on start-up business incubation centers both by the public and private sector (start-up center, Fablabs, upcoming super Fablabs, workspace, Innovate Bhutan under YDF etc) serves as an example.

Strong role of the state was also evident through this analysis. Much of the activities are sponsored and driven by state-led actors. While other sectors are impacted, few are intimately involved in co-planning, developing, or delivering interventions in this space.

While youths were of priority focus, particular attention for the role and function of the education system, the private sector, and society was less obvious. Rather, these system players were depicted as being passive recipients of effort rather than highly involved as areas of focus.

Finally, in relation to the transition spaces themselves, much of the current effort is dedicated towards stewarding and managing the skills and economic transition spaces. The mental model transition space is less of a focus, with much of the activity being a side-effect or outcome rather than a space of dedicated focus.

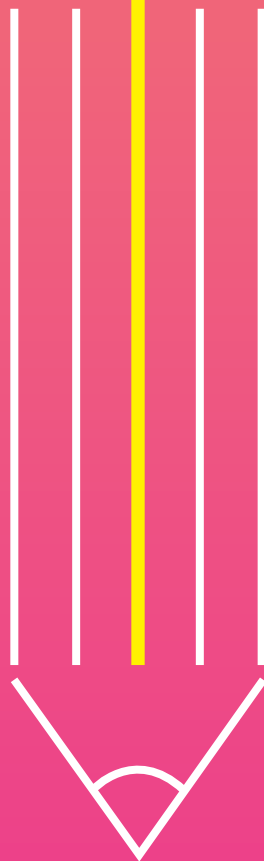
While this work aided in identifying current areas of predominant focus, it also reinforced shortcomings in the current approach that were surfaced in part two of this document. With several pain points identified within the system and through the mapping of interventions to see where the current interventions are targeted in the system, further gaps where no or little interventions are implemented are explored. Accordingly, targeted interventions within the four portfolios are outlined below.

THE PROPOSED INTERVENTIONS

The final, and (perhaps) most critical part of this work has been developing initial interventions that complement current efforts already underway, seek to fill critical gaps where little to no effort is being made and there is a system vulnerability, and serve as important building blocks for creating momentum for more transformative efforts.

The interventions developed are outlined in the section below. They are aligned with the four portfolio streams and represent a range of technological, behavioral, organizational, and societal interventions that target the intervention domains at different levels. We have taken the liberty of identifying tangible-entry points (places to start experimenting with change) and possible leads for the work.

**CAREER
AND SKILLS
DEVELOPMENT**





INTERVENTION: PROMINENCE OF SOFT SKILLS DEVELOPMENT

RATIONALE/PURPOSE

The youth, including those who have graduated from the Technical Training Institutes, expressed the need for soft skills throughout this work. Soft skills have been found critical once they leave the school system and enter the labour market, where they need to market themselves. This need was also reiterated during the ethnographic research. The Future of Jobs Report by World Economic Forum, rising skills projection by LinkedIn and the new foundational skills in the digital economy study by leading US data analytics company, Burning Glass Technology identified soft/human skills such as analytical thinking and innovation, complex problem-solving, self-management, critical thinking, human centred design etc., as amongst the top ten skills that will be in demand in the labour market given the changing nature of work. Currently, the concept of soft skills in Bhutan is limited to communications, business management, marketing, accounting, procurement etc., which are targeted in the field of entrepreneurship. For example, a study reveals that, in the TVET institutes, soft skills are provided through subjects such as mathematics, IT, dzongkha and english, and recommends diversifying soft skills that are more human centric such as communication, interpersonal, analytical and design skills. Soft skill development should not be limited to formal but should also be provided in informal educational settings.

RECOMMENDATIONS

The pandemic revealed the interconnected nature of global forces which has broken the concept of geographical boundaries and demographic limitations, while also exposing the weaknesses of rigid economic structures and policies and regulations.

For young people to contribute to the growth of economies, they need to have skills that are adaptable to both the changing nature of work and the various opportunities that become available to them.

SOFT SKILLS GAP ANALYSIS

In a research carried out by McKinsey, that involved more than 8,000 people in eight European countries (France, Germany, Greece, Italy, Portugal, Spain, Sweden, and the United Kingdom), one-third of employers said that lack of skills is causing major business problems in the form of cost, quality, or time. Furthermore skill gaps cause the most problems in countries with the highest youth unemployment (i.e. Italy, Greece, and Spain). A major reason that students do not gain skills employers are seeking is that all three constituents — students, employers, and educators — are not speaking the same figurative language.

A soft skills gap analysis would help in understanding the perception of soft skills within students, employers and educators. This would provide us with a basis to design interventions to understand the concept of soft skills in the private sector, education sector and among the youths. A soft skills gap analysis was carried out in European countries to answer the following questions:

- What are soft skills (how can they be defined) and what are the different ways of calling and clustering them?
- What are the skills most required by the labour market and which initiatives are being carried out in different European countries to enhance soft skills development at the undergraduate level and to foster employability?
- Which methodologies can be used to teach and learn soft skills at the undergraduate level?

There is growing awareness that soft skills along with academic and technical skills are critical to young people in enhancing their ability to navigate around the various opportunities available to them and in achieving success in their workplace and their overall development. Five sets of soft skills that could be focused on are: positive self-concept, self-control, communication, social skills and higher order thinking (which includes problem solving, critical thinking and decision making). These soft skills have demonstrated evidence of positive employment outcomes, hence the focus on these. Profound global changes in the use of technology and the nature of work have urgent implications for how young people prepare for the labour market. Youth increasingly need to be flexible, adaptable, proactive, creative and collaborative. In short, they need soft skills to effectively navigate their environment, work with others, perform well and achieve their goals. Soft skills cannot be learned from a book, rather these skills need to be applied to be more effective. In addition to delivery of skills, it is important that instructors who provide support, coaching and mentoring to young people are equally competent and exposed to new ways of delivery.

One key example is the Harambee Youth Employment Accelerator program in South Africa, where they use a tool called shadowmatch. This tool matches youth to a task within a context wherein youths' habits, including their propensities to simplify, adapt and handle frustrations as well as their resilience, responsiveness, self-motivation, self-confidence and attitude are examined. This program notes that young entrepreneurs need to develop the ability to manage themselves, time management and business relationships in the community, while young people entering job markets need to build punctuality, teamwork and workplace ethics.

Examples include INJAZ, Educate! and Afatoun, all of which brought youth entrepreneurship and financial education — along with related soft skills — into the school curriculum or extra-curricular offerings. Motivated by reform movements, the Ministry of Education in Rwanda and the TVET Authority in Kenya examined work-readiness models originally developed for out-of-school youth — Akazi Kanoze and CAP Youth Empowerment Institute (YEI), respectively— for adaptation and scale-up in their formal education systems. Galpao Aplauso, a youth training program for at-risk youth in Rio de Janeiro implemented by the Instituto Stimulus Brasil, uses dance and theatre performance activities to teach crucial soft skills such as cooperation, trust and leadership. Impact evaluation of the program found that youths who have undergone this training saw a 19 percent increase in the likelihood of having a job and nearly twice the increase in earning over other youths, five months after program completion.

As mentioned in the earlier section, shifting mindset to positively impact the outcome of interventions is often considered as secondary and afterthought. However, for young people to acquire soft skills critical for employment, a **supportive learning environment at school, home and community** is important.

Another alternative to soft skills building is through gamification for the young people whose preference for learning and practicing is changing. For example, one of the local firms, Institute for Learning Solutions experimented using Minecraft for team building, so there is potential to scale up similar programs leveraging on the skills of the youths thus creating more jobs. For example: **chance.io**, a two sided smart platform that uses gamification and AI to develop students' soft skills such as problem solving and communication while connecting them with employers.

POTENTIAL LEADS: Department of School Education (MoE), Department of Technical Education (MoLHR)



INTERVENTION: FUTURE SKILLS FORECASTING

RATIONALE/ PURPOSE

Almost two-thirds of youth skilling programs fail to have any impact on youth employment due to the lack of demand-side integration with companies to ensure that enough good quality jobs are available or being created in the first place. The future skills most relevant to Bhutan are constantly changing, dependent on the changing economic structure and needs and preferences of young people in Bhutan.

The current initiative mapping framework revealed the weak linkage between educational outcomes and economic outcomes. This is further supported through several research documents indicating the increasing gap between labour supply and demand resulting in observable skills mismatch.

RECOMMENDATION

Countries globally are reassessing the skills requirement given the changing nature of work and workforce. A2i, the flagship program of the digital Bangladesh agenda has conducted a future skill forecast to find emerging skills to tackle the challenges of automation. Similarly, developed countries like Australia also use skills forecasting and analysis through [JEDI](#), a National Skills Commission flagship project to provide data about the labour market and accordingly identify workforce with the right mix of skills for a changing economy. As one key recommendation from the Digital Jobs in Bhutan report, conducting a future skills forecast is not a one-time initiative and to ensure continuity of such an initiative to inform plans, programs and policies, a dedicated agency is critical. The future skilling lab

as highlighted in the report will be the key player and convenor of different players in the ecosystem, including private actors to align skills supply with demand and also promote innovation initiatives unlocking value creation in the changing future of work.

Potential Leads: Department of National Human Resource Development and Department of Employment and Entrepreneurship (MoLHR)



INTERVENTION: CAREER COUNSELING AND MENTORSHIP PROGRAM

RATIONALE/PURPOSE

The findings from the ethnographic research showed that youths who had the opportunity to be mentored/coached in their early life had better chances of overcoming their difficulties and challenges to do productive and meaningful jobs/work. Currently, mentorship and counseling programs that exist within the ecosystem, such as entrepreneurship and clinical counseling at schools and universities, are limited to certain sections of the society. Given the strong social capital in Bhutan, limiting the mentorship and counseling program to people within the community is challenging as youths find it difficult to confide, fearing confidentiality breach. Therefore, innovative solutions to go beyond conventional methods should be explored.

RECOMMENDATION

Build a robust career counseling and mentorship program and system: the current practice of career counseling and mentoring mostly adopts the traditional method of face-to-face interaction but given the limitations in terms of outreach of these programs to wider communities, the proposal is to explore leveraging ICT. Given the presence of youth centres and information and service centres such as community centres in all dzongkhags and gewogs, the MoLHR regional offices in select regions, the blended approach to deliver these services could be explored. The coordinators in these centres are the first point of contact for many youths who leave the education system, or those looking for jobs. Therefore, a blended system that provides both onsite and offsite information could be explored through capacity building of these coordinators with required skills and building on a system that can provide additional information to the target groups in areas of interest such as career management, further education, job search, career decisions, etc. Such a *blended information concept is also being implemented at public career guidance centres in Switzerland by the Canton of Berne in eight information centres*. The Department of Education, Labour market Information for All initiative under

the University of Warwick, Office for National Statistics and local data from the cities in the United Kingdom use a highly innovative chatbot called the *Career Chat*, an AI enabled technology that offers friendly and flexible access to high quality labour market information at local and national level.

Innovative approaches to institutionalize career counseling and mentoring program also could be explored. For example, in the state of Arkansas, US, Lorenzo Lewis, founder of Confess Project started the barbershop therapy called Beyond the Shop, where barbers are mental health advocates. Therefore, to gain youths confidence and decrease stress on the limited number of counselors, it is critical to go far and beyond to understand their needs that would help them open up and move out of their comfort zone.

It is also acknowledged that children and young people tend to easily open up to their friends, which creates an avenue for peer mentoring and coaching programs. A need for a structured and guided peer mentoring program is felt. The Anna Freud National Center for Children and Families based in London carries out research and develops innovative methods, approaches and tools to support children, parents and families affected by mental distress.

**Potential Leads: Department of Employment and Entrepreneurship (MoLHR),
Department of Youth and Sports (MoE), Bhutan Youth Development Fund, Loden
Foundation, Thimphu Techpark**



GOVERNANCE



01

INTERVENTION: MISSION ORIENTED POLICY AND PROGRAM

RATIONALE/PURPOSE

During the gap analysis process of this work, the current initiatives mapping illustrated the weak linkage between educational outcomes and economic growth and identified the need for an economic vision document to guide plans and programs going forward. Similarly, on the ground, siloed approach in the implementation of interventions and lack of coordination between and within many actors within the ecosystem have been identified as key pain points within the employment landscape. While these are micro level challenges identified, there are several 21st century grand challenges, such as climate change, economic health, health and wellbeing of citizens, and the demographic challenge of brain drain of young people to name a few, that influence the employment outcomes. Given that the fiscal space within the country is shrinking and resources are becoming more and more limited, prioritization of wicked challenges that are complex, interconnected and urgent is critical to bring impact at scale. Mission oriented innovation policies are aimed towards bringing together different actors and different sectors to innovate to solve complex challenges. For example, going to the moon required innovation in aeronautics, robotics, textiles and nutrition that could not have been done by one single agency. To stimulate growth and economic activity, innovation needs to thrive, and for that an inclusive innovation ecosystem should be built. Organic growth of innovation has been triggered by the pandemic and there is now the need to maintain momentum of that growth and also ensure coordination of such efforts to be directed towards addressing key critical wicked challenges. Given the whole of society approach required for addressing this complex challenge, this intervention is targeted towards shifting the mindset of policymakers to open space for collaboration, both internally and externally with partners in the space who have a huge stake in addressing this challenge. Building an inclusive innovation ecosystem where the government partners with local innovators to source solutions that will help address challenges faced by the society is the objective here.

RECOMMENDATION

Key interventions proposed to support this growth of an inclusive innovation ecosystem is to establish a **dedicated innovation lab** within the public sector that explores new ways of doing things and go beyond silver bullet solutions to a portfolio of solutions. One key function of the innovation lab is to bring together diverse stakeholders working on the same issue under one roof to help address that challenge from a multidimensional perspective. For effective functioning of the proposed lab, it is critical

to have innovation-friendly policies, hence an **Inclusive Innovation Policy** is also highly recommended to promote a more whole of society collaborative effort towards addressing the complex issues. The innovation policy should target both upstream and downstream to be inclusive- upstream mainly in the form of enabling environment to promote innovation in the formal sector, while downstream would be focused on bringing on board the informal innovators into mainstream innovation ecosystems. This policy is also expected to foster stronger partnership between the government and local innovators in collectively sourcing local solutions for local challenges. To encourage and promote **Bottom up solutions** or user-led solutions, a local **solution platform** is needed. This platform will provide local innovators an avenue to share their innovative solutions and will also help cross-share ideas and solutions with each other at individual or community level. These mission oriented innovation proposal is targeted towards disrupting the business as usual approach towards identifying breakthrough innovations to respond to the 21st century wicked challenges such as unemployment in Bhutan.

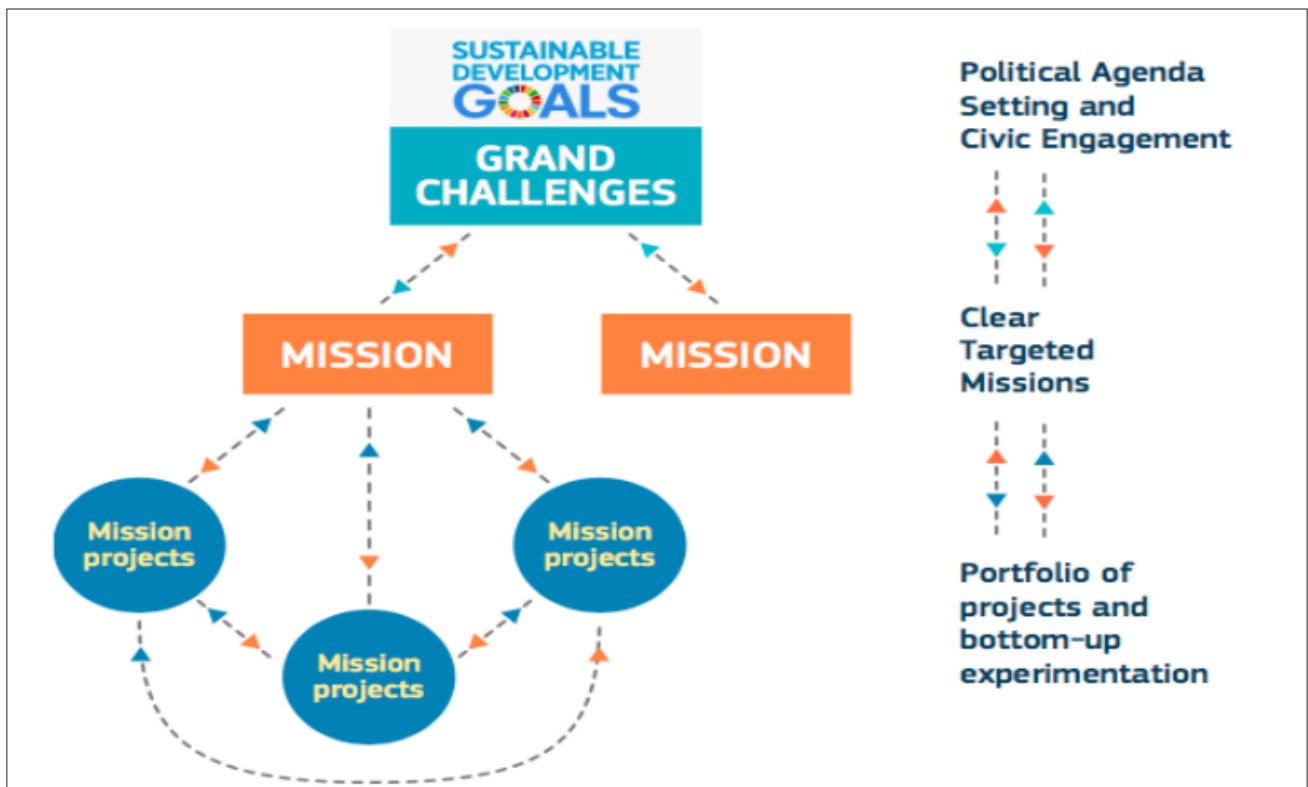


Figure 12: Mission oriented policy: from challenges to missions

Source: *Mission-oriented innovation policies: Challenges and opportunities*, <https://www.researchgate.net/profile/Mariana-Mazzucato-2>

Potential Leads: Gross National Happiness Commission, Ministry of Information and Communication, Ministry of Economic Affairs



02

INTERVENTION: DEEP LISTENING PROGRAM FOR DECISION MAKERS

RATIONALE/PURPOSE:

A key issue surfaced in this work is the passive role of youth in particular and citizens in general, in policy formulation and decision-making processes. Our process revealed that youth and citizens are not prominently engaged or positioned as partners in the policy development process. This often leads to policies and plans that are not inclusive and human centric. Given that the country is experiencing a demographic dividend with a limited timeframe of opportunity; and the strong will of youth to give back to their country; it is critical that they are brought on board as equal partners rather than recipients of programs and services.

RECOMMENDATION

A key concern raised by young people in the process of this work is the lack or minimal engagement in planning and policy making. With the changing attitudes and preferences of the new generation of millennials and post millennials, programs to foster soft skills in them should also be aligned accordingly. A key concern raised by young people in the process of this work is the lack or minimal engagement in planning and policy making. With the changing attitudes and preferences of the new generation, the approach to engagement also needs to shift towards leveraging on technology and digitization following the pandemic as a point of entry. Thus a **digital engagement platform** is currently being developed which helps crowd-source solutions and capture a nuanced perception of youth and citizens regarding key issues in the legislative agenda that could otherwise not be obtained through other means. Through this engagement, an inclusive and participatory decision-making system is encouraged where citizens actively re-imagine the roles that they play. The citizens including youth, are empowered to participate in shaping the decisions that define their quality of life and produce lasting and sustainable solutions in collaboration with policymakers, providing an opportunity for meaningful engagement between citizens and decision makers.

Potential Leads: National Council of Bhutan, Gross National Happiness Commission



03

INTERVENTION: BUILDING THE “ONE-GOVERNMENT” APPROACH

RATIONALE/PURPOSE:

One key challenge/ pain point identified during the process and also validated through the current initiative mapping exercise is the duplication of efforts and limited information sharing within and between agencies, including stakeholders outside the government. Initial mapping of stakeholders showed that there are 8 ministries, over 30 constituent departments, 20 dzongkhags, 205 Gewogs, 12 autonomous agencies and CSOs that have mandates, which impact employment outcomes for young people in Bhutan.

RECOMMENDATION:

Efforts to address this siloed implementation challenge has been made in the 12th Five Year Plan, founded on triple C of Coordination, Collaboration and Consolidation. Similarly, the identification of Flagship programs to address pressing national challenges was also an effort to bring together stakeholders solve wicked challenges. However, with the proliferation of flagship programs, the objective and impact could not be felt as intended mainly due to the limited resources being spread thinly. Another key intervention, currently under process by the Ministry of Information and Communication (MoIC) is the draft Data Protection and Policy Act, which is aimed at supporting the issue of data and information sharing within the ecosystem. However, in addition to the Act, there is also a need for a platform for agencies within the government to cross share information under restricted access to only those who are engaged in the process. This could serve as a mechanism to build relationships by sharing information, thus breaking the siloed approach in planning and implementation.

The Hong Kong Government’s effort to address its siloed approach showed that reforms that include budgetary measures and incorporation of new functions within existing large agencies have the tendency to strengthen silos rather than weaken them. Three mechanisms of informal coordination, political direction and remedial policy making have helped Hong Kong overcome problems in a silos-dominated system and enhance horizontal coordination and cooperation. There is no silver bullet solution that will help address this issue overnight and building an inclusive system will take time. Establishment of a one-stop shop for enquiries and complaints about government services is a radical proposition but putting in place such a mechanism will help increase efficiency of public service delivery, deal with citizens’ grievances more effectively and increase accountability of agencies that provide services to the citizens. In the current case of employment, youths have expressed issues in terms of not having a dedicated place, where they can avail any information related to youth.

Strategic learning through the establishment and practice of strong monitoring and evaluation protocols: Different interventions are being developed and implemented at every stage, be it during the five-year development plans or annual plans. However, stakeholders highlighted the need for strategic learning throughout the process with establishment and practice of strong Monitoring and Evaluation (M&E) protocols. M&E is not at the core of programs being developed, so effectiveness, efficiency and relevance of plans and programs are not measured, which is critical to assess if any program needs to be scaled up or how learning from earlier phases could inform the next stages of the program implementation <https://hbr.org/2011/04/strategies-for-learning-from-failure>

Potential Lead: Office of the Prime Minister, Gross National Happiness Commission, Cabinet Secretariat





INTERVENTION: INCLUSIVE EMPLOYMENT

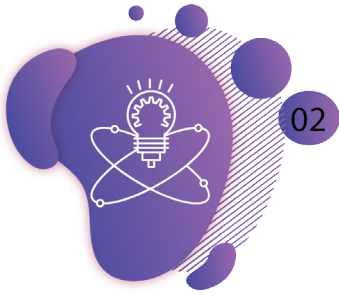
RATIONALE/PURPOSE

The changing aspirations of youth in some ways has been triggered by the pandemic and the changing nature of work in Bhutan. The unemployment challenge is expected to persist even after the pandemic given that economic growth has slowed. Data shows more female youths have been impacted by the pandemic at 25.4 percent compared to 19.2 percent male. However, inclusive employment programs that are much more targeted to diverse backgrounds with different skill needs, seem to be missing. In addition, there are other barriers within the home and community influenced by social norms and stigma that constrains women from taking up certain professions. For example, unpaid care work and stigma attached to certain professions, STEM being more attached to male professions needs to be addressed through targeted interventions.

RECOMMENDATION

Targeted job creation for vulnerable sections of society including female youths and persons with disabilities needs to be implemented. In addition, there are other barriers within the home and community influenced by social norms and stigma that constrains women from taking up certain professions. For example, the [digital jobs for youth](#) cases from different countries could be assessed for learning of best practices and lessons.

**Potential Leads: Department of Employment and Entrepreneurship (MOLHR),
Disabled People's Organization, Local Governments**



INTERVENTION: FOSTERING A VIBRANT ENTREPRENEURSHIP ECOSYSTEM

RATIONALE/PURPOSE

Entrepreneurship is a viable path for those who desire and are adept in this space through skills based and financially based support structures. The Royal Government in the 12th FYP prioritized entrepreneurship as one critical area for job creation through the CSI flagship program. The current initiative mapping of the systems approach work revealed there is a huge number of government and CSO led entrepreneurship programs being implemented, but mostly at the initial stage and support to accelerate the existing entrepreneurs business is limited. Over 95% of Bhutan's private sector is dominated by cottage and small Industries, while only contributing to 4% of GDP and 11% of total employment⁷. Bhutan's entrepreneurship landscape shows that there is a missing middle problem, whereby the gap between the small enterprises and large established enterprises is huge. However, the majority of the interventions are targeted at promoting entrepreneurship at the ideation and prototyping stage and critical support to scaling up is limited. Under the domain of culture and social norms, youths expressed the need to integrate entrepreneurship education in the formative years as there is not yet support for youths to pursue entrepreneurship as a career but rather it is considered as a last resort for employment. To promote hands-on learning and help students open to entrepreneurship as a career option, **integration of entrepreneurship education at the formative years of education** is important. Build youths' confidence to turn their passion into a profession, which will help break the vicious cycle of waiting for job vacancies that best fits their educational qualification. It will inculcate the entrepreneurial mindset of **'active opportunist as opposed to passive opportunist'**.

RECOMMENDATION

Global experiences show that job opportunities happen through the growth in SMEs that employ between 100 to 500 workers, In the case of Bhutan, there is need for support in accelerating the existing small businesses to graduate to mid-sized firms thus enhancing their capability to generate more jobs. Similarly, other critical domains within the entrepreneurship ecosystem also need to be enhanced, such as culture and social norms, for which integration of entrepreneurship education in the formative years to inculcate the entrepreneurial mindset is critical. In addition, other domains like commercial and physical infrastructure such as cold chain storage, market openness and R&D transfer also need to be strengthened to address the gap of the missing middle. **Targeted business acceleration program** for those enterprises that has potential to scale and also help in diversifying the economy is recommended. A one-stop shop for all services related to entrepreneurship is also proposed to address the challenge of proliferation and concentration of entrepreneurship programs to urban youths.

⁷ [Helping Bhutan's SMEs is Critical for Women Empowerment - Ingrid van Wees | Asian Development Bank \(adb.org\)](#)

Another key recommendation is to explore the possibility of applying the innovation sandboxing tool to promote entrepreneurship. Innovation sandboxing is a policy tool that uses collaboration to create an enabling environment for innovation to be integrated into the system. In the case of employment, this innovation sandbox could be applied to promote innovation in the entrepreneurship ecosystem. Similarly, experimenting with regulatory sandboxing to promote private sector led growth is proposed in the next section⁸.

Potential Leads: Department of Youth and Sports (MoE), Department of School Education (MoE), Department of Employment and Entrepreneurship (MoLHR), Department of Technical Education (MOLHR), Department of Cottage and Small Industries (MoEA), Loden Foundation, Innovate Bhutan (YDF)



INTERVENTION: DRIVING PRIVATE SECTOR GROWTH THROUGH MARKET LINKAGES AND INCREASING SCALING POTENTIAL

RATIONALE/PURPOSE

Bhutan being the first carbon negative country in the world, has gained much attention globally and the pressure to uphold this reputation is big. Subsequently, with exposure of the youths to the changing landscape of the future of work, the aspirations and expectations are also changing. The social media landscape study by Bhutan Media Foundation illustrated that social media platforms are the most popular with Generation Z and the millennials, which are primarily used for seeking/sharing information and entertainment.

RECOMMENDATIONS

This takes us to the key point of leveraging on the two key potential sectors namely, orange and green sector founded on key digital skills for job creation. The Department of Information and Media under the Ministry of Information and Communication is currently working on developing a strategic roadmap for the creative industry, and opportunities exist to skill, reskill and upskill the youth in this sector. Globally, transition to the green economy can generate up to 60 million additional jobs by 2030. The pandemic has seen a surge in the number of youths taking advantage of the digital platforms to build on their creativity and mainly focusing on promoting and putting Bhutan's unique culture on the map. For example, in the past two years, there have been hundreds of Bhutanese songs released on YouTube and organic growth of vloggers, showcasing the landscape and Bhutanese culture to the outside world.

Similarly, the increasing pressure on future food supplies presents an opportunity for job creation in agricultural jobs mainly targeting input supply chains, the post-harvest process and other value-added

⁸ <https://questcanada.org/innovation-sandboxes-project/>

operations in the food system with access to climate smart technology for mitigation of and adaptation to climate change. In addition, for the green sector, there is huge potential to build capabilities and jobs aligned to the ongoing interventions targeted towards a green and orange economy.

Focusing on skilling program alone in the green and orange sector is not sufficient. These skills need to be absorbed in the economy, and to promote innovative ideas in this space, experiments around regulatory sandboxing of projects that promote **Novel Business Ideas and creates** job in these two sectors could be carried out.

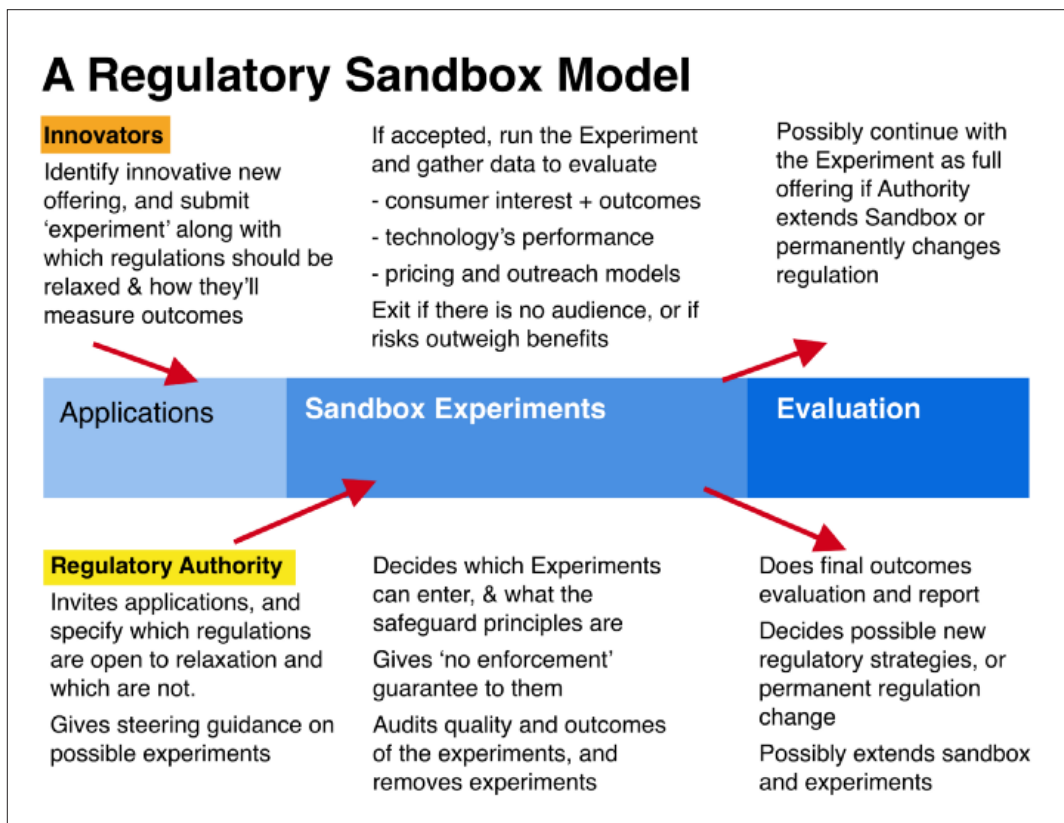


Figure 13: Regulatory sandbox model, © 2019 Margaret Hagan

Potential Leads: Department of Employment and Entrepreneurship (MoLHR), Bhutan Chamber of Commerce and Industry, Department of Cottage and Small Industries (MoEA), Department of Trade (MoEA), FDI Division, Department of Industries (MOEA), Royal Monetary Authority of Bhutan

DIGNITY





INTERVENTION: STIGMA AND BLUE-COLLAR WORK

RATIONALE/PURPOSE

The TVET education started in Bhutan to impart skills to youths to increase the pool of technical and vocational workforce in the country. However, the intake into the TVET sector has been limited and has mostly been availed by youths from lower income groups. Although there are several factors influencing the low preference for TVET skills, one key attributing factor is the negative perception of citizens towards that sector. Also while undertaking the exercise on mapping current initiatives implemented in the 12th FYP, it was observed that there are no interventions targeted towards changing or shifting mindset and are rather considered as byproducts of the regular programs. This intervention domain is a place to understand sources of this stigma and develop targeted strategies to address it.

RECOMMENDATION

To help address issues related to culture, norms and mindset, key interventions that are targeted to understand the underlying cause of such mental model/perception needs to be undertaken. Therefore, one key recommendation is to undertake a targeted survey to reveal these underlying causes of poor perception and accordingly develop strategies for each of the causes for key target audiences. Additionally, other key factors that are resulting in poor uptake of TVET courses also need to be addressed. For example, Germany adopted an innovative TVET approach called the *BKaL 360 approach* to combat the decline in the number of new apprentices and reinforce the value of TVET. BKaL is a vocational college that provides a combined approach to the concept of secondary school, TVET and university certification. This program implemented by BKaL has helped change the local perception of TVET.

Potential Leads: Department of Technical Education, Department of Employment and Entrepreneurship (MoLHR)

BIRD EYE VIEW OF THE PORTFOLIO OF SOLUTIONS

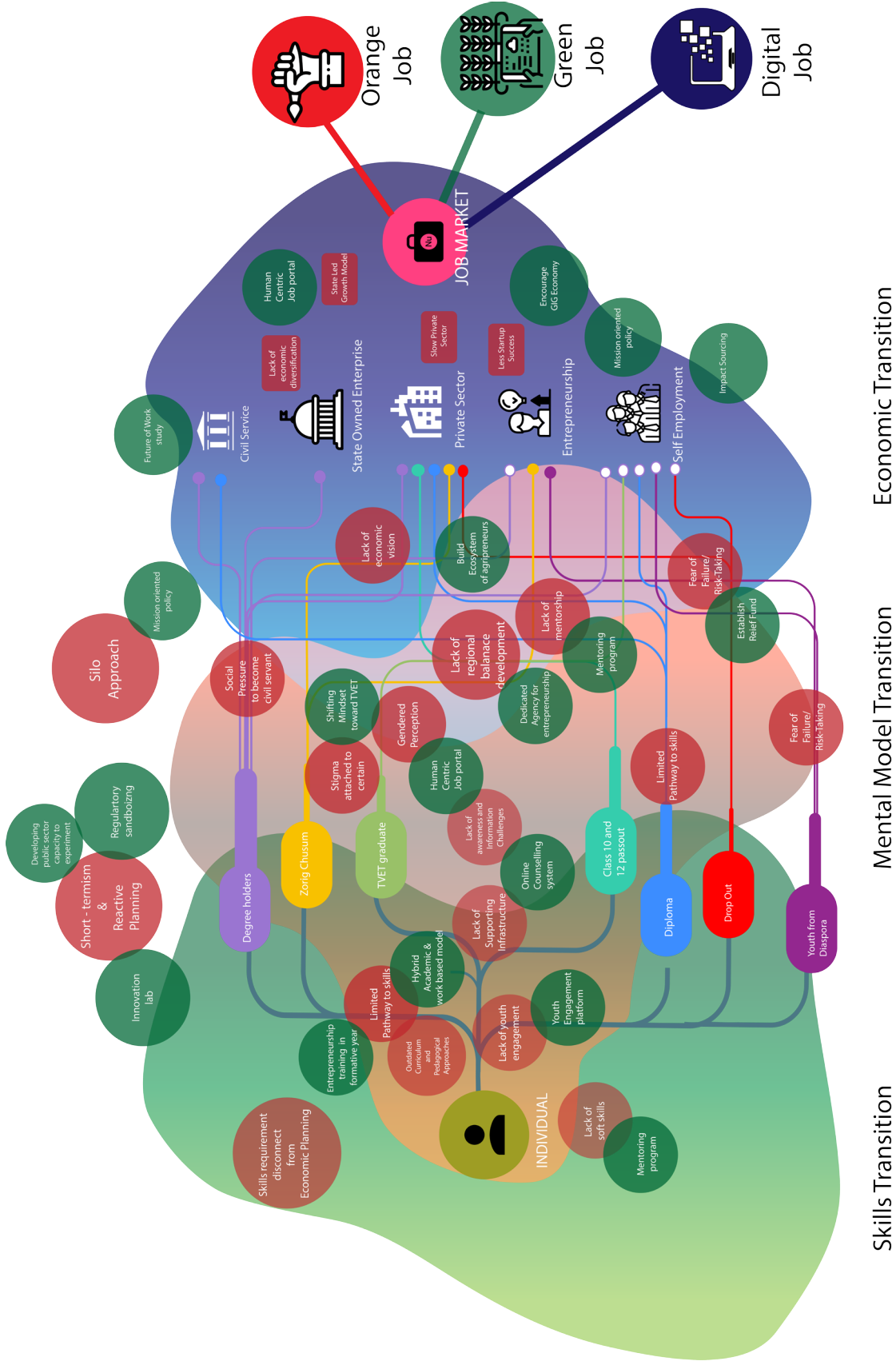


Figure 14: Portfolio of Solutions Map

PART FOUR:

RECOMMENDATIONS ON MOVING FORWARD

This work is not intended to be a classic strategy that is implemented and sole accountability rests with one actor. Rather as an orientation for system transformation, this has been a process of co-creation, attempting to build a coalition of actors to build capabilities across *the system* to be in a position to work towards the north-star. To continue this momentum, the following recommendations are provided as points for consideration as this work progresses.

MAINTAIN (AND POSSIBLY EXPAND) PORTFOLIO TASK FORCE

As mentioned, a task force comprising representatives from different government departments was formed to collectively own and lead the development of this initial portfolio. The task force worked collaboratively throughout this project to share experiences, perspectives, and engage other stakeholders to embed a diverse range of viewpoints in this work.

This has established a platform that helps to break down silos and seed collaborative efforts in pursuit of shared outcomes for youth unemployment. It is recommended that the group consider maintaining a version of this task team moving forward as a steering group for implementing this portfolio. If plausible, expanding its membership to include other stakeholders would help bring additional perspectives and further socialization of this work beyond UNDP and the government.

BALANCING SHORT AND LONG-TERM SUCCESS

As has been mentioned, achieving the level of change that is desired will take time. As such, to begin with it is advisable to focus on setting this work on the right trajectory by seeding effort into initiatives that have the potential to attain early success. Doing so will help build confidence and momentum and could possibly set up subsequent interventions .

As is suggested in the portfolio framework, exploring the role of the state, and focusing on creating the support system necessary to help youth thrive may be places to begin. Also committing effort to experimental interventions that can enable critical learning about the youth employment system is advisable.

Over time, shifting focus to longer term goals will seem more natural and appropriate. Patience is required however in the short-medium term of implementation.

THE IMPORTANCE OF MOVEMENT BUILDING

The scale of effort required to steward a portfolio approach forward is beyond the ability and scope of any one actor to shoulder. While in the early stages an organization like UNDP in collaboration with others may serve as a backbone catalyst and portfolio manager is necessary, but is not sustainable in the longer term. Rather, ownership and accountabilities need to be decentralised with other leading parts of this work as deemed appropriate.

This is an alternative way to working and requires a measure of letting go of control and an openness to different ideas and perspectives. However, through mobilization of a movement around this work, many of the behavioral elements required to shift “systems” may come to the fore. This includes broad-based buy-in, alternative sources for funding, alternative leadership models, and grassroots led initiatives. While difficult, this harder path taken is necessary for easing the burden on traditional institutions such as the government to do it all. In a complex problem space this is a losing proposition and decentralizing how the work gets done is a must.

PRIORITIZING MONITORING AND EVALUATION IN THE PURSUIT OF STRATEGIC LEARNING

Strategic learning has many understandings but one version of this relevant for this work is strategy development that targets social learning as a key outcome of the process taken.⁹ Being an instrument for exploring the complex domain in which youth unemployment is positioned, adopting a strategic learning approach positions learning as a social process that can bring stakeholders together, and over time build shared understanding concerning what is needed to better position this work to align with the stated vision. In this way, managing and evolving the portfolio becomes a shared responsibility.

To do this well, establishing appropriate monitoring and evaluation processes to gather and sense make around data surfacing through the various portfolio initiatives will be instrumental for facilitating this strategic learning culture. It is recommended early on that effort be taken to establish at least initial processes for monitoring and evaluation so that this work is embedded at the outset of implementation.

THE POWER OF GNH VALUES

This may go without saying but it is important that this work be stewarded forth in a way that is natural and honors the unique history and future potential of Bhutan. Guided by the strategic narrative, the portfolio has been specifically tailored to Bhutan’s context: its challenges, its opportunities, and its aspirations. As such, while inspiration may be found from other jurisdictions, honoring its rich tradition is integral for maintaining a measure of authenticity in this work. Adhering to and reflecting GNH values to help reflect on progress and collective decision-making regarding where to go next can serve as important orientation principles for all involved.

⁹ Burgelman (1988).

MAP OF EXPERIMENTS

DRAFT V.1.0 | Created by Dark Matter Labs and United Nations Development Programme (Bhutan)
01.12.2020



CULTURAL EXPERIMENTS

Hackathons
Festivals
Mentorships



PLACE-BASED EXPERIMENTS

Training programmes
Incubators
Community engagement



TECHNOLOGICAL EXPERIMENTS

Heat mapping
Digital platforms and tools



FINANCING EXPERIMENTS

Smart contracts
Impact bonds
Basic income



REGULATORY EXPERIMENTS

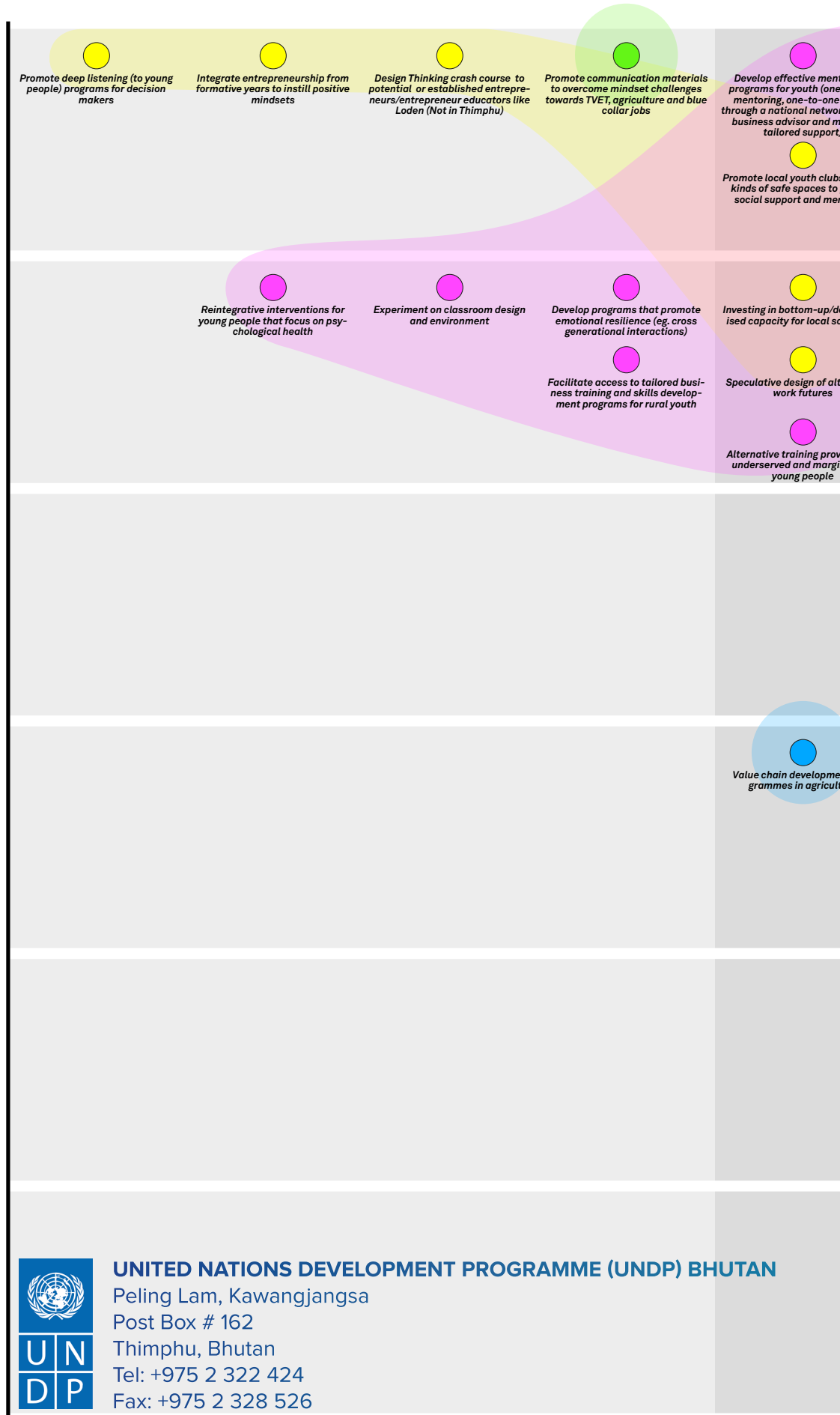
Legislation, policymaking
Taxation, legal penalties
Metrics and indexes



GOVERNANCE EXPERIMENTS

Decision making process
Governance structure

TYPE OF EXPERIMENTS



UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP) BHUTAN

Peling Lam, Kawangjangsa
Post Box # 162
Thimphu, Bhutan
Tel: +975 2 322 424
Fax: +975 2 328 526



INDIVIDUAL CAPACITY