

RAPID SOCIO-ECONOMIC IMPACT ASSESSMENT OF COVID-19 ON BHUTAN'S TOURISM SECTOR

An analysis of the vulnerability of individuals, households and businesses engaged in the tourism sector

MAY 2020

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National Statistics Bureau (NSB)

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FOREWORD

The COVID-19 global health crisis has been spreading human suffering, destabilizing the global economy and upending the lives of billions of people around the world. While Bhutan has so far been able to avoid local transmission, the economic impact of the pandemic, particularly in the tourism and affiliated sectors, was felt immediately.

"During the Ebola outbreak in West Africa in 2014, more people died from the interruption of social services and economic breakdown than from the virus itself. This should not have happened, and the world cannot let it happen again. As the world enters the deepest global recession since the Great Depression, we need to connect health needs to social, economic and environmental well-being, linking the present to the future." (UN Socio-Economic Framework Report on COVID-19)

Bhutan acted with speed and decisiveness to put in place measures that prevent the spread of the virus and formulate socio-economic response and recovery programmes. Recognizing the need for evidence, under the guidance of the Honourable Prime Minister of Bhutan, the Royal Government of Bhutan and UNDP Bhutan spearheaded a rapid socio-economic impact assessment on tourism and allied sectors. The National Statistics Bureau (NSB), Ministry of Labour and Human Resources (MoLHR), Tourism Council of Bhutan (TCB), Gross National Happiness Commission (GNHC) and UN agencies co-created a questionnaire, which draws on and learns from UNDP's similar assessments conducted in several countries around the world. The survey methodology, development of questionnaire and training of enumerators were all completed in one and half weeks. Over the course of less than two weeks, the NSB interviewed 1,285 people over the phone to meet the physical distancing requirements during the COVID-19 pandemic. Data was analyzed in the following two weeks.

We are grateful for the partnership with the Oxford Poverty and Human Development Initiative (OPHI) of the University of Oxford in constructing a Multidimensional Vulnerability Index, using the data collected through the surveys. This assessment, carried out over an intensive week further enriched the analysis, revealed the unknown, and demonstrated multiple dimensions and compounded nature of vulnerability. We sincerely thank the Director of OPHI, Professor Sabina Alkire, in the Department of International Development at the University of Oxford for her unequivocal support.

It is our sincere hope that those responsible for design and execution of the immediate and medium to long-term response measures will find the assessment findings useful, as they reveal the extent and nature of vulnerabilities experienced by those directly affected by the crisis. Since the assessment focused on the tourism and affiliated sectors in five Dzongkhags only, the data collected was not adequate to conduct a thorough assessment of the vulnerabilities. We hope that this assessment has paved the way for more comprehensive and representative future assessments. Such analysis will provide vital information on recovery needs, and therefore help ensure the most vulnerable are reached and no one has been left behind.

This assessment would not have been possible without active support from the NSB, MoLHR, GNHC, TCB and UN Agencies. We would like to in particular thank Mr. Phub Sangay, Ms. Tshering Choden, Mr. Dorji Lethro, and all other 20 enumerators from the NSB, Mr. Phuntsho Gyeltshen from TCB, Mr. Phuntsho Wangyel and Mr. Bolanath Bhattacharai from GNHC, Ms. Dechen Dema from MoLHR, Mr. Will Parks and Ms. Dechen Zangmo from UNICEF Bhutan and Mr. Scott Standley from UN RCO.

Lastly, acknowledgement should go to Mr. Tandin Wangchuk, Mr. Ugyen Dorji and Ms. Tshering Wangmo of UNDP Bhutan, and a consultant, Ms. Pem Lama for their dedicated efforts in making this assessment possible.



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ACRONYMS

BLSS	Bhutan Living Standards Survey
CAPI	Computer-Assisted Personal Interview
ECoB	Economic Census of Bhutan
EMI	Equated Monthly Installments
FYP	Five-Year Plan
GAB	Guides Association of Bhutan
GDP	Gross Domestic Product
GNHC	Gross National Happiness Commission
HAB	Handicrafts Association of Bhutan
HRAB	Hotels and Restaurants Association of Bhutan
IRENA	International Renewable Energy Agency
LFS	Labour Force Survey
MoLHR	Ministry of Labour and Human Resources
MVI - T	Multidimensional Vulnerability Index for Tourism and Related Sectors
NCWC	National Commission for Women and Children
NKRA	National Key Result Area
NPL	Non-Performing Loans
NSB	National Statistics Bureau
OPHI	Oxford Poverty and Human Development Initiative
PMO	Prime Minister's Office
RGoB	Royal Government of Bhutan
RMA	Royal Monetary Authority
RSEIA	Rapid Socio-Economic Impact Assessment
SDF	Sustainable Development Fees
TCB	Tourism Council of Bhutan
TVET	Technical Vocational Education and Training
UNDP	United Nations Development Programme
UNWTO	World Tourism Organization

EXECUTIVE SUMMARY

When the first case of COVID-19 was confirmed on 6 March 2020, the Royal Government of Bhutan (RGoB) put in place a ban on all incoming tourists, initially for two weeks and extended until further notice. In fact, the tourism sector took a hit as early as November 2019 when the cancellation of travel plans started due to COVID-19.

Given the current scenario, while some countries are starting to open up, travel restrictions around the world are likely to continue for an extended period. Furthermore, it is unlikely that people will start travelling for leisure any time soon. Therefore, for a country such as Bhutan that relies considerably on tourism for national revenue, the socio-economic impact from a decline in tourism activities is significant. International tourism has seen continued expansion at global and regional levels, despite occasional shocks, showing the sector's strength and resilience and benefiting many countries around the world. Yet this crisis is like no other and requires strong and coordinated action, including in the private sector.

Although the tourism sector does not make the highest contribution to Gross Domestic Product (GDP), it is one of the most important growth sectors for Bhutan as it earns the highest amount of hard currency reserves and provides the largest employment opportunity to a growing number of Bhutanese youth.¹ While the contribution of the tourism sector to GDP is not captured in the National Accounts Statistics, tourism is estimated to make up for nine percent of Bhutan's GDP² and employ around six percent of the population.³ For comparison, in 2018, the construction sector constituted a little over 14 percent of GDP, hydropower accounted for slightly more than 11 percent, agriculture made up almost 16 percent and manufacturing made up around seven percent of GDP.⁴ This assessment is focused on the tourism sector in view of its importance to the economy and also it being the sector that is immediately and significantly affected by the pandemic.

The Rapid Socio-Economic Impact Assessment (RSEIA) was carried out with an objective to gain a quick understanding of the overall nature of impact of the COVID-19 crisis on tourism and affiliated sectors and the impact the pandemic has had on individuals engaged in the sector. It was aimed at finding out the social and economic vulnerabilities of the affected individuals, their coping abilities and alternative employment preferences.

This assessment uses data from 1285 individuals engaged in tourism and affiliated sectors.⁵ Data were collected by phone in April 2020 and covered their financial situation and short-term coping

¹ Review Report on Tourism Policy and Strategies, National Council of Bhutan for the 16th Session for National Council, 2016.

² Figure from "Review Report on Tourism Policy and Strategies" from National Council of Bhutan for the 16th Session for National Council, 2016.

³ Tourism Council of Bhutan estimates tourism sector employs around 50,000 Bhutanese.

⁴ National Accounts Statistics 2019. National Statistics Bureau.

⁵ See Annex IV: Demographic Characteristics of Respondents.

strategies as well as their interest in alternative employment and re-skilling to facilitate sustaining their livelihoods or making career moves.

The analysis builds on the primary data collected by the Tourism Council of Bhutan (TCB), Ministry of Labour and Human Resources (MoLHR) and other government agencies at an early stage of the COVID-19 impact on the country. It aims to complement the government's response efforts by providing immediate, medium and long term perspectives in devising national recovery plans. Policy implications are results of collective inputs from a wide range of stakeholders from the tourism sector, RGoB as well as development partners, including the UN agencies.

Limitations of the RSEIA

While the RSEIA has revealed useful data and insights into the immediate change in livelihoods for many, it had constraints stemming from the rapid nature of the assessment. Due to its narrow scope (in the sectors, location and research design), the assessment was limited in terms of fully understanding the extent and nature of vulnerability, especially the underlying and existing vulnerabilities exacerbated by the crisis.

Key Findings

The three key findings from the RSEIA, supported by various sub-findings are as follows:

Key Finding 1: The impact of the COVID-19 crisis is already deep, wide-spread and cross-cutting. In other words, the crisis has had a grave impact on lives, affected many people and increased vulnerability across many dimensions. Over 80 percent of the respondents reported facing three or more deprivations simultaneously according to the Multidimensional Vulnerability Index for Tourism (MVI-T) developed by the Oxford Poverty and Human Development Initiative (OPHI).⁶ The finding suggests severe impact even at an early stage as most of those surveyed were employees (regular and casual) who generally had little or no economic security (in the form of personal savings or employee saving schemes) and were living from paycheck to paycheck (or season to season in case of guides who had seasonal income).

- **Finding 1.1:** The decline of the tourism sector has a significant impact on the surveyed individuals' and households' livelihoods due to several factors such as: i) almost one third of respondents have lost their jobs or been placed on leave without pay, ii) household income is not diversified beyond tourism for around two thirds of the households, and iii) a large majority (about three out of four households) are experiencing a drop in their monthly household income by 50 to 100 percent due to the pandemic.
- **Finding 1.2:** Many households lack savings to carry them through the crisis.

⁶ To package the rich information from the RSEIA into a tool for policy action, a Multidimensional Vulnerability Index for Tourism and Related Sectors (MVI-T) was designed by the Oxford Poverty and Human Development Initiative (OPHI). It identified eight main deprivations: i) income loss, ii) coping strategy, iii) loss of livelihood, iv) food security, v) limited savings, vi) indebtedness, vii) vulnerable household members, and viii) tourism dependent.

- **Finding 1.3:** Many households have one or more vulnerable member(s); and amongst those households, a majority (roughly 70 percent) have reported a significant drop in income.
- **Finding 1.4:** An overwhelming majority of business owners (and a sizable number of other respondents) have debt, and their capacity to repay is compromised.⁷

Key Finding 2: There is a strong interest in alternative employment, focused on a few vocations. Seventy-six (76) percent of the respondents who are (casual and regular) employees expressed interest in employment.⁸ The MVI-T results show that 90 percent of those who indicated an interest in an alternate career path were vulnerable.⁹ While most individuals that are seeking employment are those who have up to a high school degree, interest for alternative employment is high even among the more educated individuals – 66 percent of the respondents with bachelors' degree indicated interest in taking up a new profession.

- **Finding 2.1:** Interest in alternative sources of employment to cope is strong, especially in agriculture and vocations such as electrician, delivery, carpentry and plumbing.¹⁰
- **Finding 2.2:** Fewer women than men are interested in the alternative employment options presented, and very few women expressed interest in certain vocations.
- **Finding 2.3:** Urban to rural migration may be forthcoming, presenting opportunities for investing in human capital as part of efforts to revitalize the rural economy.

Key Finding 3: While the impact of the COVID-19 crisis is hard hitting, coping capacity is limited.

- **Finding 3.1:** Seeking government help was among the popular coping strategies; and curbing consumption was among the least popular coping strategies reported.

Policy Recommendations

Following are a few recommendations to consider when planning the response and recovery of the tourism-related job losses in view of the need for a robust 'exit strategy' from the interventions currently in place. These ideas seek to provide immediate policy responses while bearing in mind the long-term economic vision, including the dynamic feedback effects, which are likely to be large. Many of these are broad in nature, pointing to objectives. Thus, they are stepping-stones toward

⁷ It should be noted that business owners constituted only 12 percent of those interviewed (156 respondents). Therefore, further investigation is advisable to ascertain the indebtedness of among business owners in tourism sector.

⁸ An overwhelming majority of guides identified as casual employees and most regular employees were those working as hotel staff.

⁹ 90 percent of those who said they are interested in alternative employment were deprived in at least 3 indicators of the MVI-T.

¹⁰ Also see Annex III for the questions asked in the survey questionnaire. The question A16: since your employment is affected by the Covid-19 outbreak, would you be interested in 1 Plumbing; 2. Electrician; 3. Masonry; 4. Tiling; 5. Bar tending; 6. Carpentry; 7. Agriculture; 8. Delivery girl/boy; 9. Cleaner (to disinfect) the public areas; 10. Loader/unloader; 11 None of the above; 12 Other(Specify). As it was developed separately from specific strategies, e.g., tourism strategy, there is a need to consider options for upskilling/re-skilling in the tourism sector when it comes to implementation.

devising specific policies that add up to a coherent whole in subsequent discussions. The UN Country Team stands ready to assist the government in those discussions.

Immediate term relief and alternative livelihood support measures

The strategies for immediate relief must focus on identifying and protecting the most vulnerable groups such as cottage and small enterprises, the self-employed, individuals with limited coping mechanisms, women and youth. At the same time, they must help create survival mechanisms for businesses that provide employment for tens of thousands of Bhutanese. There will be a need of urgent fiscal and monetary measures that help protect jobs, sustain the self-employed, support companies' liquidity and operations and help accelerate recovery in the future. Following are a few recommendations for the immediate term to complement the existing relief efforts; they are elaborated further in the recommendations section of the full report:

1. **Improve institutional coordination and synergies across programmes.** Given the potential for synergies as well as overlaps between the different strategies, it is important to have a coordination mechanism among the leading agencies in order to reduce transaction and implementation costs and to ensure that relief efforts are effective, efficient and well-coordinated, guided by a long-term vision of transforming the economy.
2. **Prioritize and target households/individuals who have a vulnerable member(s) to support in providing relief and alternative employment opportunities.** Since risk is compounded in those households with a vulnerable member(s), these households require prioritized and targeted support to protect and cater to their particular needs. Providing support to these households first will ensure that the needs of vulnerable groups are met in a timely and appropriate manner.
3. **Support re-skilling and upgrading within the tourism sector itself.** As Bhutan aspires to diversify its offer to ecotourism, nature-based tourism and other unexplored territories, the current 'downtime' is an opportune moment to invest in building capacity and expertise in nature-guides, eco-tourism and farm-tourism. Investing in certain language proficiency is another example of such wise investments.
4. **Create win-win support to food security, green investments and those returning to rural areas/farms.** The focus on agriculture must be complemented by value-chain linking activities (such as processing and packaging), cluster-based incentives to promote small-holder farmers and CSIs involved in agro-industry, and coordinated use of storage and transportation facilities in order to build an agro-industry. These investments will create various types of entrepreneurial and employment opportunities for those who are returning to rural areas. Expanding investment in areas such as in information technology (IT) sector should be considered for the medium term as elaborated in the section below.
5. **Design employment and re-skilling programs with gender-sensitive lens.** The results of the survey indicate that, in the employment and re-skilling programs, it is very important

to ensure options that are gender sensitive. The alternatives must reach women based on their current occupations such as engagement in handicraft and service sectors but also open up opportunities for women to access other skill development programmes and work opportunities beyond the vocations currently being considered.

6. **Support liquidity and operations of affected tourism-related businesses.** Considering the heavy debt burden faced by most business owners (especially in the hotel sub-sector), the “Tourism Stimulus Package” as well as monetary and fiscal measures may need to be reviewed for their effectiveness in supporting businesses, especially the small ones.
7. **Set up Public-Private Partnerships and other partnerships for skilling, building, and upgrading infrastructure.** In light of the Technical and Vocational Education and Training (TVET) reforms being led by the Government, a new generation of skilled workforce can be created through effective partnerships while also building and upgrading public infrastructure in the country.

‘Build back better’ measures beyond the immediate term

Beyond the immediate relief, the strategies for economic recovery in the medium to long term must consider aspects of sustainability, resilience and equity. The government’s plan to frontload many of the investments outlined in the FYP is a good strategy for rebuilding Bhutan’s economy. In order to create additional synergies and resilience in light of the impact of the pandemic, following are few further recommendations for formulating measures to build back better; they are elaborated further in the recommendations section of the full report:

1. **Align alternative employment and re-skilling programs with the future requirement of labour and skills as per the economic vision for the country, while seeking active input from potential employers.** The survey result confirms that agriculture and TVET initiatives are worth pursuing. In addition, however, employment and skilling programs must consider the future of work and expanding vocations to accommodate those with higher qualifications and differing interests. Furthermore, linking these programs with the skills requirement to be envisaged in the 21st Century Economic Roadmap could be one effective and sustainable way to ensure that human capital development and labour restructuring happens as per the needs of the country’s future vision of the economy.
2. **Introduce complementary policies and measures to sustain the re-skilling and economic diversification measures.** In order to sustain the re-skilling programs, for example in construction, incentives may need to be introduced for Bhutanese contractors to use national labour. Similarly, some form of measures might be introduced to promote Bhutan-grown vegetables over imported vegetables. Otherwise, when the crisis ends, investments in building human resources in the agriculture and construction sectors might be undermined and short-lived.

3. **Make strategic investments in rural Bhutan and in those individuals who wish to relocate.** Since many individuals are moving back to their hometowns, this can be an opportunity to assess skills and qualifications and identify talents of those who are returning to Bhutan. This would facilitate the transformation of Bhutan's agriculture and IT sectors in line with the vision captured in the 21st Century Economic Roadmap. Investing in infrastructure across the agriculture value chain as well as re-skilling labour to build food and agro-industry would be synergistic with the country's long-term vision. Similarly, globally, the COVID-19 crisis has changed the way we work. Investing in IT infrastructure (such as broadband) as well as implementing activities within the Digital Drukylul flagship programme of the FYP may help retain these talents in the rural areas.
4. **Build resilience and sustainability into the future of tourism.** COVID-19 has made one thing clear: the tourism industry must be resilient and sustainable in the face of future health and climate crises. Bhutan's long-standing aspiration for eco-tourism puts it at an advantage for immediately moving towards sustainable tourism as outlined in the immediate-term response section above. While it is challenging to imagine what resilience of the tourism sector would look like at the moment, we can begin to imagine few solutions such as promoting alternative livelihoods among those that work in the industry, expanding revenue streams for tourism-related businesses and promoting virtual tourism. This also includes investing in a COVID-19 proof tourism sector for a gradual return of the business. Countries around the world are for instance investing in 'touch-free' immigration technology and other means to protect tourists as well as those engaged in the sector.
5. **Strengthen social and environmental sustainability aspects into the Bhutanese economy, with a special focus on building resilience of all sectors including tourism.** Building on the strong foundation of Gross National Happiness, Bhutan should aim to transform its economy above and beyond its current achievements. Concerted efforts can be made towards integrating concepts such as (but not limited to) sustainable consumption and production,¹¹ circular/regenerative economy¹² and valuation of ecosystem services¹³ into Bhutan's economic recovery plan. Furthermore, innovative linkages may be formed between tourism and other sectors such as agriculture and IT to improve overall resilience of the economy. Ultimately, Bhutan can build resilience by diversifying its economy with the aim to provide diversified and alternative sources of livelihood for individuals and businesses alike.

¹¹ Sustainable consumption and production is about promoting resource and energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs and a better quality of life for all.

¹² The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended.

¹³ Ecosystem valuation is the process by which policymakers assign a value—monetary or otherwise—to environmental resources or to the outputs and/or services provided by those resources. For example, a mountain forest may provide environmental services by preventing downstream flooding.

6. **Innovate policy solutions to address the grave debt burden of business owners in the tourism sector while working with the financial sector to avoid undermining its viability.** Especially for the tourism sector, the low-interest loans and debt relief support may require further review and adjustment in order to formulate innovative mechanisms to finance and support the industry according to the specific needs of the subsector.
7. **Build robust, shock-responsive social protection schemes; as well as encourage a saving culture.** On one hand, building robust shock-responsive social protection schemes (such as employment insurance schemes) to withstand future shocks is essential. On the other hand, inculcating greater personal agency (responsibility) and resilience via encouraging a saving culture among the Bhutanese is vital to complement the government effort for future preparedness in order to 'build back better'.
8. **Build systems to allow for continuous real time tracking of people's socio-economic situation and multidimensional vulnerabilities; and improve analysis of social impact on vulnerable groups nationally.** The RSEIA was aimed at gaining a quick overall understanding of the impact of COVID-19 on the tourism sector and those engaged in it. Continuous real time tracking would help design effective responses in view of the rapidly evolving impact of COVID-19 on tourism as well as other sectors. Further assessments could provide up-to-date insights into the cascading and dynamic effects of the pandemic on lives and livelihoods. In addition, a more comprehensive nationwide impact assessment of social impacts will be useful for deepening the understanding of and better responding to the needs of the most vulnerable.

Looking forward into the new future

Globally, the COVID-19 crisis has shrunk the fiscal space to invest in areas of Sustainable Development Goals and created a dent or regression in their achievements. In Bhutan, the tourism sector is likely to take longer to resume its full operation. The immediate and timely responses put in place by the Royal Government of Bhutan are commendable. Looking beyond the immediate term, the crisis can be turned into an opportunity to transform Bhutan's tourism industry and its economy at large, and to address structural issues that contribute to vulnerabilities and inequality. In line with the National Key Result Area (NKRA) of 'economic diversification' in Bhutan's twelfth Five-Year Plan (FYP), much can be done right now in order to diversify the Bhutanese economy beyond hydropower (and tourism), to promote exports, and to enhance the rural economy, while pursuing economic growth, job creation and investments that are "green".

By having a strategic, long-term vision while designing and rolling out the medium-to-long term recovery package, Bhutan can plan for a better future. We should aim to develop skills and build a foundation that will enable the Bhutanese economy to leapfrog some traditional development steps. For example, the plans for re-skilling the labour force (unemployed and displaced) should

consider investing in human capital and the future of work as outlined in the upcoming 21st Century Economic Roadmap in order to provide opportunities to the most vulnerable segments of society.

While the recovery efforts must focus on cushioning the immediate impact, they should also include a sustainable strategy for ushering affected individuals into other sectors of the economy in the medium term while waiting for the tourism sector to recover from the impact. Furthermore, the responses should build in multidimensional measures that will ensure smart targeting so that they do not unintentionally aggravate existing vulnerabilities and inequalities. Additionally, the responses should be designed to minimize fiscal pressure on the government as much as possible and strengthen the resilience of individuals and businesses alike, helping them build back and even improve their livelihoods.

Yet to move in that direction, the policy response is challenging. In light of the magnitude of the challenge, a recommended approach is for the Bhutanese government to review the revenue and expenditure sides of the national accounts to identify where the COVID-19 crisis calls for policy changes (such as expanding the tax base or improving tax administration) or a reallocation of spending to free up resources for an effective response. It is very likely that in addition, further debt may need to be incurred to cover the short-term surge in needs. Ultimately, it is important that the investments today lead to sustainable and resilient solutions towards achieving an inclusive, green, and sustainable future as aspired in the Sustainable Development Goals and Gross National Happiness.



Photo - Sonam Phuntsho

INTRODUCTION

Of all the major economic sectors, the worldwide COVID-19 outbreak has hit tourism the hardest. For Bhutan, a country that relies heavily on tourism for its revenue, the economic crisis caused by COVID-19 is far more severe than the public health crisis.¹ This assessment is focused on the tourism sector in view of its importance to the economy and also it being the sector that is immediately and significantly affected by the pandemic.

Although the tourism sector does not make the highest contribution to Gross Domestic Product (GDP), it is one of the most important growth sectors for Bhutan as it earns the highest amount of hard currency reserves and provides the largest employment opportunity to a growing number of Bhutanese youth.² While the contribution of the tourism sector to the GDP is not captured in the National Accounts Statistics, tourism is estimated to make up for nine percent of Bhutan's (GDP)³ and employ around six percent of the population.⁴ For comparison, in 2018, the construction sector constituted a little over 14 percent of the GDP, hydropower accounted for slightly more than 11 percent, agriculture made up almost 16 percent and manufacturing made up around seven percent of the GDP.⁵

In 2018, Bhutan earned a total revenue of US\$85.4 million from dollar-paying tourists, out of which \$26.3 million was direct revenue for the government through the Sustainable Development Fees (SDF), visa fees and taxes.⁶ While published data on actual revenue earnings from regional tourists does not exist, rough estimates show that Bhutan earned around \$105 million from regional tourists in 2018.⁷

After confirming its first COVID-19 case on 6 March 2020, Bhutan imposed a travel ban on all incoming tourists impacting the lives and livelihoods of many Bhutanese. In fact, the tourism sector took a hit as early as November 2019 when travel cancellations began due to the pandemic. The Tourism Council of Bhutan (TCB) estimates that more than 50,000 Bhutanese or six percent of the population and 16 percent of the working population are engaged in the tourism sector. This estimate almost certainly underestimates the importance of tourism on Bhutan's economy as it does not include those engaged in informal businesses related to tourism (such as porter and pony

¹ With only seven confirmed cases (all imported) and no deaths as of 4 May 2020, Bhutan has remained fairly shielded from the public health crisis that has stunned the world.

² Review Report on Tourism Policy and Strategies, National Council of Bhutan for the 16th Session for National Council, 2016.

³ Figure from "Review Report on Tourism Policy and Strategies" from National Council of Bhutan for the 16th Session for National Council, 2016.

⁴ Tourism Council of Bhutan estimates tourism sector employs around 50,000 Bhutanese.

⁵ National Accounts Statistics 2019. National Statistics Bureau.

⁶ Figure from Bhutan Tourism Monitor 2018. Tourism Council of Bhutan

⁷ Estimated figures based on the actual number of regional tourist arrivals in 2018 (210,730 tourists) and on the assumption that spending per person per trip was USD 500 (based on expenditure data from regional tourist exit survey in Bhutan Tourism Monitor 2018).

service providers and trinket sellers) or establishments that derive added revenue from tourists (such as entertainment centres, clothing stores and street vendors). There are more than 3000 travel agencies, 160 TCB-certified hotels (3-5 stars), 665 budget (or non-certified) hotels and over 4200 restaurants and cafes in Bhutan. In addition, numerous handicraft shops, porter services, rafting and trekking companies and small businesses around the country rely on tourism for their livelihood.

Furthermore, the impact of COVID-19 on tourism has a direct impact on Bhutanese financial institutions as numerous hotels constructed amidst the recent tourism boom are unable to repay their loans. In 2019, the “Services and Tourism” segment recorded the highest percentage (31 percent) of non-performing loans (NPL) in the country at Nu.6.7 billion (approximately \$95.3 million). Hotels and restaurants constituted 13 percent of the NPL in the segment at Nu.836.2 million (approximately \$11.9 million). A prolonged period of halt in tourist arrivals can lead to further credit defaults and strain financial institutions all the more.

Given the current scenario, travel restrictions around the world are likely to continue for an extended period. Furthermore, it is unlikely that people will start travelling for leisure any time soon. Therefore, the socio-economic impact due to decline in tourism will be significant and protracted. A prolonged halt in travel and tourism will leave many unemployed and vulnerable as well as increase fiscal pressure on the government.⁸ Thus, a robust response strategy is required to address the immediate, medium and long-term needs of the tourism sector and to address the needs of those who are most vulnerable.

Structure of Economy and Employment Pattern

In order to plan for recovery with the future in mind, this section briefly presents an overall structure of the economy and employment patterns. The information is meant to elucidate current reality to provide context for future planning for economic diversification and building resilience in the economy.

Overall, the tertiary sector (including finance, transport, retail and tourism sectors) had the highest share of the GDP with 46 percent, followed by the secondary sector (including construction and hydropower sectors) at 38 percent, and the primary sector (agriculture, livestock and forests) at 16 percent (in 2018).⁹

According to the Economic Census of Bhutan (ECoB) 2018–19, Bhutanese business establishments are concentrated in two economic sectors: trade (mostly retail) constituting 63 percent of total establishments, followed by accommodation and food services with 21 percent of total establishments.¹⁰ Agriculture, forest and fishing sector makes a little less than 3 percent of total

⁸ The current unemployment rate in Bhutan is 2.7 and the latest youth unemployment rate stands at 11.9.

⁹ National Accounts Statistics 2019. National Statistics Bureau.

¹⁰ Economic Census of Bhutan 2018-2019. National Statistics Bureau.

establishments (excluding economic activities from household-based subsistence farms and seasonal agriculture cooperatives and farmers' groups).

The retail and trade sectors employ the highest share of the working population (24 percent) where most in the sector are self-employed. The rest of the four biggest employers are: construction (19 percent), accommodation and food services (15 percent), manufacturing (15 percent) and hydropower (six percent). The agriculture sector employs a little less than four percent of the total employed population.¹¹

Non-Bhutanese workers make up nearly one-fifth (19 percent) of the employed population with an overwhelming majority of them being men (94 percent), half of whom are engaged in hydropower project construction work. Furthermore, the 2019 Labour Force Survey (LFS) report notes that 69 percent of the economically active population resides in rural areas, while a little less than one-third (31 percent) live in urban areas.

Comparing the establishments by the size of employment, establishments operated by one person represent more than half (55 percent) of all establishments, but these employ only 10 percent of the total workers. On the other hand, the few (0.6 percent of all establishments) large-scale establishments (such as hydropower) with 100 employees or more employ 46 percent of all workers.

The gender distribution of employees widely differs across legal status categories of establishments. Overall, females account for 36 percent of the total workers. They are more represented in single proprietorship and partnership establishments (47 percent) and especially in permanent shed vendors (82 percent), whereas they are under-represented among private and public limited companies (21 percent and 28 percent, respectively), especially in hydropower projects.

To sum up, the structure of the economy, the enterprise mix and employment patterns above suggest a few things: i) a large proportion of employed Bhutanese are engaged in the service sector including retail and tourism sector; ii) a large number of those engaged in agriculture are without a formal enterprise; iii) most enterprises are small, operated by one-person or few employees; iv) women work mostly in small businesses; and v) construction and hydropower employs considerable foreign (Indian) workers.

While data on the nature of employment within the tourism sector (formal or informal) does not exist, the primary data from the survey indicated that almost all interviewed guides were casual employees working in tour operation companies without employee social security. Data on social security schemes within private businesses for regular employees (such as Employee Provident Fund) were not collected, but most employees reported having no means of coping (in the form of

¹¹ This percentage reflects employment in formal enterprises and excludes a large majority of rural population who are engaged in agriculture as "own account workers" and in farmer groups and cooperatives.

other income or savings). The primary data suggests that most employees did not have economic security and were living paycheck-to-paycheck (or season-to-season in case of guides).

The structure of the economy and the pattern of employment indicate that tourism sector is a big employer and the impact of COVID-19 on tourism will affect a considerable number of employed population. The growth of finance, transportation and IT sectors in recent years point to opportunities to absorb the newly unemployed in those sectors (provided their skill sets and retraining allow for the employment transition). Furthermore, the limited number of formal enterprises in the agriculture sector suggests that there are opportunities for diversifying the economy to promote manufacturing, especially in agricultural and forest products. In fact, a large number of the rural population is already engaged in agriculture. Therefore, the gap needs to be bridged in order to progress from primary production to value-added industry using the skills and talents of the recently unemployed population.

Objective

The Rapid Socio-Economic Impact Assessment (RSEIA) was carried out with an objective to gain a quick understanding of the overall nature of impact of COVID-19 on tourism and allied sectors and the effect on individuals engaged in the sector. Specific objectives of RSEIA were to:

1. Assess the overall impact of COVID-19 on individuals engaged in the tourism sector (scale and depth of impact);
2. Assess the economic vulnerability of individuals who are engaged in tourism and their households;
3. Assess social impacts due to COVID-19 including the impact on vulnerable member(s) within impacted households;¹²
4. Assess coping abilities of the individuals and households that have been affected;
5. Collect data on skills, education, and jobs preferences of impacted individuals for possible employment and retraining opportunities.

METHODOLOGY

This RSEIA was focused on quantitative research, with some qualitative research to complement the overall assessment.

The quantitative research was led jointly by the National Statistics Bureau (NSB) and United Nations Development Programme (UNDP) with input from other agencies in developing the questionnaire and in formulating policy implications and recommendations. The qualitative research was performed by UNDP, selecting a few survey respondents for further interview in order

¹² For this assessment, vulnerable groups were defined as the following: i) pregnant or lactating women, ii) people with chronic illness (such as diabetes, hypertension, renal disease, etc), iii) people with disabilities and iv) elderly people.

to take a deep dive into their individual stories. The methodology of qualitative research is detailed in Annex I.

Furthermore, to package the rich information from the rapid survey into a tool for policy action, a Multidimensional Vulnerability Index for Tourism and Related Sectors (MVI-T) was designed in partnership with the Oxford Poverty and Human Development Initiative (OPHI) to provide an overall picture of vulnerability. The detailed methodology and analysis from this separate but complementary analysis is detailed in the full report (Annex II).

This assessment is a result of combined efforts from the Royal Government of Bhutan (Prime Minister's Office (PMO), the Gross National Happiness Commission (GNHC), the Tourism Council of Bhutan (TCB), the Ministry of Labour and Human Resources (MoLHR) and the National Statistics Bureau (NSB)) and UN agencies in Bhutan.

The qualitative survey questionnaire was designed, drawing lessons from sample questionnaires that were in the process of formulation in other countries in the Asia and Pacific region. The full questionnaire is provided in Annex III.

Since social distancing had to be practiced at the time of survey, the interviews were conducted telephonically. Enumerators from NSB were trained from 31 March to 1 April 2020 and the survey was conducted from 2 April to 15 April 2020 using the World Bank's Computer-Assisted Personal Interview (CAPI) software.

The sample frame was obtained mostly from TCB, with a few more from GNHC and the National Commission for Women and Children (NCWC) for five Dzongkhags: Bumthang, Chhukha, Paro, Punakha and Thimphu. The sample frame covered nine sub-sectors of tourism: hotel, tour operation, restaurant, guiding, river rafting, handicraft, airlines, entertainment centres (only karaoke bars) and street vendors.

A total of 1320 respondents were selected from the list frame. It was designed to be representative of the tourism and allied sectors as a whole for the selected five Dzongkhags, however, not at each Dzongkhag level. The response rate was 97 percent (1285 respondents). Demographic characteristics of the respondents are provided in Annex IV.

The target population was stratified into nine sub-sectors viz. hotels, restaurants, tour operation, guiding, river rafting, handicraft, airlines, street vendors, and entertainment. Within the sub-sectors, the respondents were selected using Circular Systematic Sampling.¹³

¹³ Circular Systematic Sampling is a probability sampling method where the units are selected from the population at a regular sampling interval (k). The sampling interval is calculated by dividing the population size (N) by the required sample size (n) and the random start is selected between 1 and N . Starting from the random start, the units are selected by skipping through the circle by k units until n units are selected.

Analytical Framework

The analytical framework for this rapid assessment was adapted from the socio-economic vulnerability assessment frameworks used for climate change adaptation (Figure 1). Vulnerability is a multi-faceted and complex concept, but it can generally be defined by three components: (i) exposure (impact), (ii) sensitivity (vulnerability) and (iii) adaptive capacity (coping ability).¹⁴ The rapid assessment was guided by these three components, using a mix of quantitative and qualitative methods collecting and analyzing information on affected people and their needs to inform strategic response planning.

The assessment focused on two areas: (i) livelihood/economic impact and (ii) social impact (such as community vitality, domestic violence and psychological stress) as a result of COVID-19. The data was collected at an individual and household level for assessing the overall vulnerability and adaptive capacity at individual and household levels.

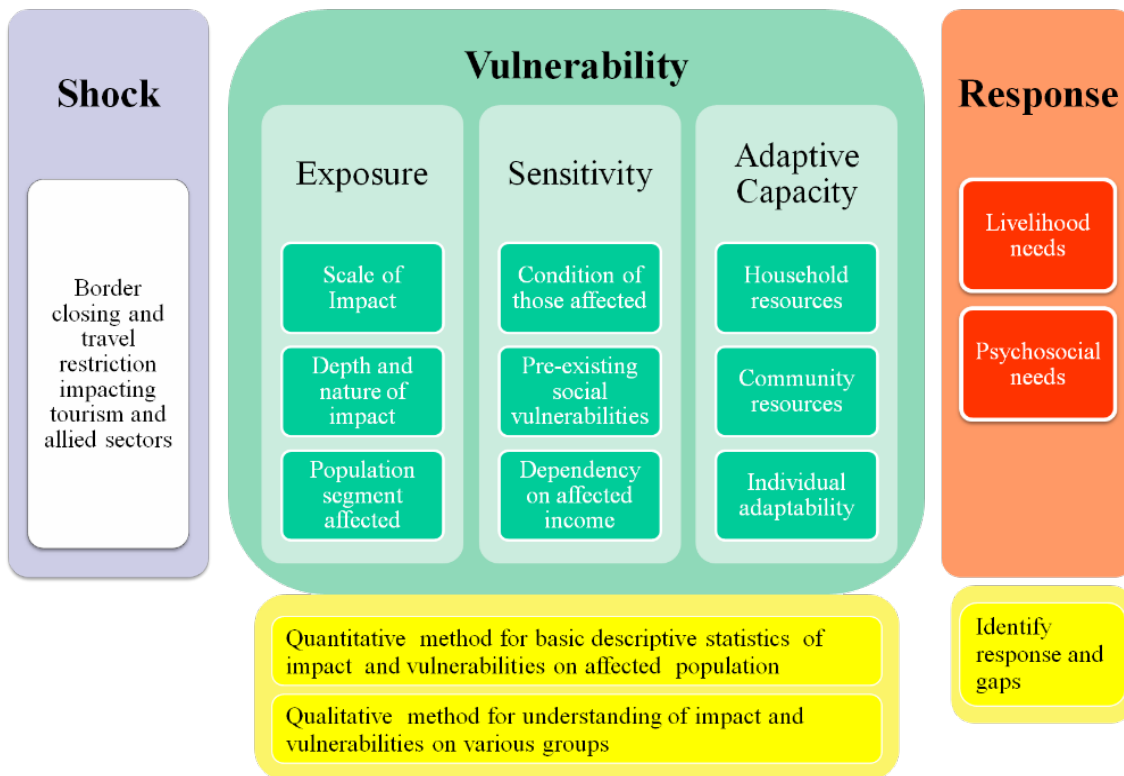


Figure 1 Analytical framework

¹⁴ It should be noted that this definition of 'vulnerability' is different from that of 'vulnerable groups' i.e. differently-abled, old age, single mothers, etc.

SCOPE OF ASSESSMENT AND LIMITATIONS

While the RSEIA has revealed useful data and insights into the immediate change in livelihoods for many, several aspects of study were excluded in the rapid assessment. Due to its deliberate design with a narrow scope (in terms of sectors, location and research design), the assessment was not expected to generate data to fully understand the extent and nature of vulnerability, especially the underlying and existing vulnerabilities exacerbated by the crisis. Specifically, the following aspects were not covered in the RSEIA:

- i. Since the assessment was meant for understanding real-time, immediate impact, it did not capture the full scope of impact. For instance, many employees received their salaries for March and they had not received clear or certain signal about the status of their employment. Many respondents indicated that it was too early to know the true extent of income and livelihood loss and requested to be surveyed at a later stage.
- ii. Similarly, since the crisis and response were changing daily the dynamic effects set in motion, i.e. how this one-off impact plays out in the economy and society, is not captured in this assessment.
- iii. At the time of conceptualizing this assessment (which was at the time when travel and visa restrictions were announced in Bhutan), the impact on the tourism sector and resulting vulnerability of those working in tourism were found to be critical. Therefore, the study was not designed to obtain comprehensive and meaningful data regarding vulnerable groups. While the survey asked questions about social impacts of COVID-19 such as gender-based violence, children and education, alcohol use, and so on, it was not designed to capture these social impacts in an objective manner.

Within the limited scope of the assessment as noted above, the limitations of the study were as following:

- i. Although the target was to obtain the list of all tourism and allied sectors from the five Dzongkhags (Bumthang, Chhukha, Paro, Punahka and Thimphu), the final list obtained was not comprehensive in following ways:
 - a. The tourism and allied sector list were adopted as provided to us by stakeholders (and were not comprehensive);
 - b. Some sub-sectors were represented from only a few Dzongkhags (for example, only the handicraft shops in Thimphu and Bumthang were represented in the frame);
 - c. Informal workers such as porter and pony services were not included in the frame (although one pony service provider was captured via their family member who is a guide and was chosen for the qualitative interview);
 - d. The sample was not gender-balanced in that 60 percent of respondents were male and 40 percent were female.
- ii. The methodology used was stratification by tourism and allied services and the selection of respondents by circular systematic sampling. There was no weight generated due to the shortcomings in the sampling frame, although the selection was carried out randomly. Therefore, the result covered only those that were included in the frame.

Since the assessment was meant to understand the immediate impact in order to inform urgent interventions, the study was conducted in spite of the above limitations. Even though the sampling frame was not comprehensive, the data gathered provide reasonable insights of the effect of COVID-19 on the individuals who are engaged in tourism sector, especially guides and hotel staff. More nuanced analyses (such as comparison of impact between sub-sectors and districts or effect on businesses) were not possible due to limitations and thus omitted from the study.



KEY FINDINGS

Key Finding 1

The impact of the COVID-19 crisis is already deep, wide-spread and cross-cutting. In other words, the crisis has had a grave impact on lives, affected many people and increased vulnerability across many dimensions.

According to the Multidimensional Vulnerability Index for Tourism (MVI-T), 81 percent of the households were deprived in at least three vulnerability indicators simultaneously, and on average, each person experienced deprivation in four to five of the eight vulnerabilities.¹⁵ The MVI-T identified people who are deprived in multiple indicators at the same time using a very simple 'counting' based approach. To be precise, it counted how many people are deprived in different numbers of indicators. The MVI-T chose a cut-off of three out of eight indicators. The reason is that if a person was only deprived in one or two indicators, they might be able to recover well enough on their own; however if someone is deprived in many indicators simultaneously (such as if a person has just lost their job *and* has no savings *and* has no other source of income in the household), they are most likely vulnerable. It should be noted that the MVI-T is not a deeply multidimensional measure like the GNH index or the Multidimensional Poverty Index of Bhutan as many of these indicators are related to financial needs; however, a person who is deprived in at least three or more is probably in considerable need of assistance.

In simple terms, the MVI-T revealed that a large number of households were left vulnerable and that deprivations are high and relatively constant across social groups. The results indicate an overwhelming need to support workers in the tourism sector, whether they are male or female, less or highly-educated, married or unmarried. The one cluster that clearly demonstrates a dramatically higher need is those who have already lost their jobs.

Findings 1.1 to 1.4 below delve into further details of the impact of the COVID-19 crisis on individuals and households interviewed.

¹⁵ To package the rich information from the RSEIA into a tool for policy action, a Multidimensional Vulnerability Index for Tourism and Related Sectors (MPI-T) was designed by the Oxford Poverty and Human Development Initiative (OPHI). It identified eight main deprivations: i) income loss, ii) coping strategy, iii) loss of livelihood, iv) food security, v) limited savings, vi) indebtedness, vii) vulnerable household members, and viii) tourism dependent.

Box 1: 8 Core Indicators of Vulnerability used in the Multidimensional Vulnerability Index for Tourism

1. **Income Loss:** Among respondents, 63 percent of persons reported that their household income had fallen by 50 percent or more due to the crisis.
2. **Coping Strategy:** Deprived respondents indicated that they could not meet their household needs until COVID-19 situation improved. Fully 86 percent would cope by selling assets, seeking help from family friends, or government, moving to the village, seeking alternative employment, borrowing, or reducing consumption.
3. **Loss of Livelihood:** Just over one-third of respondents – 36 percent – said that they had been laid off or given leave without pay already (if they were employees), or, if they were shop owners, they had already had to close their business.
4. **Food Security:** Deprived respondents (23 percent) reported that their household did not have enough food for three or more weeks.
5. **Limited Savings:** Deprived respondents (65 percent) indicated they lacked enough source of income or savings to pay for monthly expenses (rent, utilities and food) for more than two months.
6. **Indebtedness:** Deprived respondents had a debt, loan or mortgage and reported that, given the impact from COVID-19, they would not be able to service their loan payment after two months.
7. **Vulnerable household members:** About 22 percent of respondents share their household with someone who has chronic health conditions, physical or mental disabilities, or is a pregnant or lactating mother.
8. **Tourism Dependent:** Deprived respondents (63 percent) indicated that no household member working outside of the tourism and affiliated sectors, currently contributed to the household income.

Finding 1.1: The decline of the tourism sector has a significant impact on individuals' and households' livelihoods due to several factors.

Detailed analysis of impact revealed several ways in which individuals and households have been impacted due to the halt in tourism caused by the pandemic.

First, 32 percent of employees had already lost their jobs or been placed on leave without pay at the time of the survey. Possibly, these layoff numbers are quickly rising. Although the full extent

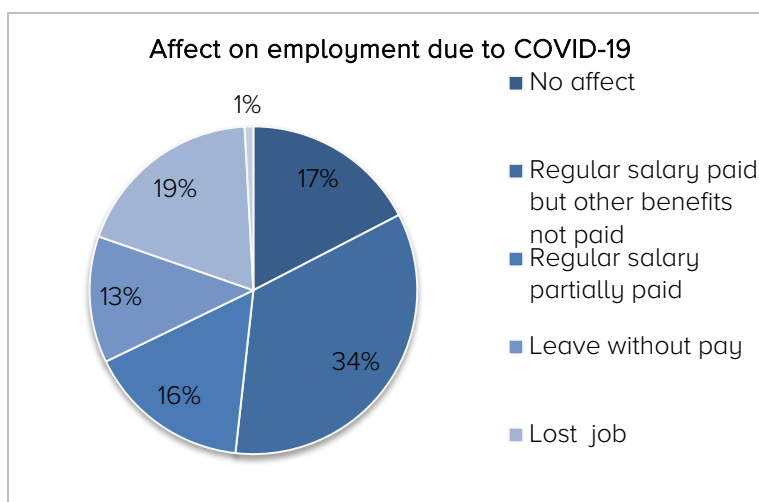


Figure 2 Nature of impact on employment due to COVID-19

of impact on employment was too early to assess, emerging trends suggest that unemployment will be a significant and important challenge in case of prolonged crisis. In any case, 83 percent of the total 1057 employees surveyed (regular, casual and family worker) reported that the COVID-19 crisis affected their employment or salary in some way (see Figure 2). Most businesses were fully or partially closed after the pandemic's impact on tourism (see Figure 3).

Box 2: A family-run restaurant hit hard by COVID-19 crisis**Interview Date: 7 April 2020**

The COVID-19 crisis has not spared Karma's family-run restaurant in Paro. The restaurant that catered only to tourists has been closed and its future remains uncertain. All nine staff were paid salary for March and sent off on unpaid leave.

The 32-year-old from Wangdue partnered with his wife's brothers to open the restaurant in 2018. The monthly rent for the restaurant space is Nu 66,000. They have paid rent for April but are not sure if they can afford rent anymore if the current situation persists.

Karma is hoping the restaurant space owner would reduce rent like some are doing. If that doesn't happen, Karma said, they will be forced to shut down the business for good.

They are already exploring other livelihood opportunities. One is to start a farm on his wife's family land in Lhuntse.

In the meantime, they are spending less to cope with the income loss. Karma was not aware of TCB's Employment Support Scheme at the time of this interview but has registered himself and his workers for the Druk Gyalpo's Relief Kidu.

Assessing the nature and degree of impact on employment by sub-sector reveals varied impact on employment as follows:

- An overwhelming majority of guides (92 percent) working as casual employees for tour companies lost their jobs, followed by employees of river rafting companies most of whom were laid off due to temporary close of business. As one would expect, all businesses that fully relied on tourists for revenue were temporarily closed.
- Hotel sector employees had varying degrees of impact - more than half of hotel employees received their regular salaries, 28 percent were partially paid (most receiving salary for half a month), 17 percent were placed on leave without pay and a small number had lost jobs or quit. Many hotels (in Thimphu, Paro and Phuntsholing) had been turned into quarantine facilities at the time of the survey.
- Half of the total restaurant employees received their salaries, 36 percent were placed on leave without pay and the rest were either partially paid, been laid off or had quit. Due to travel ban and social distancing measures, restaurants, though open, had limited business.

- A decent majority of employees working in tour operation companies (65 percent) received their salary, about 18 percent were paid partially and 12 percent were placed on leave without pay. Two thirds of tour operation companies were completely closed and the rest were partially open at the time of the survey.¹⁶ Since employees were paid, they were required to report to the office although they were not fully functional.

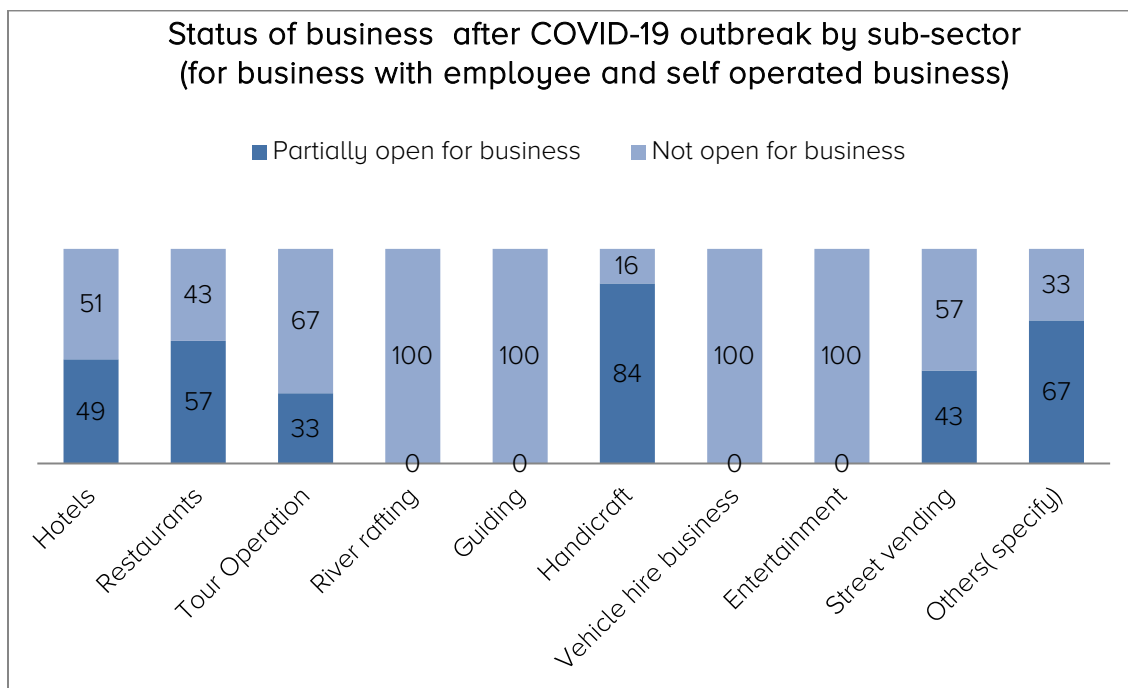


Figure 3 Status of business after COVID-19 outbreak

Second, for a majority of households that were interviewed, income from tourism is/was their only source of livelihood. Sixty-three (63) percent of the households reported that they do not have a contributing member to the household income who is engaged in a sector other than tourism and allied sector (see Figure 4). In other words, **household income source is not diversified beyond tourism for a large number of households**. Eighty-three (83) percent of the households who reported no diversification in income were those who were employees (regular or casual). The trend of households relying on tourism sector for their livelihood was present across sub-sectors and across nature of employment (whether they are business owners, employees or are self-employed). Therefore, a notable size of households and families would face dire consequences on family livelihood in case of an extended impact on tourism due to the COVID-19 crisis.

¹⁶ The survey asked individuals about the status of their office, not the business.

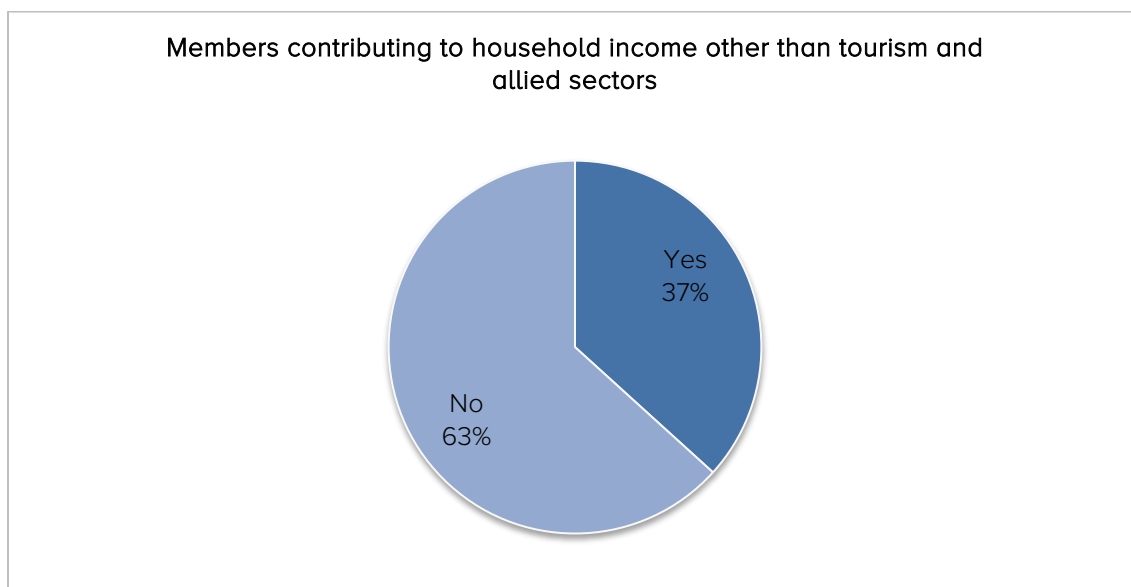


Figure 4 Presence of contributing member to household income from other sources

In Bhutan, it is not uncommon for all earning members of the household to be engaged in the same business or the same sector. For instance, siblings may have run a travel agency together, both husband and wife may be employed at a hotel, a guide's wife may run a handcraft shop, or all members of the family may be involved in a restaurant business. Thus, the impact of COVID-19 on the tourism sector can expose the entire family unit to a greater risk of economic vulnerability.

Third, **the pandemic has caused a drastic drop in income for a vast majority of households.** Seventy-four (74) percent of affected households reported a significant drop in income (decline by more than 50 percent) due to the halt in tourism and most among those households had other overlapping deprivations. Obviously, a household with a 50 percent income loss who is a multi-millionaire and has no other deprivations is less vulnerable than a household with a significant loss of income, with no other coping strategy, which already lacks food security and houses a person with disability. In case of the population surveyed, however, most show multiple deprivations and thus indicate that a drop in income would in fact compound their other vulnerabilities.

Figure 5 shows that a startling 98 percent of the 1285 workers interviewed – all but 20 of them were deprived in at least one indicator in the MVI-T analysis. Furthermore, close to 95 percent were deprived in two indicators. Deprivations in three indicators affected 81 percent of the persons. Almost 63 percent were deprived in at least half of the indicators, and nearly two in five – 38 percent - were deprived in five out of the eight. One-sixth of the workers were deprived in six of the eight, and very small numbers in seven or in all eight. In simple terms, most people have multiple challenges such as lack of savings or being tourism-dependent, thus a significant drop in income has grave consequences to their wellbeing.

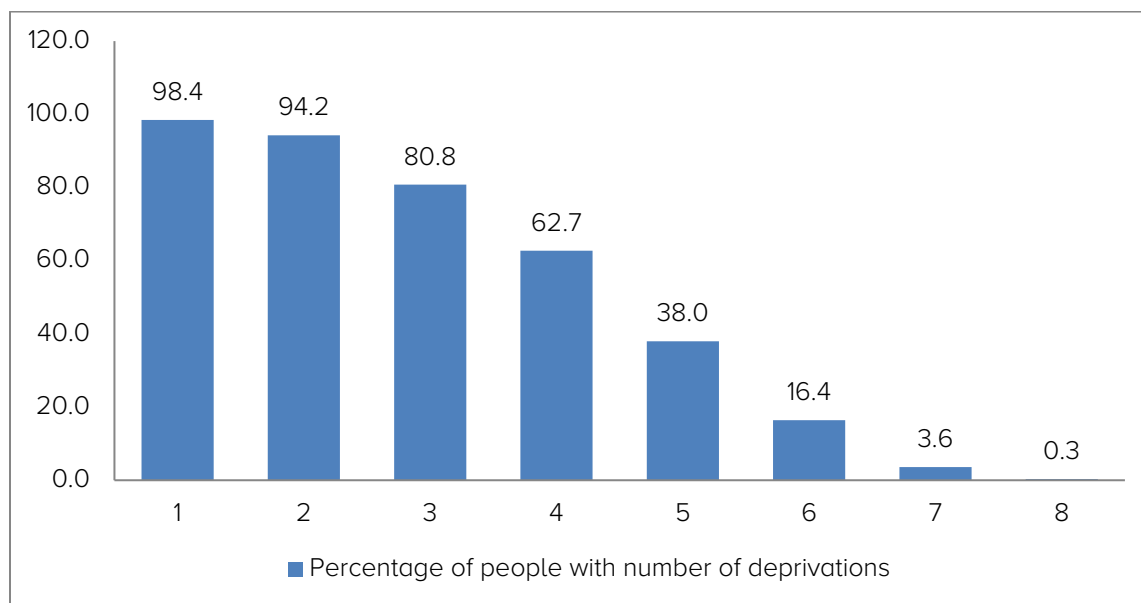


Figure 5 Percentage of people with deprivations in 1 to 8 indicators

Box 3: The COVID-19 crisis affects the livelihood of a family that relies on porter-pony services

Interview Date: 8 April 2020

Tshering Dorji lives in an extended family in Paro. The family members include his pregnant wife, his father, a hearing-and-speech-impaired brother, two sisters, their husbands, and three children.

Tshering’s family has earned a living by providing pony services to tourists for three generations. Today, the family owns 17 horses. Tshering, who is a tour guide, helps operate the lucrative pony service business.

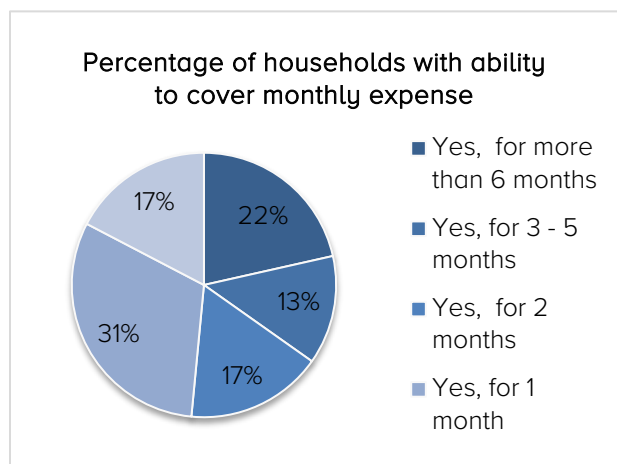
The COVID-19 crisis has left the family without business. The income they earn from the sale of livestock products is barely enough to provide for everyone in the family. “We can sustain for another two to three months only,” Tshering said.

The family does not have adequate land holdings to practice farming. They are cutting down on food expenditure and other purchases to cope. The livestock are facing the brunt too as buying food for them becomes difficult.

Tshering said employment opportunities and re-skilling programs would be beneficial in case the crisis persists. He had not heard of TCB’s Employment Support Scheme as well as The Druk Gyalpo’s Relief Kidu at the time of the interview.

Finding 1.2: Many households lack savings to carry them through the crisis.

At the time of the survey, 17 percent of affected household reported having no savings or other



means of subsistence starting immediately. Another 48 percent reported having the means to support themselves for up to two months. Only 22 percent of the households surveyed reported having income or savings to sustain for six months or more (see Figure 6). Furthermore, an added burden on family finances, such as investment in gadgets and technology to support e-education for children, during the time of the COVID-19 crisis may tip the scale of vulnerability for many households.

Figure 6 Percentage of households with ability to cover monthly expense

Understandably, for households that rely solely on tourism (63 percent of the total surveyed), subsistence capacity is reduced and more severe compared to those who have contributing members working in sectors other than tourism.

Finding 1.3: Many households have one or more vulnerable member(s); and amongst those households, a majority (roughly 70 percent) have reported a significant drop in income.

Overall 22 percent, nearly one in four of the persons interviewed, have at least one vulnerable member in their household. Of the total household surveyed, around nine percent have pregnant or lactating mothers, 13 percent of the households have chronically ill members, three percent of households have someone with physical or mental disability and 19 percent of the households have an elderly person(s) living with them (see Table 2).

Table 1 Presence of vulnerable member(s) in total population surveyed

Vulnerable Group	Percent
Percentage of households with Lactating/Pregnant mothers	8.6
Percentage of households with People with chronic illness	12.8
Percentage of households with People with disabilities	2.6
Percentage of households with elderly people (60 and above)	18.6

In households that have a vulnerable member(s) to support, severe loss in income would drastically impact the care that the vulnerable person(s) receives. For instance, a household who just lost 50 to 100 percent of their monthly income may not be able to afford to buy nutritious food for a pregnant women or a lactating mother in their family, or be able to spend on medication and

treatment for a family member who suffers from a chronic illness. The survey revealed that among the households that have a vulnerable member(s) to support, a majority have reported a significant drop in income (a decline in income by more than 50 percent) (see Figure 7).

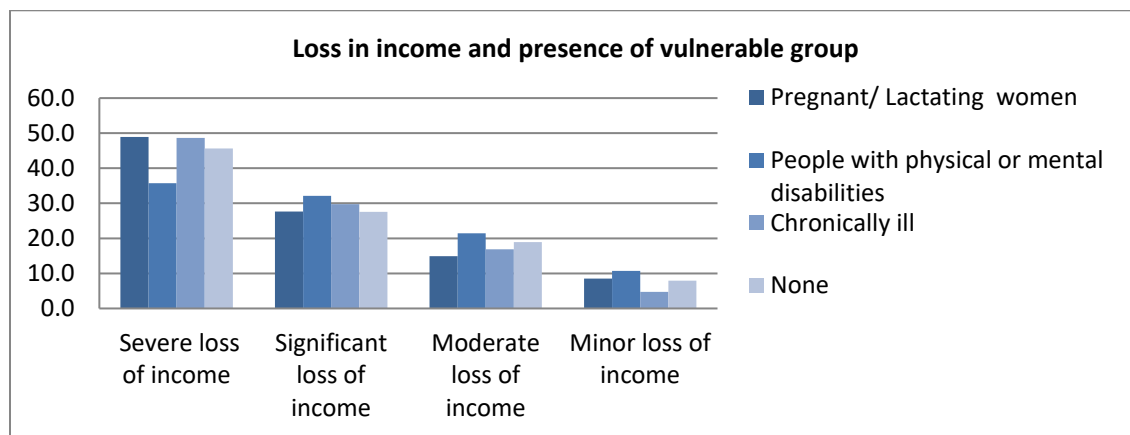


Figure 7 Severity of loss of income in households with vulnerable members

Box 4: Shutdown due to the COVID-19 crisis forces businesses to close and lay off staff

Interview Date: 6 April 2020

Srijana (not her real name), a young mother of an infant and her husband say their business has taken a massive hit from the COVID-19 pandemic, leaving their family’s livelihood severely impacted.

In 2015, the couple started their a business that caters to tourists from India. It has been a slow start and took until last year to gain pace. Just when they thought it was going to be smooth sailing, the COVID-19 pandemic struck. They had no choice but to lay off all their five workers after paying their salary for the month of March.

“The little savings we have can only sustain us for the next two months and after that we have nothing to fall back on,” Srijana said.

The house rent is a major household expense and she hopes her landlord will waive off the rent. “If we don’t have to pay rent, our savings can last a little longer,” she said.

The couple not only has to worry about their own wellbeing but also of their extended families’. Both her father-in-law and mother-in-law, who live with them, have health problems. The former has hypertension, while the latter is diabetic.

She has also been supporting her parents who live in the village. Her brother helps but his business remains badly hurt as well. Srijana has considered alternative employment but feels it would be challenging to juggle a full-time job as a nursing mother.

Furthermore, access to healthcare and medication is important for vulnerable members like lactating or pregnant women, people with chronic illnesses and the elderly. Almost a quarter (23 percent) of people with chronic illnesses reported that they were unable to access medical services or medication due to the COVID-19 crisis. Around 16 percent of lactating mothers or pregnant women reported that they missed their regular check-ups due to the COVID-19 crisis (see Table 2). A lactating mother who was interviewed informed that due to the increased risk of contracting the virus from hospital visits, she refrained from visiting the hospital for her newborn's monthly check-up (the infant had, however, received all the necessary immunizations).

Table 2 Ability to access healthcare during COVID-19

Vulnerable Group	Percent
Percent of households with chronically ill members who were not able to access medical services/medication	22.8
Percentage of households with lactating or pregnant mothers who missed regular check up	15.5
Percentage of households with people with disabilities and lacked of proper care	6.1

Finding 1.4: An overwhelming majority of business owners (and a sizable number of other respondents) have debt, and their capacity to repay is compromised.

Eighty-seven (87) percent of business owners surveyed (not including self-operated businesses) had debt (see Table 3) and 44 percent of them said they are not in a position to pay the EMIs immediately.¹⁷ Business owners across the sub-sector reported debts. About half (46 percent) of the group of employees (regular and casual) reported having debt, and about one third (36 percent) of those with debt have no capacity to pay their monthly EMIs immediately. The Bhutan Living Standards Survey (BLSS) 2017 confirms that 40 percent of households in Bhutan have loans and that majority of households reported availing loans to purchase vehicles (27 percent) and to construct houses (25 percent).

In the survey, specific questions were not asked to business owners regarding their plans to avail the operational (working capital) loan (at a concessional rate of 5 percent) to retain employees as encouraged by the government. However, anecdotal evidence from the qualitative research suggests that while business owners are considering the additional loan, they are hopeful that additional government measures (such as further deferment till first tourist arrival) would be put in place.

¹⁷ It should be noted that most of the business owners interviewed were from hotels and tour operation sub-sectors as they were separately selected since these two sectors were deemed to be most important. It is also important to note that business owners constituted only 12 percent of those interviewed (156 respondents). Therefore, further investigation is advisable to ascertain the indebtedness of among business owners in tourism sector.

Table 3 Debt and repayment capacity

Employment type	Percent with debt	Percent with inability to pay EMI immediately
Regular paid employee	43.1	31.4
Casual paid employee	49.7	40.2
Self-operated business	38.8	46.2
Business owner	86.5	43.7

Box 5: A hotel owner resorts to pay cuts to cope

Interview Date: 7 April 2020

Chimmi Wangmo resigned from the civil service to work full time on her hotel business. She and her husband began the construction of their hotel in 2017. It opened for business in April 2019. Her husband resigned from his job in February 2020 to help her. That was just weeks before the COVID-19 crisis hit Bhutan.

The situation forced them to slash staff salary by half. Four of the 16 staff quit because of the pay cut. Chimmi hopes to engage the remaining staff in agriculture work.

The three-month loan deferment provided some relief. Chimmi is also looking into availing an operational loan at 5% interest rate from RICBL to help retain her staff.

“I can retain them for up to two months. In case I don’t qualify for the operational loan, I will have no option but to lay off more staff,” she said.

She hopes the loan payment deferment would be extended until tourism reopens. She also hopes that domestic tourism can be promoted in the meantime to help hotel owners. For the staff who left, Chimmi has helped them register for the Druk Gyalpo’s Relief Kidu.

Key Finding 2

There is a strong interest in alternative employment, focused on a few vocations.

The other significant finding was that those who are vulnerable are keen for support to set out on an alternative career path. Seventy-six (76) percent of the respondents who are (casual and regular) employees expressed interest in employment.¹⁸ While most individuals that are seeking employment are those who have up to a high school degree, interest for alternative employment is high even among the more educated individuals. In the survey, 66 percent of the respondents

¹⁸ An overwhelming majority of guides identified as casual employees and most regular employees were those working as hotel staff.

with bachelors' degree indicated interest in taking up a new profession. In terms of the MVI-T, 90 percent of those who indicated an interest in an alternate career path were vulnerable. Disaggregation found that the less vulnerable respondents either did not answer the question or marked 'none of the above' when asked about their preference for alternative employment. Twenty-four (24) percent of employees were not interested in any of the options provided in the survey.

The survey probed respondent's interest in alternative employment by asking the following question: "Since your employment is affected by the COVID-19 outbreak, would you be interested in" and then listed a number of alternative employment tracks: plumbing, electrician, masonry, tiling, bar-bending, carpentry, agriculture, delivery services, cleaning, loading/unloading. Respondents totalled 932, of which 382 women and 550 men, and they were on the whole poorer than average. They could indicate more than one interest (15 percent did), or write in another profession of interest. Findings 2.1 to 2.3 below elaborate on the employment choices and patterns that were noticed.

Finding 2.1: Interest in alternative employment is strong, especially in agriculture and few vocations such as electrician, delivery, carpentry and plumbing.

The most popular category was agriculture – over 23 percent of respondents indicated an interest in that option. Others were interested in electrician (19 percent), carpentry (13 percent), plumbing (12 percent), delivery (19 percent), cleaning (10 percent), or loading and unloading (8 percent). However, vocations such as masonry (5 percent), tiling (3 percent) and bar bending (2 percent), areas being proposed under the re-skilling and up-skilling stimulus program by MoLHR, were the least popular vocations. Table 4 provides the ranking of employment alternatives in order of popularity as indicated by the respondents. Many also expressed interest in occupations similar to their current jobs such as in culinary arts, receptionist/ secretarial work, accounting, beauty salon, IT, marketing and other areas such as painting, weaving and business development.

Table 4 Choice of alternative employment (ranked in order of popularity)

Ranking	Vocation
1	Agriculture
2	None of the above
3	Electrician
4	Delivery girl/boy
5	Other(Specify)
6	Carpentry
7	Plumbing
8	Cleaner (to disinfect) the public areas
9	Loader/unloader
10	Masonry
11	Tiling
12	Bar-bending

Among the respondent who were self-employed (mostly tailors and street vendors), a vast majority (64 percent) were not interested in the alternative choices provided, most likely because their businesses are still partially open and/or because they would rather start another business or find opportunities in their existing area of work than seek employment. This is important to consider as the tourism strategy facilitates a focus on opportunities and skilling.

The assessment did not collect information on the qualification and skills of respondents for the proposed alternative employment; however, most of the respondents (62 percent) had up to high school education.

Box 6: Tour guide on a job hunt as COVID-19 halts tourism**Interview Date: 7 April 2020**

Spring is the peak tourist season and Karma Wangchuk, a 25-year-old guide, barely gets time to catch his breath. But this spring has been unusually slow and quiet for Karma as the COVID-19 pandemic brought tourism to a standstill.

Karma lives in Paro with his wife, his stepson, his father-in-law and his brother-in-law. His wife works in her father's hotel, which closed after the COVID-19 crisis hit the country. He and his wife were just a month away from welcoming their child at the time of this interview.

Coping with the sudden income loss has been hard. Karma loves nature and birds and hopes he will get a job in the conservation field. He is also eyeing agriculture and furniture-making as he explores alternative job opportunities.

Karma said cash benefits and rent support or waiver would provide a huge relief, while employment opportunities would help his and family sustain in the long run. "We have stocked up essential supplies and I can support family expenses for another month," he said.

Karma was contacted by TCB but has not heard anything concrete on the employment support scheme. He has registered for the Druk Gyalpo's Relief Kidu.

Karma has five siblings. His brother runs a tour agency and his sister's husband runs a hotel. Their businesses have been impacted as well.

Finding 2.2: Fewer women than men are interested in the alternative employment options presented, and very few women expressed interest in certain vocations.

The survey results showed that most alternative employment options presented in the survey were more attractive to, and better suited for, men than women. More men than women were interested in almost all options of alternative occupation presented. Gender patterns differed for interest in vocations such as plumbing, electricity, carpentry, and related options – 47 percent of male but only 16 percent of female respondents expressed an interest in these categories. However, roughly

the same proportions of women as men were interested in agriculture (26 percent of women and 29 percent of men) and delivery services and cleaning (about 15 percent of each gender). The popularity of alternative employment choice between men and women are presented in Table 5. Women sought alternative employment in areas similar to their current professions such as working in a beauty salon, receptionist/secretarial work and as domestic help.

Table 5 Employment preferences by gender (ranked in order of popularity)

Ranking	Male	Ranking	Female
1	Electrician	1	None of the above
2	Agriculture	2	Delivery person
3	Carpentry	3	Agriculture
4	None of the above	4	Other(Specify)
5	Delivery girl/boy	5	Cleaner(to disinfect) the public areas
6	Plumbing	6	Electrician
7	Other(Specify)	7	Plumbing
8	Loader/unloader	8	Carpentry
9	Cleaner(to disinfect) the public areas	9	Masonry
10	Masonry	10	Loader/unloader
11	Tiling	11	Tiling
12	Bar-bending	12	Bar-bending

Finding 2.3: Urban to rural migration may be forthcoming, presenting opportunities for investing in human capital as part of efforts to revitalize the rural economy.

Moving back to villages was the second most popular choice for coping with crisis reported by self-employed individuals and the third most popular choice among employees (regular, casual and family worker) (see Table 6). In addition, as stated earlier, working in agriculture was the most popular choice for alternative employment among the surveyed population. Anecdotal evidence from the qualitative research suggests that most individuals who have lost their livelihoods are planning to work on their family farms or move back to the villages with their parents as a temporary measure while they seek for other employment and livelihood opportunities. The trend is similar globally where returning to their places of origin is the only viable option for low-income workers who lack savings or social protection mechanisms that can buffer the impact on their lives and livelihoods.

Box 7: Staff face layoffs as tourism restriction leaves hotels out of business

Interview Date: 6 April 2020

When Kinzang, a class 12 graduate, moved to Thimphu to work in a hotel a year ago, she thought she was set for life. But her joy was short-lived. The COVID-19 pandemic rendered her jobless in barely a year after she started working. The hotel Kinzang was working with laid off several of its more recent staff including her to cut costs.

The sudden job loss came as a massive blow to Kinzang. The 25-year-old has an education loan to pay off. She has no means to make loan payments and this has been keeping her up at night.

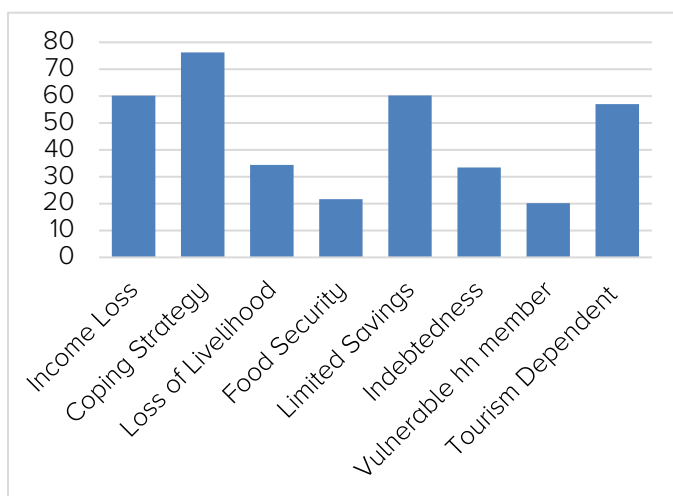
She lives with her uncle and his family in Thimphu. With the COVID-19 situation showing no signs of abating anytime soon and no immediate solution in sight, Kinzang has decided to move back to Gelephu and help her parents on their farm.

She has registered for The Druk Gyalpo's Relief Kidu but not for the Employment Support Scheme of TCB. She wishes to wait for the COVID-19 situation to improve before beginning another job search.

KEY FINDING 3

While the impact of the COVID-19 crisis is hard hitting, coping capacity is limited.

The results on coping strategies reflect a tendency to place the onus of sustenance and recovery on others rather than oneself. The MVI-T results showed that four indicators/deprivations which



affected the most vulnerable people were: i) income loss of 50 percent or more, ii) did not have salary, savings or rental income to cope, iii) had limited or no savings to meet household needs and vi) did not have a household member(s) works outside the tourism sector. Figure 8 shows the levels of deprivation in each of the indicators. We see that the highest deprivations are evident in coping strategy, income loss, limited savings, and tourism dependence. Naturally these categories are somewhat overlapping. But they serve to

Figure 8 Percentage of respondents who are vulnerable and deprived in each Indicator

establish that the persons identified as vulnerable mainly experience these four deprivations, plus some of the others. On disaggregating results by various sub-groups (such as marital status, gender, household size, employment status, educational level and presence of a vulnerable member(s) in the household), the differences between groups were found to be relatively small overall in terms of deprivations and coping abilities. Due to the limited coping capacity within individuals and their households, most turned outwards for help. Finding 3.1 below provides further details on coping abilities and strategies.

Box 8: The COVID-19 crisis has had a greater impact on the livelihoods of informal workers in the tourism sector

Date of Interview: 7 April 2020

When Jigme, 37, bought a second-hand coaster bus to use it as a tourist vehicle six months ago, he never imagined that a global health pandemic would bring his new business venture to a halt even before it could take off properly.

The company that Jigme signed a bus service contract with informed it would not need his service after the COVID-19 crisis hit Bhutan. Jigme operates his business from Bumthang, and he moved to the district in January, while his wife and child stayed back in Thimphu together with her parents and sister.

Jigme's savings can sustain him and his family for the next two or three months only. He had availed himself of a personal loan from the Bhutan Development Bank Ltd (BDBL), a part of which he spent on buying the bus. He also has two drivers working with him. "I have to make loan repayment and pay salaries to the drivers till April end. And there are household expenses to take care of," he said.

The sudden job loss has Jigme scrambling for solutions. He has worked as a driver all his life and is afraid he does not have other useful job skills. But he is determined to take up anything that comes his way.

He tried registering for TCB's Employment Support Scheme but found out the scheme does not support freelance drivers. He joined a group of freelance drivers who volunteered to provide their services if TCB covered fuel costs, but this didn't work out as well.

The three-month loan deferment and interest waiver provided some respite, but Jigme is not sure if he can find a job to cope in the long run. Jigme said rent reduction or waiver would be of great help. He also wishes if TCB could extend re-employment opportunities to the freelance drivers.

Jigme's estimated monthly expenses, including loan replacement, come to around Nu. 25,000. He has registered for The Druk Gyalpo's Relief Kidu and has received a follow up call at the time of this interview.

Finding 3.1: Seeking government help was among the popular coping strategies; and curbing consumption was among the least popular coping strategies reported.

The survey inquired about the respondent's coping strategies by asking the following question: "How do you plan to support your household in near future till COVID-19 situation improves?" and then listed a number of options such as use savings, seek government help, sell assets, etc. (see Table 6) where respondents could choose multiple options.

The results indicated that curbing consumption was one of the least popular coping strategies across the board, regardless of gender or nature of employment. It should be noted that curbing consumption may not be an option for some who are already living at a subsistence level. Nonetheless, the fact that consuming less is not a top priority even at a time of crisis, especially in light of the inadequate saving culture and high indebtedness among the Bhutanese, could pose a challenge and place greater fiscal responsibility on the government in the long run. However, their consumption pattern may also be tested by circumstances if the household economic situation gets worse; and anecdotal evidence from qualitative research shows that some households who are vulnerable are spending less on non-essential items.

About one third of the total households surveyed (37 percent of households) had no contributing member(s) to household income from a sector other than tourism (working mostly in the government or in private businesses). Among respondents who were employees, relying on salary was the second most popular coping strategy (most popular strategy was to seek employment) when asked about their strategies to cope till the crisis situation improves.

The most popular coping strategies were slightly different across the nature of employment as follows (see Table 6 for most popular coping strategies among the different groups):

- Business owners (majority represents those running hotels or tour operations) plan to dip into their savings, seek government help and borrow from banks. The survey did not collect information on business-level coping strategy (such as whether the business plans to let go of more employees or borrow from banks to meet operational costs). However, anecdotal evidence suggests that business owners are planning to use a mix of strategies (such as a hotel owner who is reducing staff as well as planning on availing the operational loan to pay for remaining staff).
- Self-employed individuals (mostly seamstresses and street vendors) plan to seek government help, move back to village or seek other employment opportunities.
- Employees (mostly those working in hotel and tour operations and guides) plan to seek another employment, rely on their (current) salary or salary from a member in their household, or move back to their villages.

Table 6 Coping strategies of individuals by nature of employment (ranked in order of popularity)

Ranking	Business owners	Ranking	Self-employed	Ranking	Employees
1	Savings	1	Seek government help	1	Seek other employment opportunity
2	Seek government help	2	Move to village	2	Salary
3	Borrow from banks	3	Seek other employment opportunity	3	Move to village
4	Others	4	Savings	4	Seek government help
5	Salary	5	Seek Financial help	5	Seek Financial help
6	Move to village	6	Salary	6	Savings
7	Seek other employment opportunity	7	Borrow from banks	7	Others
8	Don't know	8	Don't know	8	Don't know
9	Rental Income	9	Reduce consumption	9	Borrow from banks
10	Seek Financial help	10	Others	10	Reduce consumption
11	Sell assets	11	Rental Income	11	Sell assets
12	Reduce consumption	12	Sell assets	12	Rental Income

Box 9: Coronavirus pandemic adds to the distress of women working in the informal tourism sectors**Interview Date: 8 April 2020**

Deki (not her real name), 36, used to work in a tailoring shop in Thimphu that made *thangkas* sold mainly to tourists. The business ran into losses as the COVID-19 crisis hit tourism, forcing a shut down. Deki soon found herself without an income source.

The mother of two was grappling with health and financial difficulties even before the COVID-19 crisis. She has Systemic Lupus Erythematosus (SLE), an autoimmune disease. And the income she earned was barely enough to cover family expenses. She could not pay rent for two months. Her husband has a job, but is an alcoholic and hardly helps. Fearing eviction, she borrowed money from a friend to pay off the pending rent.

While Deki has applied for The Druk Gyalpo's Kidu Relief Fund, she is worried she may not receive the support since her husband has a job. "There was no provision in the application to reflect my family situation," she said.

As uncertainties continue, Deki hopes her husband would come to her rescue. She is not comfortable reaching out to relatives since it is a difficult time for everyone.

Other Findings

When asked about the most useful type of support they needed, the respondents listed the following as the main areas of support: i) receiving some form of rent support (either from government or landlords); ii) getting trained for new skills; iii) receiving unemployment benefit; iv) allowing for loan payment deferment; and v) receiving job opportunities.

In addition, almost half of those surveyed (44 percent) responded that they believed the community was *less united* than before the COVID-19 crisis, indicating that (perception of) community bonding is lower than one may expect at a time of crisis.

There were some other findings from the survey which may warrant due attention from policy makers – 96 percent of the respondents said that their households did not require mental or emotional support due to the crisis. Similarly, 99 percent of respondents did not report any negative coping behaviour (such as increased alcohol use or domestic violence). These findings either reveal the resilience of the Bhutanese people, reluctance or inability of Bhutanese people to acknowledge need for support, or point to methodological limitations in the assessment.

The following section proposes policy recommendations based on the analysis of the above findings.



POLICY RECOMMENDATIONS

Following recommendations seek to provide immediate policy responses while bearing in mind the long term economic vision, including the dynamic feedback effects, which are likely to be large. Many of these are broad in nature, pointing to objectives. Thus, they are stepping stones toward devising specific policies that add up to a coherent whole in subsequent discussions. The UN Country Team stands ready to assist the government in those discussions.

The results of the RSEIA are complemented by the focus areas/opportunities outlined in the “Immediate employment opportunities for the person depended completely on tourism: Tourism Stimulus Package”¹⁹ and related strategies such as Agriculture Stimulus Plan: Going Beyond COVID-19 for Food & Nutrition Security²⁰ and the MoLHR’s Workforce Development Project which has been initiated to address the gap in the construction sector.

Immediate term relief and alternative livelihood support measures

The strategies for immediate relief must focus on identifying and protecting the most vulnerable groups such as cottage and small enterprises, the self-employed, individuals with limited coping mechanisms, women and youth. At the same time, it must help create survival mechanisms for businesses that provide employment for tens of thousands of Bhutanese. There will be a need for urgent fiscal and monetary measures that help protect jobs, sustain the self-employed, support companies’ liquidity and operations and help accelerate recovery in the future.

1. **Improve institutional coordination and synergies across programmes.** Given the potential for synergies as well as overlaps between the different strategies, it is important to have a coordination mechanism among the leading agencies in order to reduce transaction and implementation costs and to ensure that relief efforts are effective, efficient and well-coordinated, guided by a long-term vision of transforming the economy. Instituting a ‘social registry’ or linked databases would build on but be broader than the ones used for existing social protection programmes given the numbers of new

¹⁹ Includes a focus on a) Support employees in the tourism services through gainful employment; b) Support re-skilling of the industry personnel through capacity building programmes; and c) Enhance tourism standards and infrastructure. The former includes a) Construction of roadside amenities (five sites); b) Chelela site development and beautification works; c) Taktsang site development and beautification works; d) Construction of pit toilets at campsites and trail development; and e) Construction of safety railing leading to Menchu at Dobji Dzong. Proposed training projects include: a) Training in handicrafts and souvenir production for handicraft persons (by APIC and HAB); b) Training in hotel assessment; c) Training and reskilling for hotel staff; d) Refresher course for guides; e) Training for tour operator persons; with the working assumption that these will be conducted in the tourism and hospitality training institutes and hotels to support the private sector. Many of these were not considered by the socio-economic survey. A number of proposed fiscal and monetary relief measures are also proposed for business owners.

²⁰ Synergy and coherence here are important not only because large numbers of the laid off/unemployed are going to rural areas/farms but also because of the forward-looking focus on food security and domestic production.

poor/unemployed and also because the implementation mechanisms are different.²¹ Based on the survey, it is also evident that not all know about the different schemes. More can be done to make information about the schemes accessible.

2. **Prioritize households/individuals who have a vulnerable member(s) to support first in providing relief and alternative employment opportunities.** Since risk is compounded in those households with a vulnerable member(s), these households require prioritized and targeted support to protect and cater to their particular needs. For example, a household with a newborn baby will incur more expenses or a chronically-ill individual may require extra care and medication. While the government's blanket relief support to all the individuals is understandable in view of pressing situation, extending priority to households with vulnerable members will ensure that the needs of vulnerable groups are met in a timely and appropriate manner.²²
3. **Support re-skilling and upgrading within the tourism sector itself.** There are clear opportunities for the unemployed to benefit from remaining in the same sector and availing of opportunities for skilling.²³ Bhutan's tourism is defined by its cultural attractions (tshechus, dzongs, monasteries, etc.). As Bhutan aspires to diversify its offer to ecotourism, nature-based tourism and other unexplored territories, the current 'downtime' is an opportune moment to invest in building capacity and expertise in nature-guides, ecotourism and farm-tourism. Investing in certain language proficiency is another example of such wise investments. Many of these are outlined in the "Tourism Stimulus Package" which can be further complemented by implementing relevant suggestions from the UN World Tourism Organization (UNWTO) that outlines recommendations for mitigation and recovery from the pandemic.²⁴ Furthermore, given the likely shift in travel culture and hygiene standards, it may be advisable for tour operating companies, hotels and the allied sectors to plan for a gradual return to business by introducing prevention practices and safety measures (like hand washing, use of masks, maintaining social distance, touch-free check-ins, etc.) into their business practices. These "COVID-proofing" practices would help provide reassurance to the incoming tourists and establish Bhutan as a safe travel destination in the near future. Certain certification and quality assurance mechanisms may

²¹ E.g., training to be coordinated by the Tourism Council of Bhutan (TCB) but others will use other agencies. For the employment support scheme, TCB uses google forms to register those interested to take up projects. Transparency is also important.

²² For its Productive Safety Net Programme (PSNP), Ethiopia uses a single point of entry for direct cash transfers vs. livelihood/public works with access to the former based on household characteristics (e.g. pregnant women, significant older family members, lack of alternatives etc.)

²³ While these were not outlined in the alternative livelihood opportunities in the questionnaire, they are the most obvious choice for many and can align well with the approach of the tourism stimulus package.

²⁴ See recommendations in "Supporting Jobs and Economies through Travel & Tourism: A Call for Action to Mitigate the Socio-Economic Impact of Covid-19 and Accelerate Recovery", UNWTO. <https://www.unwto.org/tourism-covid-19>

need to be put in place for the tourism industry moving forward, further detailed in the 'build back better' section below.

4. **Create win-win support to food security, green investments and those returning to rural areas/farms.** Considering factors such as: (i) significant numbers of respondents (close to 25 percent) reported agriculture as the first line of alternative employment choice; (ii) evidence pointing to the migration back to rural areas and family farms; and (iii) Bhutan's food security concerns, support should be stepped up for promoting agriculture and agro-industry in Bhutan.²⁵ This would require either a broadening of the categories of TCB and other schemes (e.g., to cater to freelance/unemployed drivers/cover fuel costs where services are provided for priority activities)²⁶ as well as a coordinated focus with the implementation "Agriculture Stimulus Plan: Going Beyond COVID-19 for Food & Nutrition Security". Since the focus of the agricultural stimulus plan is on achieving scale in agriculture,²⁷ this must be complemented by value-chain linking activities (such as processing and packaging), cluster-based incentives to promote small-holder farmers and CSIs involved in agro-industry, and coordinated use of storage and transportation facilities (e.g. through use of warehouse receipt systems) in order to build an agro-industry. Thus, the relatively-skilled and unemployed that are planning to relocate back to their villages shall benefit from the agricultural stimulus to build value chains and improve productivity. Expanding investment in areas such as in information technology (IT) sector and additional skilling for promoting rural economy are covered in the 'build back better' section below.
5. **Design employment and re-skilling programs with gender-sensitive lens.** The results of the survey indicate that, in the employment and re-skilling programs, it is very important to ensure options that are gender-sensitive. The alternatives must reach women based on their current occupations such as engagement in handicraft²⁸ and service sectors but also open up opportunities for women to access skill development programmes and work

²⁵ Food prices have risen dramatically in many places given disruption of supply chains, speculation and issues with imports, including subjecting them to coronavirus containment protocols at entry points. There is an opportunity to support both support farmers, returnees as well as address food security needs of at-risk populations. The government has previously expressed interest in enhancing domestic food production and incomes for farmers as outlined in the forward-looking Agriculture Stimulus Plan. While the COVID-19 situation is challenging, it does provide for some opportunities to contribute to these objectives although many of the actions and investments called for are more medium term. On financing, also see recommendations by Yeshey Penjor, Bhutan's Minister for Agriculture to provide support, including looking into financing mechanisms and going forward considering a cottage and small industry (CSI) bank, which would provide loans at the minimum or zero interest rates... [for] land resurfacing and development support and direct inputs such as seeds, electric fences and technical support."

²⁶ See Jigme's case profile where it is pointed out that freelance drivers found TCB's Employment Support Scheme currently doesn't support freelance drivers. One even reported joining a group of freelance drivers who volunteered to provide their services if TCB covered fuel costs, but this didn't work out as well.

²⁷ Guidelines from Gross National Happiness Commission (GNHC) MoAF will focus on achieving scale (large through producer clusters, corporate farms, private sector and youth entrepreneurs by developing enabling conditions for farming. The producers will be specialized only on production while the other part of the process will be taken care by other chain actors. For this, promotional packages are to be designed focusing on making farming easy and profitable.

²⁸ This is covered in the tourism stimulus and in this document under re-skilling and upskilling within the tourism sector.

opportunities. For women to have access it is important to consider the provision of childcare which can also be the source of additional work opportunities.²⁹ The collection and use of sex-disaggregated data (yet another source of work opportunities) can help ensure that the interventions introduced will not aggravate existing gender biases and inequalities in the labour market.³⁰ The employment and re-skilling need to be complemented by certain additional measures such as matching (newly-acquired) skills with job opportunities or providing initial capital and market support to help entrepreneurs start their enterprise.

6. **Support liquidity and operations of affected tourism-related businesses.** While the three-month loan payment deferment has provided immense relief, especially to hotel owners who are highly indebted, it might not be sufficient to ease the debt burden in the long run. The “Tourism Stimulus Package” as well as monetary and fiscal measures may need to be reviewed for their effectiveness in supporting businesses, especially the small ones. Furthermore, alternative policy options over and above the existing measures may be necessary to incentivise and help businesses (in the tourism sector) retain their employees. For instance, in lieu of direct recruitment, TCB and other government agency might consider “procuring” labour indirectly from hotel or tour-operating businesses for their respective employment and re-skilling projects to enable business to retain employees while they work on TCB and other government-led related projects. The employees can then return to their original workplace if and when their businesses start operation.
7. **Set up Public-Private Partnerships and other partnerships for skilling and up-grading of facilities.** The unemployed who want to learn construction skills (such as masonry, carpentry, etc.) can be tapped for construction of various infrastructures in the country. Public-private partnerships such as one between Technical Vocational Education and Training (TVET) programme and local contractors can have multiple benefits for all parties involved, especially if partnerships are framed around building technical and vocational skills for those who have limited skills. Not only do the unskilled workers gain skills for future work, they get guaranteed employment despite their limited skills (e.g., case of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA 2005) in India).³¹ In light of the TVET reforms being led by the Government, a new generation of skilled workforce can be created through effective partnerships.

²⁹ As the South African Expanded Public Works Programme (EPWP) shows, it is possible to have a social sector focus for employment/skilling and to have this be complementary with other employment programmes.

³⁰ For instance, data on gender and employment found in ECoB 2019 note that Bhutanese women mostly work in the single-person operating establishments. Such information would be useful in devising interventions that are fitting and targeted to women.

³¹ MGNREGA 2005 is an Indian labour law and social security measure that aims to guarantee the ‘right to work’. It aims to enhance rural livelihood by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

'Build back better' measures beyond the immediate term

Beyond the immediate relief, the strategies for economic recovery in the medium to long term must consider aspects of sustainability, resilience and equity. The government's plan to frontload many of the investments outlined in the FYP is a good strategy for rebuilding Bhutan's economy. In order to create additional synergies and resilience in light of the impact of the pandemic, following are some further recommendations for formulating medium to long-term measures:

1. **Align alternative employment and re-skilling programs with the future requirement of labour and skills as per the economic vision for the country, while seeking active input from potential employers.** In the absence of a long-term policy shift that goes beyond the immediate recovery period, investments in the short-term re-skilling efforts may not be sustained. As the survey result confirms, agriculture and TVET initiatives in the immediate term are worth pursuing. In addition, however, employment and skilling programs must consider the future of work and expanding vocations (to include skilling in information technology, energy, construction and service sectors) to accommodate those with higher qualifications and differing interests. Greater environmental and social considerations must feature in the future of the economy and in the future of work. Therefore, infusing sustainable thinking into all professions and vocations, be it civil engineers, teachers, farmers, IT professional or construction workers, would be an important aspect of building human capital for the future. Linking these programs with the skills requirement to be envisaged in the 21st Century Economic Roadmap could be one effective and sustainable way to ensure that human capital development and labour restructuring happens as per the needs of the country's future vision of the economy.
2. **Introduce complementary policies and measures to sustain the re-skilling and economic diversification measures.** In order to sustain the re-skilling programs, for example in construction, incentives may need to be introduced for Bhutanese contractors to use national labour. Incentives may also need to be devised to attract the unemployed in the construction sector. Similarly, some form of measures may need to be introduced to promote Bhutan-grown vegetables over imported vegetables. Otherwise, when the crisis ends, investments in building human resources in the agriculture and construction sectors may be undermined and short-lived.
3. **Make strategic investments in rural Bhutan and in those individuals who wish to relocate.** Since many skilled individuals may already have relocated or are planning to relocate back to their villages, it creates a prospect to revitalize economic activities in rural areas for the long run. For instance, this can be an opportunity to identify talents, qualifications and skills and transform our economy as per Bhutan's vision for the agriculture and IT sectors that will be captured in the 21st Century Economic Roadmap. Investing in infrastructure across the agriculture value chain as well as re-skilling labour to become agriculture experts, food scientists, logistics or production plant managers

would be synergistic with the country's long term vision. Similarly, globally, the COVID-19 crisis has changed the way we work. Investing in IT infrastructure (such as broadband) as well as implementing activities within the Digital Drukylul flagship programme of the FYP may help retain these talents in the rural areas. This would provide a cross-cutting solution by moving Bhutan towards an IT-enabled economy with a thriving food and agriculture industry while solving the rural-urban migration challenges (such as *gungtong*). Many countries have embarked on analysing big data (such as from mobile phones) to collect data on people's movements and migration. Such data is useful in designing and rolling-out targeted interventions that will address medium to long-term impact of such migration and capitalize on this trend. For example, data and new technologies can also be harnessed to increase agricultural productivity and increase the attractiveness of the sector to young people as an occupation.

- 4. Build resilience and sustainability into the future of tourism.** The COVID-19 crisis has made one thing clear: the tourism industry must be resilient and sustainable in the face of future health and climate crises. Bhutan's long-standing aspiration for eco-tourism puts it at an advantage for immediately moving towards sustainable tourism as outlined in the immediate-term response section above. While it is challenging to imagine what resilience of the tourism sector would look like at the moment, we can begin to imagine a few solutions: promoting alternative livelihoods among those that work in the industry, expanding revenue streams for tourism-related businesses and promoting virtual tourism are few ways that tourism sector can be shock-proofed. Bhutan could adopt relevant strategies outlined in the UNWTO recommendations for mitigation and recovery in the tourism sector as it plans for recovery.³² For example, members of the Handicraft Association of Bhutan (HAB) have expressed their interest in mobilizing themselves to create authentic Bhutanese handicrafts to replace those from neighbouring countries that are sold in most handicraft shops in Bhutan. Facilitating such a move through the existing strategy of promoting "Brand Bhutan" and honing the skills of artisans could be a sustainable solution to protect livelihoods of those in the handicraft industry. In addition, HAB could establish a formal partnership with existing e-commerce platforms and sell products online through a certified "Brand Bhutan" outlet to provide livelihood to local artisans even during a time of crisis, now and in the future. Additionally, countries around the world are starting to "COVID-proof" tourism by investing in 'touch-free' immigration technology and other means to protect tourists as well as those engaged in the sector. Such investments might be necessary and important in order to make tourism sector resilient against future crises of similar nature.

³² UNWTO provides recommendations in three key areas: 1) Managing the crisis and mitigating the impact; 2) Providing stimulus and accelerating recovery; and 3) Preparing for the future. "Supporting Jobs and Economies through Travel & Tourism: A Call for Action to Mitigate the Socio-Economic Impact of Covid-19 and Accelerate Recovery." <https://www.unwto.org/tourism-covid-19>

5. **Strengthen social and environmental sustainability aspects into the Bhutanese economy, with a special focus on building resilience of all sectors including tourism.** Building on the strong foundation of Gross National Happiness, Bhutan should aim to transform its economy above and beyond its current achievements. Concerted efforts can be made towards integrating concepts such as (but not limited to) sustainable consumption and production³³, circular/regenerative economy³⁴ and valuation of ecosystem services³⁵ into Bhutan's economic recovery plan. Furthermore, innovative linkages may be formed between tourism and other sectors such as agriculture and IT to improve overall resilience. Similar to the ideas for resilience building within tourism provided in the recommendation above, resilience building of the overall economy could consider a diversification of the economy with the aim of providing diversified and alternative sources of livelihood for individuals and businesses. By pursuing ideas such as “farm tourism” or “IT-enabled construction”, perhaps individuals and businesses can be multi-skilled and thus able to transfer their skills and resources to another sector in case future shocks impact their primary sector of work. Additionally, diversifying within the energy sector may be important for building energy security and resilience. According to the International Renewable Energy Agency (IRENA), Bhutan's reliance on hydropower leaves Bhutan at the mercy of river systems prone to droughts exacerbated by the climate crisis.³⁶ IRENA estimates Bhutan could host up to 12 GW of solar generation capacity and 760 MW of wind power despite its mountainous topography. Thus, expanding on the renewable energy programs would not only create more job opportunities, but also help build resilience and energy security in Bhutan.

6. **Innovate policy solutions to address the grave debt burden of business owners in the tourism sector while working with the financial sector to avoid undermining its viability.** Especially for the tourism sector, the low-interest loans and debt relief support may require further review and adjustment in order to formulate innovative mechanisms to finance and support the industry according to the specific needs of the subsector. This may be done based on modelling for various scenarios for the sector's future recovery pathways and analysing the suitability of planned concessional interest rates and debt repayment options given the various scenarios. For instance, hotel owners who have invested heavily would be unable to repay their loans unless their infrastructure can be put to some use while they wait for the full recovery of tourist arrivals. Therefore, supporting a hotelier to innovate her/his own path for generating revenue may be worthwhile.

³³ Sustainable consumption and production is about promoting resource and energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs and a better quality of life for all.

³⁴ The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products is extended.

³⁵ Ecosystem valuation is the process by which policymakers assign a value—monetary or otherwise—to environmental resources or to the outputs and/or services provided by those resources. For example, a mountain forest may provide environmental services by preventing downstream flooding.

³⁶ <https://www.pv-magazine.com/2019/11/13/irena-predicts-lcoe-of-solar-will-drop-to-0-01-0-05-by-mid-century/>

7. **Build robust, shock-responsive social protection schemes; as well as encourage a saving culture.** On one hand, building robust shock-responsive social protection schemes (such as employment insurance schemes) to withstand future shock is essential.³⁷ These schemes should be designed in such a way that they can be rapidly adapted and scaled up as necessary. For example, associations such as GAB and HAB could introduce saving schemes based on membership. Membership in HAB has increased during the COVID-19 crisis, showing the need for associations help with coping mechanisms. Especially for guides who have seasonal income, saving schemes could provide them with some safety net in times of need. Furthermore, in order to address the existing structures that prevent gender equality in labour force participation, these social protection schemes should be designed for gender-responsiveness as well. On the other hand, inculcating greater personal agency (responsibility) and resilience in the people is vital to complement the government effort for future preparedness in order to 'build back better'. Financial literacy training such as the one initiated by the Royal Monetary Authority (RMA) may be extended to members of the associations to improve the saving culture of the Bhutanese. Furthermore, encouraging sustainable and mindful consumption among the people can protect the population from future shocks. The UNDP's 3x6 Approach to promoting sustainable livelihoods could be one useful tool for designing recovery in tourism and individuals impacted by the crisis.³⁸

8. **Build systems to allow for continuous real time tracking of people's socio-economic situation and multidimensional vulnerabilities; and improve analysis of social impact on vulnerable groups nationally.** A comprehensive sampling frame and a continuous, real time tracking is necessary to better understand the changes in vulnerability of those affected in the tourism sector, and to design effective responses in view of the rapidly-evolving COVID-19 situation. At the time of the survey, local leaders and other affected individuals expressed their interest in participating in the study. Stakeholders such as TCB and GAB have been overwhelmingly receptive to the assessment as well, pointing to the need for a more comprehensive follow-up where their voices and concerns are reflected in a real-time manner. Furthermore, a more comprehensive nationwide impact assessment of social impacts will be useful for deepening the understanding of and better responding to the needs of the most vulnerable. Such analysis should be aligned with the 14 vulnerable groups identified by the RGoB/GNHC in its 2017 framework. Additional assessment further down the line (perhaps in the next two months) that are related to

³⁷ According to Bhutan Living Standards Survey 2017, 50% of the total households have life insurance and 30% of the households have insured their property (such as assets, livestock, houses, and vehicles). 40% of households in Bhutan have no insurance. Less than 5% of households have availed health, crop, and other insurance schemes.

³⁸ The 3x6 is an innovative UNDP programme approach promoting sustainable livelihoods for vulnerable and crisis-affected groups, such as those affected by disasters or conflict. The approach is based on traditional components of employment generation and livelihoods promotion *plus* innovative new components, such as encouraging savings, creating ownership and promoting social cohesion to help local economic recovery and the transition from an emergency response to a sustainable development path. See <https://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/global-toolkit-on-the-3x6-approach--building-resilience-through-.html>

coping mechanisms and behavioral changes could provide further insights into the cascading and dynamic effects of the pandemic on lives and livelihoods.

Looking forward into the new future

Globally, the COVID-19 crisis has shrunk the fiscal space to invest in areas of Sustainable Development Goals and created a dent or regression in their achievements. As stated in the beginning, tourism is likely to take a longer time to recover from the COVID-19 crisis. By having a strategic long-term vision while designing and rolling out the medium-to-long term recovery package, Bhutan can plan for a better future, for tourism and its economy at large.

On 10 April 2020, His Majesty announced the establishment of Druk Gyalpo's Relief Kidu³⁹ fund to provide monetary support and to defer loan payment (with no accumulated interest) for three months.⁴⁰ Other measures announced by the government include the rolling out of forward-looking stimuli/contingency plans/acceleration plans in the areas of agriculture, tourism and construction sectors. These timely responses put in place by the Royal Government of Bhutan (RGoB) are commendable. Looking beyond the immediate future, the crisis can be turned into an opportunity to transform Bhutan's tourism industry and its economy at large, and to address structural issues that might exacerbate vulnerabilities and inequality. In line with the National Key Result Area (NKRA) of 'economic diversification' in Bhutan's twelfth Five-Year Plan (FYP), much can be done right now in order to diversify the Bhutanese economy beyond hydropower (and tourism), to promote exports, and to enhance rural economy, while pursuing economic growth, job creation and investments that are "green".

While the recovery efforts must focus on cushioning the immediate impact, they should also include a sustainable strategy for ushering affected individuals into other sectors of the economy in the medium term while waiting for the tourism sector to recover from the impact. Furthermore, the responses should build in multidimensional measures that will ensure smart targeting so that they do not unintentionally aggravate existing vulnerabilities and inequalities. Additionally, the responses should be designed to minimize fiscal pressure on the government as much as possible and strengthen the resilience of individuals and businesses alike, helping them build back and even improve their livelihoods.

Yet to move in that direction, the policy response is challenging. In light of the magnitude of the challenge, a recommended approach is for the Bhutanese government to review the revenue and expenditure sides of the budget to identify where the COVID-19 crisis calls for policy changes (such as expanding the tax base or improving tax administration) or a reallocation of spending to free up resources for an effective response. It is very likely that in addition, further debt may need to be

³⁹ Kuensel, His Majesty the King addresses the nation, April 11, 2020, <https://kuenselonline.com/his-majesty-the-king-addresses-the-nation/>

⁴⁰ Facebook, Prime Minister's office – PMO, Bhutan, Press Release, April 11, 2020, https://www.facebook.com/PMOBhutan/posts/2832948296817855?__tn__=K-R

incurred to cover the short-term surge in needs. Ultimately, it is important that the investments today lead to sustainable and resilient solutions towards achieving inclusive, green and sustainable future as aspired to in the Sustainable Development Goals and Gross National Happiness.



Photo - Sonam Phuntsho

ANNEX I: QUALITATIVE RESEARCH METHODOLOGY AND INTERVIEW PROTOCOL

Objective: To gain a deeper understanding of the impact of the COVID-19 crisis on affected individuals and their households, with special focus on the most economically vulnerable population.

Unit of analysis: Individual/Household level

Data collection method: In-depth semi-structured interview over phone with affected individuals

Study Population/Sampling: For the purpose of this study, a few guiding principles and qualifying criteria are used to identify the most vulnerable. They are:

- Individuals who work in sub-sectors that have been directly impacted by the travel ban (such as hotels, tour operation, local handicraft shops and artisans);
- Individuals who have indicated their income is “severely impacted” (more than 75%) by the crisis;
- Individuals who have indicated they have either been laid off (if employed) or their business has completely shut down (in case of business owner/ self-employed individual);
- Individuals/clusters who have vulnerable groups to support (such as aging parents, persons with disability, etc)
- Individuals who have limited capacity for monthly sustenance (3 months or less) or individuals who have loans but limited capacity to pay monthly installments (3 months or less).

Individuals who meet 3 or more of the above criteria shall be picked as cases for the study, covering few major sub-sectors within tourism. Individuals will be chosen from the NSB survey respondents matching the above criteria, with an aim to have a diversity of respondents (in age, gender, sub-sector, etc).

Output: A half-to-one page profile of the interviewee that illustrates their family and household, the impact of COVID-19 to the individual and the household, the actions they have taken so far in adapting to their new reality and further suggestions on other interventions that could be useful for them.

Interview Protocol

Mode of interview: Telephonic

Date:

Interviewee:

(This case study research is an examination of impact of the COVID-19 crisis on an economically vulnerable population)

Hello, I'm calling you because we have identified you as one of the most vulnerable individuals due to the COVID-19 crisis as reported in the survey conducted by NSB in the last few weeks. Thank you for allowing me to interview you. This interview will take around 30 minutes. The purpose of this interview is to gain insight into how the COVID-19 crisis has affected your life and

your key concerns in enduring the crisis given your life and family circumstances. Please let me know if you prefer to remain anonymous in our report.

Points of Query

What are the main spillover impacts of COVID-19 in the interviewee's life due to loss of job/income?

What are some key concerns and fears of interviewee for enduring/surviving the crisis?

What are some strategies that the interviewee is taking to help themselves and how might government or other groups assist them?

ANNEX II: FULL REPORT - MULTIDIMENSIONAL VULNERABILITY INDEX FOR TOURISM (MVI - T)

Overview of the Vulnerability Index

Using the RSEIA data, this section finds that over 81 percent of those working in the tourism and related sectors presently experience a state of vulnerability defined as experiencing deprivations in three or more indicators at the same time.

To package the rapid assessment in a way that is salient for policy responses, this section presents a Multidimensional Vulnerability Index for Tourism related Workers. To construct this, each worker's experience was assessed across eight core vulnerabilities related to four dimensions, with two indicators per dimension: 1) Income shocks, 2) Livelihood and Food Security, 3) Savings & Indebtedness, and 4) Household Vulnerabilities. A worker was identified as Vulnerable by the MVI-T if they were deprived in three or more of the eight indicators. On average, each worker was deprived in more than half of the indicators (56 percent of the eight equally weighted indicators).

The four indicators which affected the most vulnerable people were: 1) Income loss of 50 percent or more, 2) Could not cope just using salary, savings or rental income, 3) Limited savings to meet household needs and 4) No household member works outside the tourism sector.

The MVI-T results were disaggregated by marital status, gender, household size, employment status, educational level and presence of an older person in the household. Overall, the differences between groups are relatively small. On a positive note, many who are vulnerable are interested in learning new skills or in innovating to regain their livelihood and financial security.

The survey focused primarily on the financial situation of the participants with some attention to mental health. Both of these are expected to be severely affected by the shutdown. Future surveys may wish to consider other domains of MPI and GNH. Some of these could be less affected in the short term.

This document proceeds as follows. First, the eight core vulnerability indicators are introduced. Second, we demonstrate the percentage of respondents who were deprived in one, two, three, up to all eight of the indicators at the same time. Third, we identify who is Vulnerable using the criterion of three out of eight indicators. Fourth, we show the composition of *Vulnerability* by indicator. Fifth, we disaggregate the vulnerable persons by different characteristics. Sixth, some evidence-based policy recommendations are shared.

1. The Eight Core Vulnerability Indicators

Using the data from the RSEIA survey, eight indicators reflecting 'core vulnerabilities' were constructed. These are defined in Table 1. Four equally-weighted dimensions are defined:

1. **Income Shock** – reflecting significant income loss leaving them without enough for their needs.
2. **Livelihood and Food Security** – reflecting a job/pay loss and not having food in the house.
3. **Savings and Indebtedness** – low saving, and inability to repay loans
4. **Household Pressures** – vulnerable persons at home and no workers outside tourism sector.

Two equally weighted indicators are measured for each dimension. Each respondent is categorised as 'deprived' or 'non-deprived' according to the indicator definition. The eight indicators are not perfect, but try to make the best use possible of the rapid survey. The logic of each indicator is explained below.

Table 1: Dimensions, Indicators and Weights of the MVI-T

Dimension	Indicator Definition	Weight	Deprivation
Income Shock	Individuals indicated their household income declined "significantly or severely impacted" (more than 50 percent) due to the crisis	12.5%	63.0%
	Coping strategy is not savings, salary or rental income	12.5%	86.3%
Livelihood & Food Security	Individuals who have indicated they have either been laid off or given leave without pay (if they are employed) or their business has completely shut down (if they are a business owner/ self-employed individual)	12.5%	35.6%
	Individuals who report having less than 3 weeks of food available at home.	12.5%	23.2%
Savings & Indebtedness	Individuals who have limited savings capacity for monthly sustenance (2 months or less)	12.5%	65.2%
	Individuals who have loans but limited capacity to pay monthly instalments (2 months or less)	12.5%	35.6%
Household Pressures	Individuals have persons with the following condition(s) to support at home: (disabilities, chronic health conditions, pregnant or lactating mothers)	12.5%	22.3%
	No other household member outside the tourism sector contributes to income	12.5%	63.3%

Income Loss: The first indicator shows that 63 percent of persons reported that their household income had fallen by 50 percent or more due to the crisis. It is a self-report question, and it is relative. A 50 percent drop in a high income has different real consequences for a household than 50 percent drop from a low-wage job. But this indicator shows that nearly two-thirds of the respondents have seen household income cut by half or more.

Coping Strategy: To construct the second indicator respondents were asked, "How do you plan to support your household in near future till COVID-19 situation improves?" If they responded that they could meet needs through salary, savings, or rental income they are non-deprived. But the second indicator shows that 86.3 percent of persons needed a different strategy – selling assets,

seeking help from family or friends, or from government, moving to the village, seeking alternative employment, borrowing or reducing consumption. In other words, the effect of this shock was likely to be durable and impoverishing. Their ability to support their household in the near future was precarious. This is quite a worrying situation.

Loss of Livelihood: Just over one-third of respondents – 35.6 percent - said that they had been laid off or given leave without pay already (if they were employees), or, if they were shop owners, they had already had to close their business. Again, this shows that the crisis generated a watermark in their professional life because their livelihood collapsed, so they must seek alternative employment strategies.

Food Security: Respondents were identified as deprived if they reported that their household did not have enough food for three or more weeks. This question is ambiguous if interpreted in isolation, because it might be that they did not at present have food, but that they would be able to purchase it after that period. But recall we will use these indicators in an analysis of joint deprivations. To give a preview, we find that 86 percent of the people who are food insecure also report lacking a coping strategy.

Limited Savings: Respondents were asked “Does your household have enough source of income or savings to pay for your monthly expenses (rent, utilities and food)?” 65.2 percent reported that they could not pay for more than two months, indicating that they were near to their limits. 17.5 percent actually reported that they could not even meet current expenses.

Indebtedness: Respondents who had a debt, loan or mortgage reported that, given the impact from the COVID-19 crisis, they would not be able to service their loan payment after two months. Half of those who were deprived said that they could not service their loan payment at present, again showing that the ‘cliff’ had already been reached.

Vulnerable household members: About 22.3 percent of respondents share their household with someone who has chronic health conditions, physical or mental disabilities, or is a pregnant or lactating mother. Thus their financial vulnerability has a cost not only for themselves and dependent children or elders, but also, in a special way, for these household members.

Tourism Dependent: Respondents were asked, “Other than the tourism and affiliated sectors, are there household members currently contributing to the household income?” Fully 63.3 percent responded that no one else was currently contributing to income. So their household is financially dependent on the tourism sector.

2. Deprivations across Respondents

While each of the eight core indicators are important, how should they be prioritized? Many would agree that priority should be given to people who are deprived in multiple ways at the same time. A person with a 50 percent income loss who is a multi-millionaire and has no other deprivation, faces very different circumstances from a household with a significant loss of income, with no other

coping strategy, without sufficient means to support their household, lacking food security, and with a vulnerable person in their household. .

The Vulnerability Index precisely identifies people who are deprived in multiple indicators at the same time using a very simple 'counting' based approach. To be precise, it counts how many people are deprived in different numbers of indicators. This is shown in Figures 1 and 2.

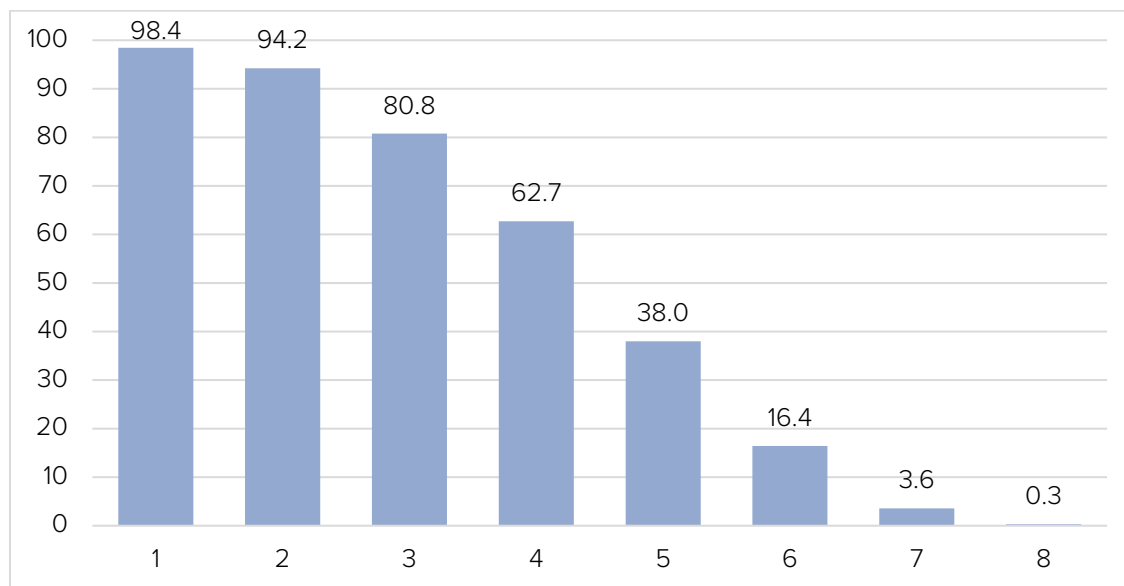


Figure 1: Percentage of people with deprivations in 1 to 8 indicators

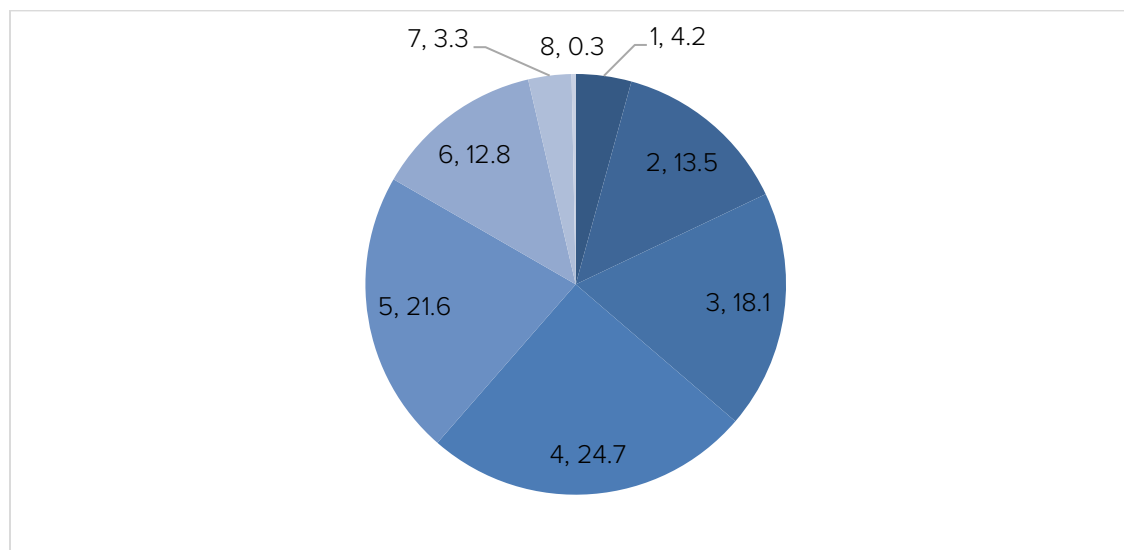


Figure 2: Percentage of people with exactly X deprivations

Source: Own Calculations using RSEIA 2020

Figure 1 shows that a startling 98.4 percent of the 1285 workers interviewed – all but 20 of them – were deprived in at least one indicator. Furthermore, 94.5 percent were deprived in two indicators. Deprivations in three indicators affected 80.8 percent of the persons. Fully 62.7 percent were deprived in at least half of the indicators, and nearly two in five – 38 percent - were deprived in five out of the eight. One-sixth of the workers were deprived in six of the eight, and very small numbers in seven or in all eight.

Figure 2 conveys the same information, but shows the percentage of the population who are deprived in exactly one indicator (and no others) to exactly eight indicators. Only 4.2 percent of the population have exactly one deprivation, whereas one quarter (24.7 percent) have exactly half of the indicators (four), and 21.6 percent have five deprivations.

Table 2 presents the ‘intensity’ for the distribution of counts. The intensity shows the average percentage of deprivations that people with that or higher count of deprivations experience. For example, while 98.4 percent of persons are deprived in at least one indicator, on average, persons deprived in one or more indicators are actually deprived in four out of eight – 50 percent. A counting-based measure is used to focus policy attention on persons for whom assistance is most required. It is a prioritization tool.

Table 2: Distribution of Headcount Ratio, Intensity and M_0 by count

# of Deprivations	Headcount Ratio	Intensity	M_0
1	98.4	50.1	0.493
2	94.2	51.8	0.488
3	80.8	56.2	0.454
4	62.7	61.6	0.386
5	38.0	69.2	0.263
6	16.4	78.0	0.128
7	3.6	88.6	0.032
8	0.3	100.0	0.003

Source: Own Calculations using RSEIA 2020

3. Overview of the MVI-T

While Table 2 provides a wealth of new information about who is deprived, it does not yet guide policy. For that, it is necessary to make a normative choice, and select who is to be identified as ‘vulnerable’ according to the MVI-T. Any of the cut-offs could be selected technically, but normatively it should be chosen so that the MVI-T fulfils its policy purpose.

What is the MVI-T for? During the COVID-19 situation, the MVI-T brings to government attention the plight of workers in the tourist sector. Most of their lives have been affected to the extent that they require attention or support in order to weather this economic storm without severe consequences to themselves and their household members.

The MVI-T follows the AF dual-cut-off counting approach which is also used by Bhutan's GNH Index and by its Multidimensional Poverty Index (MPI).

In the analysis that follows, we chose a cut-off of three out of eight indicators, or 37.5 percent. The reason is that if a person was only deprived in one or two indicators, they might be able to recover well enough on their own. Many of these indicators are related to financial needs. So the MVI-T is not a deeply multidimensional measure like the GNH index or the Multidimensional Poverty Index of Bhutan. But a person who is deprived in at least three or more is probably in considerable need of assistance.

We find that according to the MVI-T:

- 80.8 percent of sampled workers are vulnerable (Headcount Ratio – H)
- Each vulnerable person is deprived on average in 56.2 percent of indicators – that is, in 4.5 indicators (Intensity – A)
- The MVI-T Value is 0.454, which shows that vulnerable persons experience 45.4 percent of all possible deprivations.

4. Composition of Vulnerability by Indicator

When we focus on the people who are vulnerable, we effectively set aside the deprivations of non-vulnerable people, because we are assuming that they will be able to handle these situations themselves.

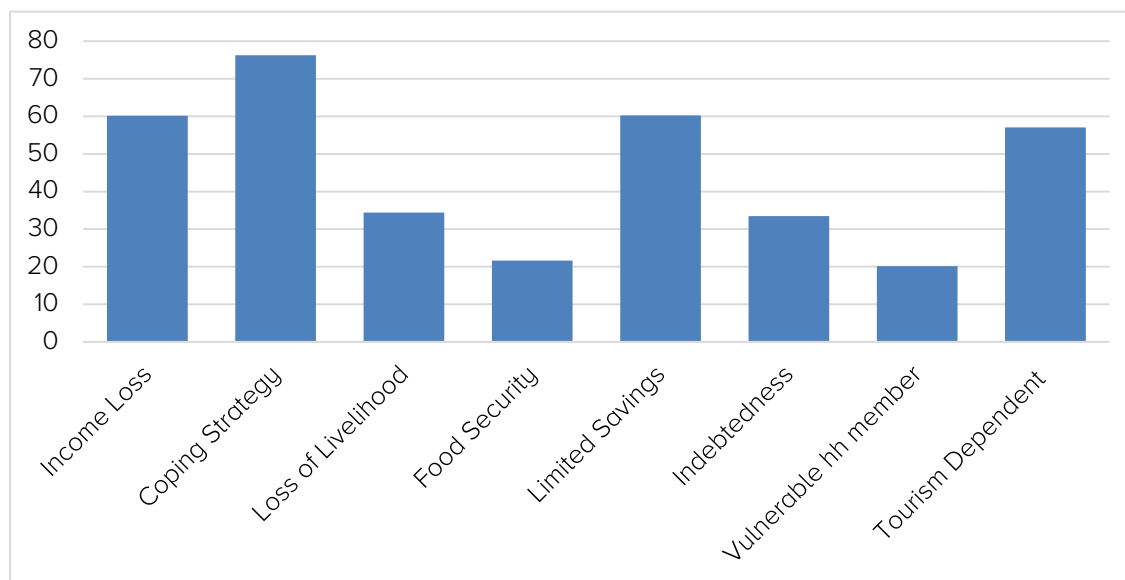


Figure 3: Percentage of Respondents who are Vulnerable and Deprived in each Indicator

Figure 3 shows the levels of deprivation in each of the indicators. We see that the highest deprivations are evident in coping strategy, income loss, limited savings, and tourism dependence. Naturally these categories are somewhat overlapping. But they serve to establish that the persons identified as vulnerable mainly experience these four deprivations, plus some of the others. There is not, as we shall discuss, a one-to-one correspondence between these indicators and policy responses either, but they serve to triangulate one another and also show the relative levels (given these indicator definitions) of deprivation.

5. Disaggregating the MVI - T

Because the survey covers a number of groups, it is useful to explore variations among sub-groups of the sample, while noting that because the sample is small, we cannot disaggregate extensively. Furthermore, due to its sample design, sampling errors cannot be generated. So these results require some care in interpretation.

The overall story is that deprivations are high and relatively constant across subgroups. The one group who clearly evince a dramatically higher need are those who have already lost their jobs. The results are presented in Table 3.

Table 3: Disaggregation of Headcount Ratio by Subgroups

The Headcount Ratio H is the percentage of respondents who are Vulnerable according to the MVI-T because they are deprived in at least three of the eight indicators.

Category	Groups	Headcount Ratio of MVI	Sample Population share
Marital status	Never married	77.2 percent	31.1
	Married	81.9 percent	60.7
	Divorced/Widowed/Other	85.8 percent	8.3
Gender	Male	82.4 percent	59.7
	Female	78.4 percent	40.3
Household Size	2 or less	80.7 percent	25.1
	3 to 5	79.9 percent	55.1
	6+	83.1 percent	19.8
Job status	Regular paid emp	74.7 percent	66.8
	No Job	92.9 percent	32.8
	All other categories	100.0 percent	0.4

Category	Groups	Headcount Ratio of MVI	Sample Population share
Completed Schooling	No education	87.6 percent	6.9
	Grade 1 to 6	85.7 percent	7.1
	Grade 7 to 10	83.5 percent	23.6
	Grade 11+	78.4 percent	62.4
Older Household Member	No member is 60+ years	80.2 percent	87.3
	Household includes a person aged 60 or above	84.8 percent	12.7

Source: Own Calculations using rapid assessment survey data 2020

Table 3 shows that deprivations are very slightly higher for men than for women, and for Divorced/Widowed/Other than for Married, for Married than Unmarried, and for those who have an Older household member. Across household sizes the levels of vulnerability are similar but slightly higher for households of six or more members. However there is a marked difference in vulnerability levels between those who are in regular paid employment in comparisons with those who have lost their job. Finally, while 62.4 percent of the sample had completed Class 11 or higher, these were less poor than those of all other educational levels, and deprivations were highest among those with no education at all. As was stated above, due to sample size the smaller disaggregation must be considered as merely illustrative, and a larger sample would be required to substantiate them.

6. Demand for Training

The questionnaire also probed the respondent's interest in receiving additional training. It asked, "Since your employment has been affected by the Covid-19 outbreak, would you be interested in" and then listed a number of alternative employment tracks: plumbing, electrician, masonry, tiling, bar bending, carpentry, agriculture, delivery girl/boy, cleaner, loader/unloader. Respondents totalled 932, of which 382 women and 550 men, and these respondents were on the whole poorer than average. Each could indicate more than one interest (15 percent did), or write in another profession of interest.

The most popular category was agriculture: over 23 percent of respondents indicated an interest in that career. Others were interested in training in plumbing (12 percent), electrician (18.5 percent), masonry (5 percent), tiling (3 percent), bar bending (2 percent), or carpentry (13 percent). Others expressed interest in delivery (19 percent), cleaning (10 percent), or loading and unloading (7.5 percent). A number also expressed their interest in learning painting, weaving, business development and other skills.

Disaggregating this demand by education level was fascinating. As was presented above, over 62 percent of respondents had completed 11th class or higher and nearly 24 percent had completed 10th class. While it is often assumed that educated workers are focused on desk jobs, over half of those interested in delivery, cleaning and loading had completed 11th class (52 percent), whereas 58 percent of those with 11+ years of schooling were interested in agriculture and 62 percent in professional training such as plumbing, electricity or carpentry.

Gender patterns differed for the plumbing, electricity, carpentry, and related options – 47 percent of male but only 16 percent of female respondents expressed an interest in these categories. Yet roughly the same proportions of women as men were interested in skills for agriculture (26 percent of women and 29 percent of men) and delivery services and cleaning (about 15 percent of each gender).

In terms of the MVI-T, 90 percent of those who indicated an interest in an alternate career path were vulnerable. Disaggregation found that the less vulnerable respondents either did not answer the question or marked 'none of the above'.

7. Evidence-based Policy Reflections

The COVID-19 pandemic is unprecedented. It has brought to a swift standstill many economic activities including tourism. Simultaneously, lockdown or at least social distancing policies are necessary. Both of these situations together have, as we see through the RSEIA survey, deeply impacted the lives and prospects of persons working in tourism and affiliated sectors.

To probe these findings using RSEIA data, a simple indicator of vulnerability made up of four domains and eight equally weighted indicators was presented. A person is vulnerable if they are deprived in any three indicators. The indicators span income shocks, livelihood and food insecurity, savings and indebtedness, and household vulnerabilities. The Multidimensional Vulnerability Index for Tourism and related Sectors found that 80.8 percent of respondents were Vulnerable, because they were each deprived in at least three indicators. In average, they are deprived in four and half of the eight indicators – 56.4 percent. We find that vulnerability is relatively similar across men and women, but it is higher for the least educated and highest for those who have already lost their jobs. In terms of indicator composition, deprivations are highest in coping strategy, income loss, lack of savings, and dependence on the tourism sector.

Much hangs in the balance. If this pivotal and potentially tragic moment is grasped with creativity, it could be, against all odds, an historic 'inflection point' that turned the tide on rising inequality and slowing poverty reduction. The collective solidarity of communities could blossom. Culture and traditions could beautify and stabilize the social fabric and help enmity or relational issues to mend. Those with power and leadership in political, commercial, and other sectors could use their powers strategically to align activities with the vulnerable – which itself will dampen inequality and control the rise of poverty or even contain it. The younger educated persons could, with creativity and hard work, open new channels of production to meet consumption and export needs.

Yet to move in that direction, the policy response is challenging at best. With growth stalled, funds are lacking for wide social transfers. Although many governments are, rightly, incurring debts at this time, the investments must lead to sustainable solutions. Furthermore, whereas some sectors of the economy are closed only temporarily, the tourism sector is unlikely to resume its work at scale in the near future. For these reasons the following strategies might be of interest:

- Invest in training activities for sectors in need of human resources in Bhutan, with a particular focus on agriculture-based recovery as this is a feasible as well as sustainable path.
- Add small business development skills and Zorig Choesum skills – both of which were demanded – to the training options.
- Extend the rapid assessment – a rapid, remote survey. Using existing telephone data, a rigorous sampling design can be built for a wider swathe of the population. The revised rapid survey should be tailored to the Bhutanese situation. And the questionnaire should include other indicators – for example from the MPI (or census questions that implemented a simplified form of the MPI) – that capture other important deprivations. The survey should also include some GNH-related indicators, for example on psychological well-being, or cultural vitality or community. It may be that during this very difficult time of duress, and under lockdown, some of these indicators might have shown a positive increase, whereas others might have declined in ways that financial data alone would not convey. A swift, simple and well-designed rapid survey is the natural successor to this work and would provide information to effectively guide government response.

ANNEX III: SURVEY QUESTIONNAIRE

NOTE: This survey collected information on all individual members of the household including the primary respondent from the sample frame. It collected data on the employment status of all members of the household, nature and status of business or employment of all affected individuals, and alternative employment preferences for all individuals (including self-employed) if their employment was affected by the COVID-19 crisis (in Module A). Furthermore, the survey collected data at a household level (via the primary respondent) on impacts on vulnerable members, daily life and income, as well disaster response and coping strategies (Modules B, C, D and E). Although the survey collected additional data on other individuals within the household affected by the pandemic, only data from primary respondents was utilized for this impact assessment for clarity and consistency in analysis.

Module A: Individual Member details

Demography

A1. Member Serial Number	
A2. Name (start with the respondent)	
A3. Gender	Male...1 Female...2
A4. Age (completed years)	
A5. Marital status (15 years and above)	Never married.....1 Living together.....2 Married.....3 Divorced.....4 Separated.....5 Widow/Widower....6

Education (3 years and above)

A6. Highest education (grade)	Pre-primary....0 Grade 1....1 . . Grade 12....12 Certificate....13 Diploma....14 Bachelor's Degree...15 Masters degree...16 Above Master's Degree....17 ECCD.....18 Monastic education....19 No education....20 Non-Formal Education....21 Other (Specify)...96
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Employment (15 years and above)

A7. Nature of employment before the COVID-19 outbreak	Regular paid employee...1(GOTO A10) Casual paid employee.....2(GOTO A10) Agriculture activities.....3(GOTO Next Member) Self-operated business4 Business (with employees)5 Family Workers.....6 (GOTO A10) No job.....7 (GOTO next member)
A8. Status of your business after the COVID-19 outbreak	No affect.....1 (GOTO next member) Partially shut down...2 Completely shut down....3
A9. What type of business are you engaged in?	Hotels...1 Restaurant.....2 Tour Operation.....3 River rafting.....4 Guiding.....5 Handicraft...6 Airlines...7 Tourist Driver...8 vehicle hire....9 Other Land transportation...10 Entertainment....11 Street vendors....12 Pony services...13 Others (specify)...96 (GOTO A17)

A10. Was your employment affected by the COVID-19 outbreak?	Yes...1 No...2(GOTO next member)
A11. Impact of COVID-19 outbreak on employment	Paid regular salary but other benefits are not paid....1 Regular salary partially paid....2 Leave without pay.....3 lost job....4 Quit job.....5
A12.Reasons for effect on employment	Companies/business have been shut down permanently1 Companies/business laid off workers to reduce cost....2 Not able to get back to work due to lock down/quarantine....3 Companies/business offered low or no compensation since the outbreak.....4 Companies requested to go back to work without providing proper preventive measures.....5 Others(specify)....96
A13. Where were/are you working?	Hotels.....1 Restaurant.....2 Tour Operation.....3 River rafting.....4 Guiding.....5 Handicraft....6 Airlines.....7 Tourist Driver...8 vehicle hire....9 Other Land transportation...10 Entertainment....11 Others(specify)...96
A14. Are you looking for job?	Yes...1 No....2 (GOTO A16)
A15. What kind of job are you looking for?	
A16. Since your employment is affected by the Covid-19 outbreak, would you be interested in:(read out the options)	Plumbing...1 Electrician....2 Masonry....3 Tiling....4 Bar bending...5 Carpentry....6 Agriculture...7 Delivery girl/boy....8 Cleaner(to disinfect) the public areas....9 Loader/unloader...10 None of the above...11 Other(Specify)....96

<p>A17. What kind of support you think is most useful? (Choose only 1 option)</p>	<p>Get training for new skills.....1 Channels or platforms in learning about new opening positions.....2 Unemployment benefit.....3 Deferment of loan repayment.....4 Deferment of tax payment...5 Rent support from Government.....6 Others (specify)...96</p>
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Module B: Impact on vulnerable group of people (Household Level)

<p>B1</p>	<p>Are there any of the following in the household? <i>(Mark all that applies)</i></p>	<p>Pregnant or lactating women.....1 People with physical or mental disabilities....2 Chronically ill.....3 None of the above.....4 (GOTO B5)</p>
<p>B2</p>	<p>(if people with physical or mental disabilities) Since the COVID-19 event, is any PWD in the household lack of proper care?</p>	<p>Yes...1 No.....2 Don't know...98</p>
<p>B3_1</p>	<p>(If chronically ill) what is the number of persons urgently requiring medication?</p>	<p>Male _____(fill in the number) Female _____(fill in the number)</p>
<p>B3_2</p>	<p>How many of them are elderly (60+)?</p>	<p>Male _____(fill in the number) Female _____(fill in the number)</p>
<p>B3_3</p>	<p>What type/s of chronic diseases are medication required for? <i>(Mark all that applies)</i></p>	<p>Diabetes(sugar)....1 Hypertension(high blood pressure)....2 Cardiovascular diseases (heart)....3 Cancer....4 Epilepsy....5 Renal(kidney)...6 HIV....7 Other (specify).....96 Don't know....98</p>

B3_4	Since the COVID-19 event, has anyone in the household in need of regular medical treatment /medication not been able to access medical services/medication?	Yes...1 No....2 Don't know.....98
B4	(If pregnant or lactating women) Since the COVID-19 outbreak, did any pregnant or lactating women in the household miss regular checkups?	Yes...1 No...2 Don't know....98
B5	Does any member of the household engage in any of the following behaviors since the COVID-19 outbreak? (Mark all that applies)	Use of tobacco and tobacco products.....1 Excessive drinking of alcohol.....2 Physically aggressive excessive beatings of children....3 Physically aggressive Excessive beatings women....4 None of the above.....5 Other(specify)....96 Don't know....98
B6	Since the COVID-19 outbreak did any of your household members require emotional and/or mental support?	Yes.....1 No.....2(GOTO C1) Don't know...98 (GOTO C1)
B7	Did they receive support?	Yes.....1 No...2(GOTO C1) Don't know...98 (GOTO C1)
B8	From whom was the mental/psychological support for your household since the COVID-19 outbreak received? (Mark all that applies)	Relative/friends/neighbor....1 Government....2 NGO /volunteers.....3
B9	Was the mental/psychological support accessed physically or remotely (eg. telephone or social media)	Remote...1 Face to face....2

Module C: Impact on Household Income

C1	Sources of household income before the COVID-19 outbreak? (For all members) (Mark all that applies)	Wages and salaries.....1 Business.....2 Rental.....3 Agriculture.....4 Pension.....5 Remittances.....6 Shares and dividends.....7 Others (specify).....96
C1a	Amount in Nu. for all selected income sources (Monthly)
C2	As a result of the COVID-19 outbreak was there a decline in household income?	Yes.....1 No.....2 (GOTO C4)
C3	Estimate the size of decline in household income	Severe (More than 75-100%).....1 Significant (More than 50-75%).....2 Moderate (More than 25-50%).....3 Minor (less than or equal to 25%).....4
C4	Does your household have enough source of income or savings to pay for your monthly expenses (rent, utilities and food)?	Yes, for more than 6 months....1 Yes, for 3-5 months2 Yes , for 2 months3 Yes, for 1 month.....4 No.....5
C5	Other than the tourism and affiliated sectors, are there household members currently contributing to the household income?	Yes.....1 No.....2(GOTO C8)
C6	How many other household members are currently contributing to the household income?	—

C7	Sectors of employment of the contributing members other than tourism and affiliated sectors?	Government Agency.....1 Armed Forces.....2 Agriculture Farming.....3 Public Limited Company.....4 Private Limited Company.....5 Private Business.....6 A household(s) as a domestic worker.....7 NGO/INGO/CSO.....8 Other(Specify)...96
C8	Does your household currently have any debt (loan payment and mortgage)?	Yes...1 No...2 (GOTO D1)
C9	Given the impact from COVID-19, can your household service your loan payment?	Yes, for more than 6 months...1 Yes, for 3-5 months2 Yes , for 2 months3 Yes, for 1 month.....4 No.....5

Module D: Impact on Daily Life

D1	Through which of the following ways do you/family know the current news/governmental policies of disaster rescue/relief for COVID-19. (Mark all that applies)	TV.....1 Social Media....2 Media (Print/electronic)...3 Mobile SMS...4 Notice/Poster....5 Government officials/Local leaders....6 NGOs/CSOs....7 Relatives/friends...8 Radio.....9
D2	Do you or any of your family members experience any difficulty in getting correct information about the virus and preventive measures?	Yes.....1 No.....2 Don't Know...98

D3	Do your household have enough supply of foods?	Yes less than 1 week....1 (GOTO D5) Yes, 1 week-2 weeks.....2 (GOTO D5) Yes , 2 weeks -3 weeks3 (GOTO D5) Yes, 3 weeks -4 weeks.....4(GOTO D5) Yes, More than 4 weeks.....5(GOTO D5) No.....6
D4	Is it available in the market?	Yes.....1 No.....2 Don't Know...98
D5	Does your household have enough of the following for next week's use? (Mark all that applies)	Mask.....1 Sanitizer....2 Reliable water supply....3 Soap.....4

Module E: Current Disaster Response

E1	Did anyone provide any money or other materials for your household since the COVID-19 outbreak? (Mark all that applies)	Relative/friends/neighbor...1 Government....2 Private business....3 NGO /volunteers.....4 Not required.....5 (GOTO E3) None.....6 (GOTO E3)
E2	What kind of support did you receive? (Mark all that applies)	Money.....1 Food.....2 Shelter.....3 Health kits....4 others (Specify)...96

E3	In your opinion, which entity have been most helpful to your family in general since the COVID-19 outbreak?	Relative/friends/neighbor....1 Government....2 NGO /volunteers.....3 Private Business...4 None.....5
E4	After the disaster, do you think the people in your community are more united or less than before?	Much more united.....1 Somewhat more united.....2 Same as before.....3 Less united.....4 Don't know.....98
E5	How do you plan to support your household in near future till COVID-19 situation improves?	Salary....1 Rental Income....2 Saving.....3 Sell assets(land, house, Livestock, jewelry, phone, etc).....4 Seek financial help from friends/family/employer.....5 Borrow from banks.....6 Seek government help.....7 Seek other employment opportunity..8 Move to village/with relatives ...9 Reduce consumption...10 Others(Specify..).....96 Don't know.....98
E6	Can you share some community-based best practices in helping you and your family in coping with this disaster? (Write the comments shared by the respondent)
E7	E7. Are you willing to participate in the next round of survey?	Yes.....1 No.....2

ANNEX IV: SNAPSHOT OF DEMOGRAPHIC CHARACTERISTICS OF SURVEY RESPONDENTS

		Proportion by gender
All Categories	No. of respondents: 1285	Male: 60 %; Female:40 %
Sub-sector	Hotels: 42 % Tour Operation: 18 % Guiding: 16 % Airlines: 8 % Handicraft: 5 % Entertainment: 5 % Street Vending: 3 % Restaurant: 2 % River Rafting: 2 %	Male: 47 %; Female: 53 % Male: 72 %; Female: 28 % Male: 90 %; Female: 10 % Male: 75 %; Female: 25 % Male: 35 %; Female: 65 % Male: 43 %; Female: 57 % Male: 5 %; Female: 95 % Male: 59 %; Female: 41 % Male: 93 %; Female: 7 %
Nature of Employment	Regular paid employees: 67 % Casual paid employees: 15 % Self-employed: 5 % Business owner: 12 % Family worker: 0.3 % No job: 0.4 %	Male: 55 %; Female: 45 % Male: 90 %; Female: 10 % Male: 24 %; Female: 76 % Male: 65 %; Female: 35 % Male: 75 %; Female: 25 % Male: 40 %; Female: 60 %
Age	18 and below: 0.3 % 19-29 years: 45 % 30-39 years: 37 % 40-49 years: 12 % 50-59 years: 4 % 60+ years: 2 %	Male: 25 %; Female: 75 % Male: 49 %; Female: 51 % Male: 66 %; Female: 34 % Male: 64 %; Female: 36 % Male: 79 %; Female: 21 % Male: 68 %; Female: 32 %
Education	No education: 7 % Up to higher secondary: 62 % Certificate/Diploma: 7 % Bachelors degree: 21 % Masters degree and higher: 2 % Monastic (Dratshang/Shedra): 0.5 % Non-Formal Education: 0.9 % Others: 0.3 %	Male: 34 %; Female: 66 % Male 58 %; Female: 42 % Male: 66 %; Female: 34 % Male: 74 %; Female: 26 % Male: 67 %; Female: 33 % Male: 100 %; Female: 0 % Male: 9 %; Female: 91 % Male: 75 %; Female: 25 %
NOTE	<p>An overwhelming majority of respondents were employees in hotels, followed by guides (who were casually employed) and employees in tour operation.</p> <p>Business owners of hotel and tour operation were moderately represented.</p>	



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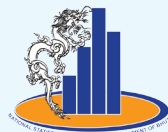
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