INTELLIGENCE REPORT
Systems Approach to Youth Unemployment in Bhutan
This report is authored by UNDP Bhutan Accelerator Lab with substantial inputs and support from the Gross National Happiness Commission and the Ministry of Labour and Human Resources of the Royal Government of Bhutan and Youth Co:Lab, a project co-led by UNDP and the Citi Foundation. The system maps and experiment framework within the report were produced with technical guidance and support from Dark Matter Labs and with inputs from various stakeholders.

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EXECUTIVE SUMMARY

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

The Royal Government of Bhutan (RGoB) with the support of UNDP Bhutan has been seeking to draw on public sector innovation approaches and tools to navigate volatile, uncertain and complex contexts. As part of this agenda, over the past year, UNDP Bhutan has been working with the Gross National Happiness Commission (GNHC), the Ministry of Labour and Human Resources (MoLHR), Civil Society Organisations (CSOs), employers, and young people to build capabilities to better understand and navigate the systemic nature of youth unemployment and the future of work.

A conventional diagnosis of youth unemployment in Bhutan leads to the identification of key drivers: a youth bulge, constraints to private sector growth (including access to finance, technology, infrastructure, innovation capacity, the size and structure of the domestic market and its relationship with the global economy, and regulatory barriers), weaknesses in education and training systems, social norms, limited social safety nets, and labour protections, and constraints in job matching, among others.

By using a systemic lens, we are able to move away from viewing the challenge from any one-dimensional lens; to instead reveal the interplay of factors that shape overall system dynamics. By identifying these system dynamics, we are able to reframe away from a mechanistic focus on ‘filling gaps’ i.e. matching labour supply with job vacancies; to creating the capabilities in the system to continuously learn and adapt, unleash innovation, and realise new futures.

We know that with a complex challenge such as unemployment, superficial single-point solutions do not generate systemic change. Instead, we need portfolios of complementary, interconnected interventions acting in parallel on multiple points in the system, with coalitions of actors working towards a shared orientation. A portfolio approach is needed to test hypotheses, leverage interconnections between different interventions, generate intelligence from the system, and continuously learn and adapt.

The COVID-19 crisis and its cascading effects have only increased the urgency of building capabilities to navigate complexity, volatility and uncertainty. This moment also creates a critical juncture and the need for a transformative vision. With only ten years left to achieve the 2030 Agenda and with the current moment of flux, there is a critical window of opportunity to ensure that Bhutan’s new trajectory is more resilient and sustainable than the one it was on prior to the pandemic. Central to this long-term vision is the need to unleash human potential and transform the future of work - creating conditions in the system for innovation, purpose, shared value creation, and the realisation of new futures.

1 Labour Force Survey, 2018
In this Intelligence Report, we highlight the process and methodology that UNDP Bhutan, GNHC, and a wide range of stakeholders have taken to apply a systemic approach to youth unemployment and the future of work, the resulting findings and outputs co-developed with stakeholders, and the next steps in terms of a portfolio of experiments designed to generate system shifts.

Three key outputs of the process are presented here and explained in greater detail in the main body of the report:

- Map 1 - The systemic nature of the youth unemployment challenge. This map uncovers the complex interplay of drivers that impact youth employment and shape the future of work in Bhutan. This helps us to zoom out from viewing the problem through any one-dimensional lens to instead see the complex interplay of drivers and the dynamics that shape the system.

- Map 2 - The opportunity space for unleashing human potential and transforming the future of work. Building off the system dynamics identified in map 1, this map reflects the “opportunity domains” for system transformation and highlights possible interventions across each of these domains.

- Map 3 - Experiment framework. Building off the opportunity domains and ideas in map 2, a framework is provided for potential experiments (cultural, place-based, technological, financing, regulatory, and governance) for system transformation.

Through its new Accelerator Lab launched in January 2021, UNDP Bhutan looks forward to moving into the next phase of work alongside GNHC and other key stakeholders using systemic portfolio approaches to respond to youth unemployment and the future of work. We thank all the stakeholders involved in this work and invite you to continue this process of co-discovery with us.

What is systems thinking and practice?

Systems thinking is a way of thinking about, and a language for understanding, the forces, and interrelationships that shape the behaviour of systems. It involves looking for the patterns, linkages, and interactions between the different elements that comprise the system as a whole. Systems thinking can help us to better understand the interconnected, dynamic nature of systems that we operate in and to navigate and work with - instead of against - the forces in the system to facilitate change.
MAPPING THE SYSTEM CHALLENGE OF YOUTH EMPLOYMENT

ABOUT THE MAP

Getting away from the conventional diagnosis of youth unemployment as a single problem, we need to consider it as a complex system of overlapping factors, some of which are influenced by individual factors, while others are influenced by institutional and regional factors. The research highlights that shifting the system requires multi-dimensional interventions.

DYNAMICS OF THE SYSTEM

The data collected from the research process, including the ethnography sessions and primary interviews, reveals that various factors influence the system. These factors include institutional, cultural, economic, and social factors. The research process involved the creation of various conceptual models that were then mapped into a single visual representation. The map shows the interconnectedness of the various factors and how they influence youth employment. The map also highlights the role of institutional, cultural, and economic factors in shaping the system.

FROM SYSTEM ANALYSIS TO SYSTEM INSIGHTS

As a dynamic system, the challenges faced by youth are interconnected with diverse feedback loops. This means that changes in one factor can have a ripple effect on other factors in the system. The research process involved the creation of various conceptual models that were then mapped into a single visual representation. The map shows the interconnectedness of the various factors and how they influence youth employment. The map also highlights the role of institutional, cultural, and economic factors in shaping the system.

INVITATION TO DISCOVERY

We would like to invite you to explore the map, connections, and feedback loops with us to understand the various factors and how they interact to create the system. Please download the map for your own analysis, or visit the website for more information.

https://www.example.com
Bhutan’s struggle to create sufficient, productive, and decent employment for its young people has long been one of the issues of greatest national concern. Over the past two decades, the Royal Government of Bhutan (RGoB) has sought to address this challenge through a range of different policies, strategies, investments and programmes. Despite this, the rate of youth unemployment increased from 5.5% in 2004 to 15.7 percent in 2019. Moreover, many young people at work are nevertheless not assured of economic resilience. Now, the economic impact of the COVID-19 crisis is hitting young people hardest - affecting their jobs and livelihoods.

Pre-pandemic, the RGoB was already focused on shaping a long-term vision for a more sustainable, resilient, and inclusive economy. With Bhutan’s graduation from Least Developed Country (LDC) status approaching, the challenge of low economic diversification loomed large. The government had begun a consultative process of developing a 21st Century Economic Roadmap to collectively steer activities towards a future-thinking, transformative vision. A year on and the world looks very different, but vision and strategy are more vital than ever. The response to COVID-19 raises countless questions and choices about the kind of economy and society that Bhutan wants to build and, within this, the future of work.

The RGoB with the support of UNDP has been drawing on public sector innovation tools and approaches to build capability to respond to increasingly volatile, uncertain, complex, and ambiguous contexts, in short, the VUCA environment. As part of this broader agenda, and in recognition of the urgent imperative of addressing youth unemployment: a year ago UNDP Bhutan and the Gross National Happiness Commission (GNHC) set out to adopt systems thinking approach to better understand and work with the systemic nature of the challenge. The unpredictable chain reactions triggered by the COVID-19 pandemic have only reinforced the urgent need to get better at navigating unpredictable and dynamically evolving complex systems.

**WHY TAKE A SYSTEMS APPROACH?**

Youth unemployment has all the characteristics of a complex, systemic challenge. There are a number of diverse range of stakeholders, and an interplay of different forces with many feedback loops. Stakeholders do not agree on the exact nature of the problem or on solutions. The challenge is dynamic and evolving in unpredictable ways, where a small change in one part of the system can set off a long and complex chain of effects.

Creating the conditions under which the system will continually adapt and generate quality jobs is a systemic challenge. Labour demand (to take just one side of the puzzle) depends on the interplay of interactions between countless individuals,
firms, consumers, producers, investors, not to mention government actors. The constantly shifting web of relationships, resources, and information flows that determines the availability of income generating opportunities is shaped by underlying policies, structures, incentives, rules, and norms. These, in turn, are shaped by long-run forces of history, geography, politics, and culture.

Furthermore, the challenge of youth unemployment is not owned by and cannot be solved by any single entity. In Bhutan, at least eight government ministries, over thirty constituent government departments, and at least twelve autonomous agencies have a mandate that impacts employment outcomes for young people. These entities are subject to individual performance indicators and vertical lines of accountability; while an agenda like youth employment is spread horizontally. This is in addition to the decisive roles played by private sector actors, civil society organisations, young people, their families, among many other actors in the system.

Generally, governments tackle unemployment from different angles by assigning interventions to different ministries. However, this can lead to fragmented or even competing interventions that add up to less than the sum of their parts. For example, one ministry could be building skills for which there will be no labour demand, due to reforms enacted by another. Furthermore, - mutually interdependent interventions could be working in the dark - failing to learn from one another or leverage interlinkages.

With a complex, unpredictable, dynamically-evolving challenge such as youth unemployment, single-point interventions cannot generate systemic change. Instead, there is a need for complementary, interconnected interventions acting on different leverage points in the system. This requires harnessing bottom-up actions grounded in relationships, and coalitions of actors working towards a shared orientation. By viewing and managing interventions as an interconnected portfolio, it is possible to leverage interventions, generate feedback on system dynamics, learn, and adapt. Given this, the RGoB and UNDP Bhutan identified the value that a systemic, portfolio approach could bring to approach this challenge.

Through taking a systemic approach, we set out to map the complex interplay of drivers that shape both the current youth unemployment context and the future of work in Bhutan. From here, we are able to uncover key system dynamics and reframe the challenge. From there, we can identify potential pathways for system shifts and construct a portfolio of interventions. By managing a set of interventions as an interconnected portfolio it is more feasible to generate learnings on how different interventions interact with one another and with their evolving context. The intention is to manage the portfolio to actively test hypotheses, leverage interconnections between different interventions, generate learnings, adapt interventions, and thereby accelerate impact.

In the next section, we outline the process that was followed and the tools that were applied.
**METHODOLOGY**

The following process was adopted for a systems approach to address the pressing issue of youth unemployment in Bhutan. Phase 4 is yet to commence.

- Phase 1: Gain clarity: Framing, mapping, and understanding the system - including surfacing lived experiences with different perspectives on the system (ethnography)
- Phase 2: Find leverage: Exploring the opportunity or possibility space (including visioning) and finding leverage points
- Phase 3: Experiment: act strategically in the system and test hypotheses
- Phase 4: Learn and adapt

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Launch and team formation

To kick-start the process and to sensitize stakeholders in systems thinking, UNDP Bhutan and GNHC held exploratory workshops with key actors and young people. The insights gathered from the workshop helped in gaining clarity around existing youth unemployment-related interventions. It also served as an avenue to build an effective coalition of stakeholders with a common mandate and interest to apply a systemic and portfolio approach to the issue.

A team was formed comprising of representatives from organisations who lead policies and services that shape youth employment in Bhutan, including the Ministry of Economic Affairs (MoEA), Ministry of Labour and Human Resources (MoLHR), Ministry of Education (MoE), Druk Holdings and Investment (DHI), Royal University of Bhutan (RUB), Bhutan Association of Entrepreneurs (BAEyul), Bhutan Chamber of Commerce and Industry (BCCI), Loden Foundation, Gross National Happiness Commission (GNHC), and the Youth Development Fund (YDF). Team members were keen to steer collective interventions and to identify synergies towards maximizing systemic impact on the challenge of youth unemployment by drawing upon new innovative tools and approaches. Tools such as the iceberg model (see below) in the exploratory workshops helped the team convey concepts of systems thinking and practice to the youth unemployment challenge, and helped shift from one-dimensional viewpoints to systemic perspectives.
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**What is happening?**
- Increased no. of graduate unemployed/ youth bulge in labour market
- Limited intake capacity in private sectors and public sector alike
- Young employees laid off due to COVID
- Increase in graduates appearing RCSC
- Rising expectations of the graduates from jobs
- Vulnerable youths laid off due to COVID taking up different jobs
- Youths not engaged in policy making process
- Decreasing level of trust between youths and policy makers

**What has been happening over time? What are the trends?**
- Increase rural-urban migrations
- High preference for civil service
- Lack of flexibility for youths to choose their majors and streams
- More number of youths going oversea in search of job opportunities
- Private sector scrutinizing the screening benchmark (short listing) based on academic marks

**What's influencing these patterns? Where are the connections between patterns?**
- Theory Oriented education systems
- Small and compact civil servant
- Silo initiatives among stakeholders
- Lack of alternative educational pathways
- Low education or awareness on future of work
- Increase in startups but there is “missing middle” in the economics
- Weak social protection in private sector

**What values, beliefs or assumptions shape the system?**
- Limited role models
- Social status- Blue Collar VS White Collar
- Parental influence on children for their career choices/ peer pressure
- Success means “qualifying RCSC” and ‘entering civil Service’
- Risk averse culture- Mistake is considered as failure
- ‘It is governments responsibility to solve the youth unemployment problem in Bhutan’
- ‘You need to become a dasho or a lyonpo when you grow up’
Data analysis, literature review and analysis

Following the exploratory workshops, the team developed key lines of enquiry for the research process and conducted data analysis, literature review, and key informant interviews. Early causal loop diagrams were developed to synthesize key findings of the literature review on drivers that shape the current and potential employment creation scenario in Bhutan. Data analysis was conducted across eight broad data categories: labour force data, macroeconomic data, firm data, population data, poverty and inequality data, infrastructure data, financial sector data, and business environment data.
**Employment Policy**

What are the gaps in current implementation of employment policy?

Are there any features of youth or education (or other) policy that are counter to the implementation of employment policy?

What does “employment” mean in Bhutan now?

What other meanings could be encompassed in 10 years’ time?

**Employment services**

What is the level of access young people have to job/career counseling or coaching?

What is the current landscape of job matching services?

What is the current landscape of employment promotion services/organisations?

Is the only goal of employment policy for young people a particular percentage of unemployment?

If not, what other goals are there?

What lessons have been learnt from past interventions on youth employment?

What have been the most successful employment policy/programme to date?

What made it successful?

What aspects of youth development in the youth policy are contributory to employment policy goals?

**Historical Context**

What is the history of government function and reform?

What is the history of efforts around youth unemployment?

By:

- Government
- International development actors
- Private sector consultants (outside of development actors)

What has been the impact of development efforts by international actors more broadly?

What is the history of education policy evolution in Bhutan? How did the current education system come to be?

What is the history of youth and civic participation?

**Support Systems**

Social protection

Are there policies or programmes in place that support the (newly or chronically) unemployed? If so, how are they implemented / how do they reach citizens?

Where do youth get support? What are their support networks?

**Culture & Society**

*in private sector – lack of culture of craftsmanship / work ethic – how true is this?*

Employees have little loyalty - how true is this / where does this come from?

Is this just of private sector or part of broader Tamil culture / worldview?

*Monastic system and its relationship to:*

**Economy**

To what extent is the monastic system a part of the formal economy / internet?

**Education**

Youth dropping out from monastic path

- Able to take up jobs at earlier stage of youth who were not found in formal education system after a very short period of time

- Does the training lead to a job?

- Does the training lead to a job in Thailand / Vietnam / elsewhere?

**Bhutanese society**

- If a govt job is the “holy goal” of careers, where does a monastic path sit in Bhutanese society?

**Healthcare**

Do monastic practices / beliefs feature in everyday healthcare?

- If not, is the presence of “home” employment a priority?

Are they on opportunity or a situational context?

- Eg.: education system being a competitor by monastic youth.

**Psycho-social & Attitudinal**

Aspirations

What are the aspirations of young people?

- What are the aspirations of young people in careers?

- How do their aspirations differ from the other generations?

- Are they just the only jobs that feel worthy to young people?

- What is the unemployment rate among blue-collar workers?

- Is there a youth aspiration survey?

- Who are the role models today’s young people?

**Labour Migration Trends**

Why do youth want to go overseas and how much is it pulling vs pushing factors?

What makes youth willing to take up blue-collar jobs overseas?

How much of migration movement is short-term (eg. studies) and long-term (eg. emigration)?

What drives these different types of decisions?

**Labour Migration Trends**

How much of the economy is accounted for by remittances?

Where do these remittances come from?

**Education Policy**

**TVET**

- Reform to fix what is not working

- How does TVET fit with broader education policy in Bhutan?

**Philosophy**

Is there an articulated philosophy of education in Bhutan?

- Is the fact that there is a NHF for national development?

- Is the absence of a philosophy indicative of a lack of foresight?

**Labour supply**

How are young people coming out of school?

- What different levels have they completed?

- What skills could they take up, if the availability of jobs was not an issue?

**Labour demand**

- What are the skills in short supply that are required by industry currently?

- What are the skills that industry might require in 10 years’ time?

**Skills mismatch**

- Between skills imparted by education system vs. what industry requires / jobs available

- What are the jobs available in Bhutan in 2020?

**Political Context**

**Democratic process**

What extent do employment issues feature in political campaigning?

Apart from voting at elections, how do individual citizens participate in their democracy?

**Youth participation**

- Is there a role for young people in shaping future economic policy?

- What are the best examples for this in Bhutan?

- What have been the best examples of this in Bhutan?

- How do young people voice policy issues? Are they disengaged entirely, or are there pockets where they feel drawn to participate?

**Media**

- What is the nature and extent of media coverage on youth employment issues?

**Civil society**

- What is the civil society landscape on youth employment and/or entrepreneurship issues?

- What is the landscape of youth movements / organisations / networks? To what extent is employment an active issue for these groups?

**Youth Policy**

What does employment fit within youth policy?

- What are the key revisions between the existing youth policy and the upcoming youth policy?

- How does youth development broadly feature in the current youth policy?

**Rural/Urban**

- Rural youth might be more employable?

- How? Possibly because they are exposed to farming skills?

- What forms of development are occurring in rural areas?

- Are there any forms of development that are not necessarily “urbanisation”?

- Rural labour market

- “Rural education struggles to retain effective teaching talent”

- What are the job opportunities in rural areas?

- “Upward youth can’t hang... it’s a hard life”

- What are the skills needed in rural areas?

- What is the employment situation in rural areas?

- What is the rapidly urbanising areas in Bhutan?

- What is driving their urbanisation?

- Access to services

- What is the difference in levels of access to services that are employment-related and/or may support youth well-being?

- **Labour Migration Trends**

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Economy

Private sector development
If no private sector development roadmap, what is the closest available to a strategy for this?

Economic liberalization
To what extent is desirable to open up the Bhutanese market? How much liberalization is a “good balance” between economic goals and social + environmental goals?
What are the factors limiting opening up the Bhutanese market?
What are the good + not-so-good examples of liberalization of the market to date?
Issues at border regions - are there linkage “Sometimes private sector requests are unreasonable”

Potential for employment growth
What sub-sectors present the greatest potential for employment growth?
Are there sub-sectors that may feature more strongly in Bhutan’s economic future that are less promising for job creation?
Are there tensions between job creation and...
Economic growth?
Cultural heritage?
Environmental conservation?

EdDB
What is the dynamic between EdDB efforts and the private sector?
Are there any regulations that are not business-friendly or present barriers to EdDB if so, what seem to be the barriers to the removal or change of such regulations?

Economic vision
Is there a breakdown in the process from economic strategy / vision to policy / implementation? If so, where?
2016 Economic Development Policy spells out 7 jewels (priority industries) How were the “seven jewels” of the Economic Development Policy identified? How is that translated into setting the agenda for agencies?
How much do MoEA consult private sector for EdDB?

Potential for economic growth
What assets or capabilities does Bhutan possess that is not currently translating into economic benefit?

GNH
How does Bhutan balance economic dynamism and GNH?
GNH vs. GDP: Are there efforts towards particular indicators of GNH that are not accounted for in standard human development indicators - vice-versa?
GNH vs Doughnut Economics: Is Doughnut Economics a relevant framework for GNH? How does it relate to GNH?
How does GNH impact the formulation of policy in day-to-day terms? How about implementation?
How do individuals relate to GNH? Does GNH as a philosophy shape how individual citizens make decisions?

Entrepreneurship
What is the expectation by RG9 of the extent of youth entrepreneurship to address youth unemployment in Bhutan?
What is the economic potential of youth entrepreneurship in Bhutan?

Startup/Technology Sector

Pipeline
What challenges / constraints does Bhutan face in producing effective technology talent?
What is unique about the local Bhutanese computer science graduate who spent most of his time working on paper, not directly on computers. He didn’t have much practical experience?

Opportunities / Gaps
Potential: Code for Bhutan was able to build a pool of modern effective technology talent with a competitive pool of students — who were able to build prototypes of websites from scratch after just 4 weeks of intensive tutoring.
What were the selection criteria? And having gone through one round — how effective would they say their selection criteria was?
What was the initial / dropout rate?
Cookbook: 4 students graduated with a degree in software engineering.
Facilitating job placement for these?
Hypothetical programs like this would not only orient students towards the right career path, but also help to address a significant proportion of the problem of unemployed youth.

Sustainability: Code for Bhutan was done as an out-of-pocket volunteer effort. Finding an effective business / funding model has been challenging.
Funding: Conventional local funding sources haven’t been forthcoming with funding. Some have asked whether the effort will have TV coverage for their brand visibility.
To understand needs / incentives for funding sources better and need to align more directly with the digital nature of tech.

Thimphu Tech Park
There are different classes of jobs in the ICT sector. Some are more vulnerable to being displaced by automation more than others — this isn’t a future concern, but they already started seeing some of the effects.
“Some of the largest companies in the park employed Bhutanese to create storytelling algorithms for a tech company. They have done well at this, achieving project satisfaction rates of 80%.
Recently, the company has started testing out a new machine learning storytelling algorithm, initial results were bad. But the algorithm has been improving rapidly - now it’s performing around 60%, now.”
It is then a challenge to the humans to increase their skill level in direct competition with the algorithm.

Inspirations: Nations of Success Elsewhere

Japan
Culture of craftsmanship
Made in being “made in Japan”, regardless of sector

Germany
Mittelstand: Germany’s backbone of small and medium enterprises
“Germany’s Mittelstand puts happy workers over profits”

National Service
What do gov see as the objectives they want NS to achieve?
What might NS do that other policies with similar/objective objectives have not been able to do?

Policy: Formulation to Implementation

Implementation
“We are doing a great job, not at implementation” — where does this break down exactly?
National / Sub-national
What are the conditions needed for subnational key responsibility areas to be implemented?
What accounts for inconsistent or unharmonised rules or information across different agencies?
Agencies A & B fail applicant to go to Agency B for more clearance, then when approach Agency B, they refer applicant to go to Agency A

Roles and functions
What are the roles and functions of government entities around: Labour and employment?
Youth?
At national / sub-national levels
Is there clarity on who is doing what?

Silo
If there are silos between agencies that need to work together, where are they?
If there are silos between agencies that need to work together, where are they?

Capacity building
What is the different entities providing capacity building for public administration?
Are there any skills gaps based on current set of offerings?

Civil service organisational culture
What features of the org culture of the civil service strengthen/weakens various conditions needed for healthy functioning (and addressing youth employment), such as:
Information flow required for addressing gaps
Psychological safety / safe space for innovation (and corresponding risk-taking)

What are the dynamics between civil servants and politicians? Are there any tenets that may act as barriers to an effective bureaucracy?
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Information feedback loops
Senior must in some agencies described as “out of touch” with ground situation — if this is so to be included via ethnography.
How are they out of touch? In what way are their views not reflective of reality?
Why are they out of touch?

Environment & Climate Change
What is the relationship between the environment & climate change and:
Youth well-being?
The business environment?
Unemployment?

Subsequently, the team held co-design workshops with the core team and a wider group of stakeholders who are either directly or indirectly engaged in employment programmes or affected by the unemployment context in the country. There were participants from government agencies, Civil Society Organisations (CSOs), State Owned Enterprises (SoEs), the private sector, youth and youth groups. During these workshops, the team used the STEEP (socio-cultural, technological, economic, environmental, and political) framework to identify macro forces that shape youth employment and the future of work in Bhutan.

The team also used ‘rich picture’ maps to explore the current state as well as to envision the desired future state of the system. A participatory ‘Backcasting’ tool was applied to explore possible divergent futures and ‘Futures Wheel’ was used to consider the direct and indirect knock-on effects of different visible trends and how this would shape diverse possible futures for Bhutan.
The Shift “From... To” model (below) was applied to articulate key differences from the current system to the desired system for the future of work in Bhutan. The desired system characteristics were not designed as a blueprint; but rather an orientation to galvanise interests and discussions.

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
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<tbody>
<tr>
<td>Natural resource dependence</td>
<td>Knowledge economy</td>
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<tr>
<td>All-eggs-in-one-basket</td>
<td>Economic diversification</td>
</tr>
<tr>
<td>Command-and-control planning and management</td>
<td>Mission-driven approach empowering civil servants</td>
</tr>
<tr>
<td>Government as creator of employment (e.g. ERS)</td>
<td>Government as enabler of employment</td>
</tr>
<tr>
<td>Public service as the only patriotic option</td>
<td>Broader concept of public purpose in line with GNH</td>
</tr>
<tr>
<td>State Owned Enterprises vs. Cottage and Small Industries</td>
<td>Diverse private sector</td>
</tr>
<tr>
<td>TVET stigma</td>
<td>Skilled craftsmanship with decent pay</td>
</tr>
<tr>
<td>Rural exodus</td>
<td>Balanced regional development</td>
</tr>
<tr>
<td>Business perceived as immoral</td>
<td>Tshongrig (business aligned with values) / 'ethicpreneurship'</td>
</tr>
<tr>
<td>Lost professions</td>
<td>New, emerging and hybrid professions</td>
</tr>
<tr>
<td>Regulation as burden</td>
<td>Regulation as enabler</td>
</tr>
<tr>
<td>Work in terms of efficiency</td>
<td>Work for broader value creation (e.g. care)</td>
</tr>
<tr>
<td>Brain drain</td>
<td>Brain retain</td>
</tr>
<tr>
<td>Rote instruction</td>
<td>Student-centred instruction</td>
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<tr>
<td>Single-track education and career pathways</td>
<td>Flexibility and choice</td>
</tr>
<tr>
<td>Aid</td>
<td>Trade</td>
</tr>
<tr>
<td>Skills mismatch</td>
<td>21st century skills</td>
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<tr>
<td>Hitting employment targets</td>
<td>Creating work in pursuit of GNH</td>
</tr>
<tr>
<td>Risk aversion</td>
<td>Safety nets</td>
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<tr>
<td>Vertical accountabilities</td>
<td>Shared responsibilities</td>
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<tr>
<td>Siloed policy formulation</td>
<td>Holistic policy formulation</td>
</tr>
<tr>
<td>Five Year Plans and Annual Performance Agreements</td>
<td>Continually adapting policies and plans based on learning</td>
</tr>
<tr>
<td>Digital divide</td>
<td>Digital Inclusion</td>
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</tbody>
</table>

These exercises helped create a vision statement for the future state of the system: “A system that creates the conditions for young people to have dignity and choice and realise purpose aligned with GNH values”. In addition, the concept of ‘good work’ was viewed as work that satisfies the following conditions: 1) allows innovation, 2) encourages community, 3) offers purpose, and 4) provides a fair share of the value created. This vision later evolved further in the development of the system maps.
Ethnography - looking beyond statistics to stories

At the same time, there was a need to go beyond expert insights and to work bottom-up from the systemic nature of the challenge itself, by tapping into lived experiences of the system in all their complexity. This was where ethnography came in. The aim was to have a deep listening platform to understand young people’s experiences of the system, and the underlying drivers behind their behaviours and choices. These insights, which are vital to understand system dynamics, usually lay hidden under quantitative data.

Over a period of three weeks, in June 2020 the RGoB and UNDP team conducted in-depth ethnographic interviews with over eighty-five young people covering Thimphu, Paro and Mongar districts. The team interviewed a wide range of young people; from class six school leavers to graduates; job seekers, employed and self-employed youth; long-term unemployed as well as those recently laid-off; recent COVID returnees; and those supporting domestic work. In addition, parents were interviewed to generate a complementary layer of insights.
Based on thematic analysis of the 85 interview transcripts, the team developed personas (fictional archetypes of groups of real people segmented by characteristics) to understand the needs and goals of youths. Individual observations were recorded for each of the 85 stories, after which observations were sorted into groups from which persona skeletons were built. Key characteristic traits from the observations were integrated into the persona narratives. It was further brought to life by giving a fictional name and a face to the field data and to segment the insights generated. Cross-validation was also carried out to assess whether the personas aligned well with the transcripts. The following nine personas emerged. See detailed depictions of the personas here:

- Dema: Young returnee from employment overseas
- Gyeltshen: Young diploma or degree holder laid off due to COVID
- Karma: Young school leaver laid off due to COVID
- Pema: Unemployed young university graduate
- Jigme: Unemployed young school leaver
- Kinley: Youth working in a family business combining with household responsibilities
- Sonam: Employed young TVET graduate
- Nima: Urban youth entrepreneur connected within startup ecosystem
- Penjor: Self-made non-Thimphu youth entrepreneur / self-employed

Some of the key findings that surfaced from the ethnographic research were:

1. Social norms and stigma attached to blue-collar jobs play a key role in youth’s preference for white-collar jobs.
2. Weak social protection and job security in the private sector also lead to youth’s preference for public sector jobs.
3. Gaps in infrastructure, technology, market linkages, and regulatory challenges create barriers to scaling in the private sector. Cottage and small industries (CSIs) dominate the market and are not able to transition into large scale industries which can have higher potential for large scale quality job creation.
4. Limited pathways for skills transfer with education and training systems that do not have the capability to adapt to (future) labor market demand.
5. Limited or weak information flow, feedback loops and adaptive capacity across the system lead to policies, regulations, and mechanisms for oversight which are not aligned to system needs.
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Pattern and Observation from Ethnographic Research

- Mental Models
  - Nepotism and favoritism in recruitment process- both enabler and barrier
  - Single parent family
  - Majority of youths still wants to work for the government irrespective of their education level (because of the security and social status factors)
  - Parents huge influence in youths’ choices
  - Role model and mentorship key to doing well in life
  - Lack of support from parents in doing business
  - Women highlighted physical appearance as important to finding a job
  - Motivation to provide more employment for youths by expanding their business

- MoEA
  - Business licensing process very lengthy,
  - In case the business idea proposed does not fit within the categories identified by government, it takes even more longer to process for license

- Entrepreneurship
  - No parent agency for entrepreneurs
  - Entrepreneurship programs limited to Thimphu- youths outside Thimphu interested to take up business but don’t know how
  - Independence as an enabler for youths to take up entrepreneurship
  - Lack of support from parents in doing business
  - Less risk-taking behavior of government entities and Financial Institutions which is a barrier for youths with creative ideas to start their business
  - Peer learning and support in entrepreneurship
  - Demand for entrepreneurship education at every level
  - Fragmented and duplication of supports

- TVET
  - TVET is a safe bet for youths from vulnerable background
  - TVET curriculum to focus on soft skills and updated practical knowledge in the market
  - TTI instructors’ skills need enhancement, to be updated to latest technology
  - Employers preference for male employees for TVET jobs
  - Negative outlook to blue collar also to do with peer pressure
  - OJT- helped them learn few of the relevant skills and mostly learned ones they are fully recruited

- Education
  - Job portal system outdated
  - Potential for youth repatriates to start business in their field of skills
  - Overseas employment- working in harsh condition, low wages, long process

- MoLHR
  - Application process to be done in person, a barrier for youths outside Thimphu
  - Jobs in pvt. sector low paid, no proper working hours, job instability, poor working conditions
  - MoLHR overseas program much safer than going via private agencies
  - Majority of youths also expressed interest to go overseas for work irrespective of the situation
  - Most of job vacancy via job portals are for class 10, 12, TVET and diploma pass out, not for graduates.
Young people who participated in the ethnographic research advocated for the following actions/solutions, among others:

- Schools and other educational institutions should provide more hands-on applied job experience in the later years of schooling;
- It should be made compulsory for employers (particularly larger firms) to provide work experience, internship and apprenticeship opportunities for young people;
- Employers should be subsidised for employing young workers and taking on apprentices;
- Conduct job and skills demand assessments on an ongoing basis and ensure youth have access to job market demands and career pathways information before selecting education routes and career pathways;
- Schools should invest more in areas of study beyond academics, such as sports, performing arts, vocational subjects;
- Enable TVET enrolment based on the motivation of applicants, not only academic performance;
- Educational institutions should promote the development of soft skills - including interpersonal skills, teamwork, collaboration, problem-solving, public speaking and creativity;
- Exams and qualifications should be more aligned with the skills that employers require;
- Educational routes should be made more flexible, with opportunities to shift pathways and transfer credits;
- Less focus on high-stake ‘make or break’ examinations, particularly for the civil service and more opportunities for flexible education pathways and lifelong upskilling and reskilling;
- Co-working spaces should enable TVET graduates from different programs to come together to co-create ideas and provide each other with psychosocial support;
- Champions should be identified to advocate for TVET-related education and careers and to shift mindsets and perceptions;
- Technical, vocational and entrepreneurship clubs should be established in schools to build skills and give young people space to pursue their passions and experiment;
- Entrepreneurship should be embedded into the education system;
- Government should engage entrepreneurs through a PPP model - including with SOEs;
- Preferential procurement of youth-led enterprises;
- Employers should be compelled to enter into partnerships with schools and other educational institutions;
- A real time online job matching platform should be established;
- The job portal should be segregated into job categories for easy targeting of youths;
- The Government could provide necessary support wherever possible to entertainment centres like Drayangs to protect the workers;
- Business license categories should be diversified beyond conventional business;
- Policies are needed to promote competition and avoid monopoly by large SOEs;
- Provide end-to-end supports for entrepreneurs, particularly youth entrepreneurs;
- Security schemes should be established or strengthened for private sector workers (e.g. access to loan, provident fund); and
- Increases in compensation and working conditions for blue-collar workers in order to shift mindsets.
Following the ethnographic research, the team began to construct systems maps, working with the support of Dark Matter Labs. To build the map, the data collected from the research process (including desk research and the ethnographic interviews) were analysed, mapping the interconnections between the myriad different factors that influence individuals' options and behaviors - from family background to market conditions, to global and regional forces.

The first system map - capturing the systemic nature of the challenge - highlights two sets of domains - direct and contextual - which impact employment and the future of work. Individual drivers are grouped within these domains. The nine direct domains are those that have a more direct influence on employment outcomes. The five contextual domains are those that influence the entire system and shape the direct domains.

The five contextual domains identified are culture and norms, economy, institutions and history, geography and regional and global forces. The direct domains are individual, job market/micro economy, learning and skills, home and community, policy and regulation, physical conditions, services, technology, and demography. Different drivers connect within and across these domains. The map can be viewed in detail here.
From the system map, we identified key system insights, displayed through the highlights cutting across the map. These are based on the connections of drivers cutting across the different domains and are critical in generating the overall system dynamics. The eight system insights are highlighted on the map and are explained in detail in the system narrative cards here. Each of these system insights points to an opportunity space for system transformation.
The eight system insights identified and the system dynamics that they generate are as follows:

1. **Narrow social safety net**: Without a broad-based social protection system and regulations that protect job quality in the private sector, the current imbalance between public and private sector employment will continue to persist. Jobs in the private sector will remain disproportionately more insecure, with lower compensation, than jobs in the public sector. Furthermore, without a comprehensive social safety net, family hardship and instability (e.g. single parent families) limit children’s opportunities. If we can alleviate struggles for subsistence through social safety nets, we can generate the ‘cognitive surplus’ needed for innovation, experimentation, and entrepreneurship. There are opportunities to bridge from COVID-19 emergency relief welfare payments to stronger social protection systems as investments in resilience.

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

3. **Limited pathways for skills transfer**: There are weak feedback loops from labour market demand to education and training systems meaning outdated skills options, lack of data on skills needs and job demand. There is also a lack of skills-building from on-the-job experience, intra-firm learning and inter-firm learning due to the immaturity of the private sector. More fundamentally, the current paradigm focuses on the need to address ‘skills mismatch’, i.e. how skills can be transferred to meet current gaps. Instead, there is a need to look at diversifying skills and capabilities in order to unlock future opportunities, jobs and markets.

4. **Weak information flow**: There are weaknesses in information flow and feedback loops across the system: individuals lack information about jobs and skills, employers lack information about upcoming trends and their skills needs and opportunities, and sectors lack mechanisms for coordination (e.g. between firms or with government and other partners). Information silos in government departments lead to silos in policy implementation and regulations and mechanisms for oversight that are not fit for needs. The system needs stronger distributed capabilities for learning and collective intelligence at all levels in order to have the capacity to continually adapt and renew itself.
5. Position in relation to regional and global value chains: Bhutan has historically pursued a pathway of self-reliance and self-sufficiency. However, Bhutan's private sector growth is limited by its small domestic market, and the economic composition with labor participation is highly driven by agriculture with more than 60 percent of the population engaged in this sector. The small population size along with difficult geographical terrain have been some of the limiting factors for a vibrant private sector and economic diversification. Balancing the goal for self-reliance with openness and connectivity will be needed for overcoming infrastructural limitations for global, regional scalability, enabling technology transfer, and expanding the job market for Bhutan's young people.

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

7. Social norms and stigma: Social stigma of blue-collar jobs, TVET courses, business and entrepreneurship, and widespread cultural norms that privilege the civil service as the desirable career pathway, are contributing to an employment imbalance where a disproportionate number of highly skilled graduates are recruited into the public sector. Negative perceptions of private sector jobs combined with their greater instability and overall compensation (see N1) perpetuate this cycle. Gender norms around specific occupations, domestic work and childcare responsibilities and a lack of strong caregiving infrastructure hinder women’s participation in the labour market.

8. Lack of accounting for future liabilities and risks: COVID-19 impacts have resulted in a widespread economic slowdown and demographic shifts due to the return of the Bhutanese diaspora. Extra pressure has been put on the job market. The crisis has exposed and exacerbated existing vulnerabilities such as limited economic diversification and reliance on sectors such as tourism, and the gaps in social safety nets. COVID-19 has exposed the limitations of the current systems to deal with the scale, scope and nature of emerging and cascading risks. This raises questions about the capacity to think and act in the long-term possible futures instead of short-term gains.
PHASE 2: FIND LEVERAGE

After building the systems map and identifying the system insights (above), a series of workshops were held with diverse stakeholders to validate and socialise the system map and to move from each of the system insights to opportunity spaces for system shifts.

The workshops served to validate many of the drivers identified in the system map and unpack how they impact young people. In particular, stakeholders emphasised the interactions and feedback loops between family socio-economic background, access to resources and opportunities to build capabilities, and capacity to exercise agency; with socio-cultural norms and culture.

Structural factors particularly emphasised by stakeholders at the validation workshop included skills mismatch, lack of opportunities for young people to develop work experience, limited career guidance and on-the-job learning opportunities; the prevalence of unpaid, undeclared, insecure, low-paid or temporary work; and ineffective labour market information systems. Stakeholders analysed how long-run drivers related to the economy, history and culture shape more immediate drivers.

Youth recognised that they are particularly affected by information asymmetry due to their limited labour market experience and weak networking. Youth are not aware of how to navigate the labour market or to find and pursue available jobs in the absence of support. Youth recognised lack of access to finance as a key barrier in preventing them from generating their own employment opportunities. A recurrent theme of discussion was the narrow exposure of youth to entrepreneurship during education, exacerbated by social norms that discourage entrepreneurship. Participants also recognized the lack of structured platforms and spaces for youth to participate in decision making, meaning their needs and interests are often overshadowed.

Agency stakeholders emphasised the particular role of the following drivers:

- Slow growth of the private sector, particularly in rural areas
- Existing companies' monopoly over products and services and poor competition environment
- Infrastructure gaps
- Ineffective labour market information systems
- Youth’s weak access to credit
- Youth population bulge
- Education and skill demand mismatch
- Limited apprenticeship opportunities
- Limited opportunities to develop skills or knowledge to start an entrepreneurial activity or self-employment initiative
Based on the eight system insights, the following eight corresponding opportunity spaces were identified:

1. Strong social safety net
2. Social norms and work
3. Learning and skills pathways
4. Global and regional connectivity
5. Accounting for future liabilities and risks
6. Hard and soft infrastructure
7. Transformative role of the state
8. Information flow and collective intelligence.

Ideas were crowdsourced from participants (both agency stakeholders and youth) for radical ideas and potential solutions to generate shifts within each of these opportunity spaces (see the map below or in detail here).
In particular, stakeholders emphasised the following potential solutions across the opportunity domains:

- Mandatory apprenticeships schemes by established companies
- Platforms to include youth voice in policy making and industry platforms
- Rethinking retirement age across public and private sectors
- National future skills need assessment across priority sectors, aligned with economic roadmap
- Establish department or agency responsible for long term accounting and future liabilities (eg. Ministry of future)
- Make career pathways more flexible (option to transition from TVET to mainstream schooling)
- Establish information sessions for parents regarding other career options
- Technology banks
- Targeted interventions for vulnerable or at-risk youths should be equally represented (particularly youth with disabilities, juveniles and youth from low socio-economic backgrounds.)

**PHASE 3**

An experiment framework was then developed to evaluate the different crowdsourced ideas according to the type of experiment (e.g. cultural, place-based, technological, financing, regulatory and governance) and whether they are focused on developing individual capacity, collective capacity or system capacity.

This experiment framework is presented below - reflecting the potential for six types of experiments acting across the different opportunity domains (colour coded). The experiment framework can also be viewed in detail [here](#).
The opportunity space map and experiment framework (see above) are designed to serve not as a top-down command and control tool; but rather as an orientation for system transformation around which energies and actors can be galvanised for system shifts. From the beginning, this has been a process of co-creation with coalitions of actors, seeking to build capabilities across the system for bottom-up-actions grounded in relationships.

Going forward, UNDP Bhutan and GNHC together with relevant stakeholders will establish an opening portfolio of experiments. Interventions will be led by different actors, but with a common portfolio logic and a common framework to support collective intelligence; as well as the capacity to support continuous learning, testing and experimentation.

The specific next steps are:

1. Shortlisting of selected opening experiments from the experiment framework above and identifying roles and responsibilities of lead agencies for implementation.
2. Developing Key Performance Questions for each experiment design (including hypotheses for testing) and intervention strategy for opening experiments.
3. Finalise embedded learning agenda with key performance questions for each of the experiments.
4. Review overall portfolio logic and learning agenda for the portfolio of experiments, including how the different experiments will learn from one another.
5. Conduct capacity building of relevant agents on how to run experiments and how to implement a learning agenda throughout experimentation.
6. Commence experiments with embedded learning agenda.
7. Test, learn and adapt from individual experiments and through learnings across the portfolio, bringing in new stakeholders with diverse perspectives and continuing to listen to the system.
8. Review experiments and key performance questions and update experiment strategies based on the learning.
9. Update and iterate system maps based on new insights emerging on the dynamics of the system and causal feedback loops identified.

The portfolio space is designed as a framework where other actors, initiatives and interventions can over time coalesce - thereby generating more intelligence, leveraging more interconnections and accelerating learning and impact. Therefore, actors with activities that impact employment and the future of work are invited to assess their position within the portfolio space - perhaps by considering which of the opportunity domains their work relates to (see above). They are invited to join
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Accordingly, you are invited to co-discover along with UNDP Bhutan’s Accelerator Lab and the RGoB and to contribute to systemic and portfolio approaches to transform employment and the future of work in Bhutan. Please reach out to the UNDP Bhutan Accelerator Lab team to learn more and to work with us.