

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Bhutan	Project Title:	Skills Training and Education Pathways Upgradation Project
Lending/Financing Modality:	Project Grant	Department/ Division:	South Asia Department/ Human and Social Development Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: general intervention

A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy

Bhutan has achieved remarkable socioeconomic progress and poverty reduction arising from robust economic growth. Poverty incidence declined from 23.2% in 2007 to 12.0% in 2012 to 8.2% in 2017.^a Despite this, inequality has remained high, signaling the need to make growth more inclusive. The rate of poverty in rural areas (11.9%) is significantly higher than urban areas (0.8%).^b Technical and vocational education and training (TVET) is an important tool to improve prospects for jobs and livelihoods, and contributes to alleviating poverty. The project is aligned with the priorities of Bhutan's draft Twelfth Five-Year Plan, 2018–2023 that stresses the creation of productive and gainful employment. The plan has set an ambitious target of reducing poverty below 5% through skills development and other targeted poverty alleviation programs. The TVET Blueprint, 2016–2026 refers to increasing productivity and tackling poverty, especially for those living in rural areas. The Education Blueprint, 2014–2024 outlines priorities for enhancing education quality, including strengthening technical and vocational education in schools. The project is supportive of the objectives of the country partnership strategy for Bhutan, 2014–2018 of the Asian Development Bank (ADB).

B. Results from the Poverty and Social Analysis during Project Preparatory Technical Assistance or Due Diligence

1. **Key poverty and social issues.** The project has pro-poor and gender-sensitive dimensions. The majority of students taking up TVET come from families in which the head of household has little or no education and an agro-framing background.^c The skills training opportunities in the project can be accessed by poor and rural youth.

2. **Beneficiaries.** The main beneficiaries will be the youth of Bhutan not able to afford and/or avail themselves of tertiary education. They will receive skills development in technical training institutes (TTIs),^d through private sector training providers, and in the seven premier schools. The project provides opportunities to rural youth and is gender inclusive: 32% of students enrolling in TTIs, private sector training programs, and school TVET programs will be female; 40% of secondary students benefiting from information and communication technology (ICT) interventions and career counseling will be female; and 30% of trainers receiving professional development opportunities will be female.

3. **Impact channel.** The project will support enhanced access to and improved quality of training, particularly benefiting youth, which will lead to greater employability and workforce participation. Secondary school students will have greater access to skills development. The project, by improving training opportunities for women, youth with disabilities, and rural youth, will enhance their potential for gainful employment and economic and social status. The productivity and competitiveness of industries and/or the private sector will increase with an adequate supply of skilled workers, leading to inclusive growth, economic diversification, and further poverty reduction.

4. **Other social and poverty issues.** Studies highlight social and institutional barriers faced by people with disabilities. Targeted interventions by civil society organizations (CSOs) are foreseen to provide skills development to this group.

5. **Design features.** The project will increase access to, quality of, and relevance of TVET, and will also improve its governance. The project will address infrastructure upgrades and will enable innovations in TVET delivery, enable compliance with quality standards, and empower youth by equipping them with globally relevant employability skills. Poverty, gender, and social analyses led to the development of affirmative action that will increase the participation of women and economically and socially disadvantaged segments of society in gaining skills relevant for nontraditional and modern occupations.

II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and project activities.** The project includes social marketing campaigns to increase awareness on skills training opportunities to poor youth, particularly women. The project will adopt consultation mechanisms with industry and employers to make training more relevant. Regular consultations with CSOs will enhance social inclusion. The design and monitoring framework (DMF) includes seven gender-related indicators relating to access to skills development in TTIs and in secondary schools, career guidance and access to ICT-enabled learning, capacity of female trainers, and on-the-job training.

2. **Civil society organizations.** The project will include partnership with credible CSOs to deliver skills training to youth with disabilities to increase their employability.

3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

<input type="checkbox"/> Social impact matrix	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
<input checked="" type="checkbox"/> No action	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <input checked="" type="checkbox"/> unemployment (M) <input checked="" type="checkbox"/> under employment (M) <input checked="" type="checkbox"/> retrenchment (L) <input checked="" type="checkbox"/> core labor standards (L)	
2. Labor market impact. The project will indirectly contribute to decent jobs in line with the country's overall development thrust. Interventions for career guidance, on-the-job training, and job placements will help to tackle unemployment and underemployment risks. Partnerships with the private sector for training and job placements and the involvement of employers in developing courses and training will improve employability of the trainees. The development of a skilled workforce among Bhutanese youth will contribute to alleviating skills shortages. Such initiatives will help Bhutan harness the potential of its young workforce.	
B. Affordability	
All training programs will be offered free of cost by the government. In addition, monthly stipends will be paid to the trainees at the TTIs and private training institutions at the existing government rates.	
C. Communicable Diseases and Other Social Risks	
1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> Communicable diseases (L) <input checked="" type="checkbox"/> Human trafficking (L) <input checked="" type="checkbox"/> Others: Safety of trainees during on-the-job training. Health and safety provisions in TTIs and schools (M)	
2. Risks to people in project area. Not applicable.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. The results indicators will be disaggregated by sex as per the DMF. A TVET management information system (MIS) will track female trainees from disadvantaged backgrounds and trainees with disabilities. Gender- and socioeconomic-disaggregated reporting will be included in a new web-based MIS.	
2. Required human resources. Gender focal points will be nominated in the Ministry of Labor and Human Resources and the Ministry of Education. A gender and inclusion consultant will be hired for 5 months, spread over the project period, to implement, monitor, and report on the gender action plan.	
3. Information in the project administration manual. The gender action plan and its monitoring are included in the project administration manual.	
4. Monitoring tools. Sex-disaggregated reporting will be included in the proposed TVET MIS and other reporting to ADB. Third-party monitoring of gender action plan activities and indicators will be undertaken through the Gender Equality Monitoring System.	

^a Government of Bhutan, National Statistics Bureau. 2007. *Bhutan Poverty Analysis Report (PAR) 2007*. Thimphu; Government of Bhutan, National Statistics Bureau. 2012. *Bhutan PAR 2012*. Thimphu; and Government of Bhutan, National Statistics Bureau. 2017. *Bhutan PAR 2017*. Thimphu.

^b Footnote 1. The Gini coefficient in Bhutan was 0.35 in 2007, 0.36 in 2012, and 0.38 in 2017.

^c Government of Bhutan, Ministry of Labor and Human Resources. 2016. *Bhutan TVET Sector Assessment, Blueprint Working Paper*. Thimphu. A family background survey of TVET graduates indicated that 63.5% of respondents come from families where the head of household has no education, and 47.8% from families where the head of household is engaged in agro-farming.

^d TTIs participating in the project are located in the far east (Rangjung), in the central region (Chumey), in the west (Khuruthang and Samthang), and in the capital city (Thimphu). All TTIs offer free training together with free residential facilities, thus ensuring affordability of training among members of poor communities.

Sources: Government of Bhutan, Ministry of Labor and Human Resources. 2012. *Labor Force Survey Report 2012*. Thimphu; Government of Bhutan, Ministry of Labor and Human Resources. 2016. *Labor Force Survey Report 2016*. Thimphu; Government of Bhutan, National Statistics Bureau. 2007. *PAR 2007*. Thimphu; Government of Bhutan, National Statistics Bureau. 2012. *PAR 2012*. Thimphu; Government of Bhutan, National Statistics Bureau. 2017. *PAR 2017*. Thimphu; Government of Bhutan, National Statistics Bureau. 2012. *Bhutan Living Standards Survey Report 2012*. Thimphu; and Government of Bhutan, National Statistics Bureau. 2017. *Bhutan Living Standards Survey Report 2017*. Thimphu.