

**The Department of Employment and Entrepreneurship,
The Ministry of Industry, Commerce and Employment.**



EMPLOYMENT RESPONSIBILITY SYSTEM (ERS)

Royal Government of Bhutan

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Foreword

On behalf of the Department of Employment and Entrepreneurship (DoEE), Ministry of Industry, Commerce and Employment (MoICE), I am pleased to bring to you the revised Employment Responsibility System (ERS) Concept Note for reference, implementation and collaboration.

The ERS has been a cornerstone in engaging individuals within priority sectors throughout the 12th Five Year Plan, aligning seamlessly with the National Employment Policy (NEP) of 2013.

The main objective of the ERS is to bring a coordinated effort among different key agencies in fostering employment in the country, to develop, implement and report the outcomes of the ERS consisting of 3Ps i.e., PREPARE, PROMOTE and PLACE in the Priority Sectors. To do so, the ERS shall function at the ERS Advisory Committee (ERS-AC) level supplemented by the Bhutan Labour Market Information System (BLMIS) as a tool to assist the ERS in terms of data collection and validation of the activities of the Priority Sectors. BLMIS shall be a one-stop-shop of the ERS to retrieve the information of the individuals who have been reported to have engaged through the ERS.

The ERS is established to enhance coordination among Priority Sectors which as per the revised concept paper are the four Economic Cluster Ministries in fostering employment in the country. The Priority Sectors of the ERS currently but not limited to are the Ministry of Energy and Natural Resources (MoENR), the Ministry of Agriculture and Livestock (MoAL), the Ministry of Infrastructure and Transport (MoIT), and the Ministry of Industry, Commerce and Employment (MoICE), it also includes the Bhutan Chamber of Commerce and Industry (BCCI) as a private partner.

In response to the evolving landscape, we have strategically incorporated revisions into the ERS framework. These enhancements are designed to streamline the roles and responsibilities of the Priority Sectors and improve the quality of the data collected, fostering a more effective and integrated approach.

The active engagement and cooperation of all the stakeholders are pivotal as we collectively strive towards the overarching goal of reducing youth unemployment and imbuing responsible actions for impactful outcomes. We anticipate your continued support in materializing positive results in promoting productive and gainful employment in the country.

Tashi Delek!



(Kunzang Lhamu)
Director General

BACKGROUND

Youth unemployment is a significant issue in Bhutan, with the unemployment rate increasing from 4.8 percent in 2021 to 5.9 percent in 2022. Similarly, youth unemployment rate increased from 20.9 percent in 2021 to 28.6 percent in 2022. Despite the relatively small number of unemployed youth, the government is concerned about this trend and is working to address it through various interventions. To tackle the issue, the Ministry of Industry, Commerce and Employment (MoICE) erstwhile the Ministry of Labour and Human Resources (MoLHR) has taken a systematic and integrated multi-sectoral approach. One key step in this approach is the establishment of a multi-sectoral Committee to enhance coordination and collaboration in employment creation and facilitation.

This approach is called the Employment Responsibility System (ERS), which is formed as per the National Employment Policy (NEP) 2013, Clause 3.4, which states that '*an Employment Responsibility System (ERS) shall be developed by the Royal Government to clearly outline the roles and responsibilities for various ministries/departments and other key agencies involved in employment related activities and to facilitate a coordinated and integrated approach towards the employment market*'.

As of date, in the 12th Five Year Plan alone, ERS has recorded to have engaged over 80,000 individuals in the nine priority sectors which includes; cottage and small industries, medium and large industries, hydropower and power system, geology and mining, trade, tourism sector, construction sector, agriculture sector and information and technology sector.

The ERS is an essential component of the government's strategy to address youth unemployment as it brings together various stakeholders from different sectors to work collaboratively and systematically to foster responsible actions leading to remarkable outcomes. The Committee is responsible for cross-sectoral coordination, monitoring and evaluation of the implementation of policies and programs related to employment facilitation.

The ERS was endorsed and approved by the Royal Government of Bhutan vide Executive Order no. C-3/22/150, dated 17th May 2019.

1. INTRODUCTION

The Employment Responsibility System (ERS) is a multi-sectoral institutional mechanism to enhance shared responsibility and coordination in employment creation and facilitation towards achieving gainful employment for all Bhutanese.

1.1 The main objective of the ERS shall be;

1.1.1 To bring a coordinated effort among different key agencies in fostering employment in the country,

1.1.2 Develop, implement and report the outcomes of the ERS consisting of 3Ps i.e., PROMOTE, PREPARE and PLACE in the Priority Sectors.

1.2 To enhance better coordination the ERS shall function at the ERS Advisory Committee (ERS-AC) level.

1.3 According to the National Employment Policy 2013, the ERS is established to enhance coordination among key economic sectors which as per the revised concept paper are Priority Sectors in fostering employment in the country,

1.4 The Priority Sectors of the ERS are the Energy and Natural Resources under the Ministry of Energy and Natural Resources (MoENR), Agriculture and Livestock under the Ministry of Agriculture and Livestock (MoAL), Infrastructure and Transport under Ministry of Infrastructure and Transport (MoIT), and Industry, Commerce and Employment under the Ministry of Industry, Commerce (MoICE).

1.5 The Priority Sectors shall feature the following areas of employment as follows;

1.5.1 **Promotion** of Employment (P): The ERS shall actively promote employment opportunities both domestically and internationally. This P involves advertising job openings, facilitating referrals and job placements, organizing job fairs, post-skilling/re-integration efforts or partnering with other organizations to raise awareness about employment opportunities. By actively promoting employment, the ERS hopes to encourage more Bhutanese workers to enter the job market and contribute to the country's economic growth. Any actions similar to this description may be reported by the identified Priority Sector.

1.5.2 **Placement** of Jobseekers (P): Creation of new job opportunities across the four ministries of the Priority Sectors. This P focuses on supporting entrepreneurship, attracting foreign investment, and creating a favorable business environment to provide jobs to the jobseekers and reduce unemployment. Any actions similar to this description may be reported by the identified Priority Sector agency.

1.5.3 **Prepare** the Jobseekers (P): Improving the skills and qualifications of the Bhutanese workforce to match the needs of the labour market. This P includes school-to-work transition initiatives such as engagement, training, skilling, and

support for industry attachment initiatives in emerging sectors. Any actions similar to this description may be reported by the identified Priority Sector.

1.6 The Bhutan Labour Market Information System (BLMIS) shall be one tool to assist the ERS in terms of data collection and validation of the activities of the Priority Sectors,

1.7 It will be a one-stop-shop of the ERS to retrieve the information of the individuals who have been reported to have engaged through the ERS,

1.8 For the purpose of implementation and coordination of the ERS, the Department of Employment and Entrepreneurship (DoEE), MoICE, shall function as;

1.8.1 The ERS Nodal Agency (ERS-NA): To coordinate among the Priority Sectors in terms of planning, implementation and reporting of the ERS, and

1.8.2 The Secretariat of ERS: To arrange meetings of the ERS-AC as and when required.

2. BHUTAN LABOUR MARKET INFORMATION SYSTEM (BLMIS)

The BLMIS is an online platform that provides a range of information and services related to the labour market in Bhutan, including job vacancies, training opportunities, career counseling, and labor market analysis.

2.1 The primary objective of BLMIS is to;

- 2.1.1 Create an efficient and effective labour market information system that can facilitate better matching of job seekers with available job opportunities, and
- 2.1.2 Provide timely and accurate information to policymakers, employers, and other stakeholders to enable evidence-based decision-making.

2.2 In doing so, the ERS shall;

- 2.2.1 Make optimum use of the BLMIS particularly Employee Employer Registration (EER) for planning and reporting of the ERS,
- 2.2.2 Encourage all the employers to post job vacancies, placements, training opportunities etc. in the BLMIS.

2.3 In terms of effectiveness and coordination of the ERS, the BLMIS can play two major roles such as;

- 2.3.1 Collection of Priority Sector data on employment from the EER, and reporting,
- 1.8.3 Present labour market data and information for evidence based-decision making by the Priority Sector.

3. ROLES AND RESPONSIBILITIES OF THE DoEE, MoICE

The DoEE, MoICE, shall function as the ERS-NA and the Secretariat for the Committee Meeting.

3.1 The Roles and Responsibilities of the DoEE, MoICE as the Secretariat to the ERS-AC shall be as follows;

- 3.1.1 Schedule and confirm dates for the meetings as per the availability of the Chairs and the members of the Committees,
- 3.1.2 Share the agenda and reference materials for the Committee meetings five working days before the meeting.
- 3.1.3 Maintain and circulate the minutes within three working days.

3.2 The Roles and Responsibilities of the DoEE, MoICE as the ERS-NA shall be as follows;

- 3.2.1 Closely coordinate and communicate the concept, objectives, mandates, members and the requirements of the ERS with the Priority Sectors,
- 3.2.2 Identify focal officers from each Priority Sector,
- 3.2.3 Spearhead and coordinate the development of employment related policies and programs with the agencies,
- 3.2.4 Compile and document updates of the Priority Sectors,
- 3.2.5 Assess, monitor and evaluate the progress of the ERS from time to time and as required,
- 3.2.6 Compile and document biannual updates of the Priority Sectors as National Employment Report (NER),
- 3.2.7 Report and publish the NER as an output of the ERS to the ERS-AC and public.

4. ROLES AND RESPONSIBILITIES OF THE PRIORITY SECTORS

4.1 The role and responsibilities of the Priority Sectors are as follows;

- 4.1.1 Closely liaise with the ERS-NA and relevant stakeholders to support the implementation of the ERS,
- 4.1.2 Contribute to a coordinated effort among the Priority Sectors and other stakeholders in fostering employment in the country,
- 4.1.3 Foster relationship and better communication towards the achievement of PROMOTION, PREPARATION and PLACEMENT of the unemployed individuals in the Priority Sector,
- 4.1.4 Proactively be the driver of change in terms of employment in the particular Priority Sector.

5. ERS ADVISORY COMMITTEE (ERS-AC)

The ERS-AC serves as a supervisory body that provides guidance, advice, and support to the ERS in situations where the Priority Sectors face difficulties meeting their obligations due to policy, regulatory, or financial issues. The ERS-AC is also responsible for examining the ERS direct its progress and reports.

5.1 ERS-AC shall comprise of the following are the members;

- 5.1.1 Hon'ble Minister, MoICE (Chair),
- 5.1.2 Secretary, MoENR,
- 5.1.3 Secretary, MoAL,
- 5.1.4 Secretary, MoIT,
- 5.1.5 President, Bhutan Chamber of Commerce and Industry (BCCI),
- 5.1.6 Secretary, MoICE (Member Secretary).

5.2 The roles and responsibilities of the ERS-AC shall be as follows;

- 5.2.1 Advise and guide on respective Priority Sector in line with the sector mandates and programs and as per labour market dynamics,
- 5.2.2 Review and monitor respective Priority Sector policies, programs, and achievements from time to time,
- 5.2.3 Render policy support and other support interventions for smooth implementation of ERS.

ANNEXURE 1: THE COVERAGE OF PRIORITY SECTORS

Note: Priority Sector focal to refer to this. Sector and Group description to be referred to the Bhutan Standard Industrial Classification (BSIC) 2020 to avoid duplication of the Class and Subclass under the group, available in the link as follows https://www.nsb.gov.bt/wp-content/uploads/dlm_uploads/2021/06/BSIC-Report-2020.pdf.

SECTOR: ENERGY & NATURAL RESOURCES to be reported by MoENR		
<i>BSIC Sector</i>	<i>BISC Group</i>	<i>Description</i>
1. Mining and Quarrying	051-052; 061-062; 071-072; 081-089; 091-099	<ul style="list-style-type: none"> ▪ Mining of coal and lignite, Extraction of crude petroleum and natural gas, ▪ Mining of metal ores, ▪ Other mining and quarrying, Mining support service activities.
2. Electricity, Gas, Steam and Air-Conditioning Supply	361-353	<ul style="list-style-type: none"> ▪ Electric power generation, transmission and distribution, ▪ Steam and air conditioning supply, ▪ Manufacture of gas; distribution of gaseous fuels through mains.

SECTOR: AGRICULTURE & LIVESTOCK to be reported by MoAL		
<i>BSIC Sector</i>	<i>BISC Group</i>	<i>Description</i>
1. Agriculture, forestry and fishing	011-017; 021-024; 031-032	<ul style="list-style-type: none"> ▪ Crop and animal production, hunting and related service activities, ▪ Forestry and logging, Fishing and aquaculture,

SECTOR: INFRASTRUCTURE & TRANSPORT to be reported by MoIT		
<i>BSIC Sector</i>	<i>BISC Group</i>	<i>Description</i>
2. Water supply; sewerage, waste management and remediation activities;	360-390	<ul style="list-style-type: none"> ▪ Water collection, treatment and supply, ▪ Sewerage, ▪ Waste collection, treatment and disposal activities; materials recovery, ▪ Remediation activities and other waste management services.
3. Construction	410-439	<ul style="list-style-type: none"> ▪ Construction of buildings,

		<ul style="list-style-type: none"> ▪ Civil engineering, ▪ Specialized construction activities.
4. Transportation and storage	491-493; 501-502; 511-512; 521-522; 531-532	<ul style="list-style-type: none"> ▪ Land transport and transport via pipelines, ▪ Water transport, ▪ Air transport, ▪ Warehousing and support activities for transportation, ▪ Postal and courier activities.

SECTOR: INDUSTRY, COMMERCE & EMPLOYMENT to be reported by MoICE		
<i>BSIC Sector</i>	<i>BISC Group</i>	<i>Description</i>
1. Manufacturing	101-108; 110; 131;139; 141-143; 151-152; 161-162; 170; 181-182; 191-192; 222; 231;239; 241-243; 251-252; 259; 261-268; 271-279; 281-282; 291-293; 301-309; 310; 321-329; 331-332	<ul style="list-style-type: none"> ▪ Manufacture of food products, ▪ Manufacture of beverages, ▪ Manufacture of textiles, ▪ Manufacture of wearing apparel, ▪ Manufacture of leather and related products, ▪ Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials, ▪ Manufacture of paper and paper products, ▪ Printing and reproduction of recorded media, ▪ Manufacture of coke and refined petroleum products, ▪ Manufacture of chemicals and chemical products, ▪ Manufacture of pharmaceuticals, medicinal chemical and botanical products, ▪ Manufacture of rubber and plastics products, ▪ Manufacture of other non-metallic mineral products, ▪ Manufacture of basic metals, Manufacture of fabricated metal products, except machinery and equipment, ▪ Manufacture of computer, electronic and optical products,

		<ul style="list-style-type: none"> ▪ Manufacture of electrical equipment, Manufacture of machinery and equipment, ▪ Manufacture of motor vehicles, trailers and semi-trailers, ▪ Manufacture of other transport equipment, ▪ Manufacture of furniture, ▪ Other manufacturing, Repair and installation of machinery and equipment.
2. Wholesale and retail	461-469; 471-479	<ul style="list-style-type: none"> ▪ Wholesale trade, ▪ Retail trade.
3. Accommodation and food service activities	551-559; 561-563	<ul style="list-style-type: none"> ▪ Accommodation, ▪ Food and beverage service activities.
4. Administrative and support service activities	771-774; 781-783; 791; 799; 801; 803; 811-813; 821-829	<ul style="list-style-type: none"> ▪ Rental and leasing activities, ▪ Employment activities, ▪ Travel agency, tour operator and other reservation service activities, ▪ Security and investigation activities, ▪ Services to buildings and landscape activities, ▪ Office administrative, office support and other business support activities.
5. Education	851-855	Education
6. Arts, entertainment and recreation	900; 910; 920; 931; 932	<ul style="list-style-type: none"> ▪ Creative, arts and entertainment activities, ▪ Libraries, archives, museums and other cultural activities, ▪ Gambling and betting activities, Sports activities and amusement and recreation activities.
7. Information and communication	581-582; 591-592; 601-602; 611-619; 620; 631-639	<ul style="list-style-type: none"> ▪ Publishing activities, ▪ Motion picture, video and television programme production, sound recording and music publishing activities, ▪ Broadcasting and programming activities, ▪ Telecommunications,

		<ul style="list-style-type: none">▪ Computer programming, consultancy and related activities, Information service activities.
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