



# Rapid Socioeconomic Impact Assessment of COVID-19 on Tourism and Allied Sectors in Bhutan

National Statistics Bureau  
Bhutan



# Background

- Joint effort of Royal Government of Bhutan (RGoB) and UN agencies (UNDP, NSB, PMO, GNHC, TCB, MoLHR, UNICEF, WFP)
- Tourism an important growth sector for Bhutan
  - ✓ One of the major source of foreign currency earnings
  - ✓ Revenue (FY2018/19): 3.1% of the Total Domestic Revenue
  - ✓ Employment and its potential: 16% of working population
  - ✓ Dependents - Hotels, Handicraft shops, tour operators, airlines, restaurants and cafes, entertainment centers etc.
- First Covid-19 case was confirmed on 06 March 2020
- Ban on all incoming Tourists (likely to continue for extended period)



# Objectives of Assessment

- To gain a quick understanding of the overall nature of impact of the COVID-19 crisis on tourism and affiliated sectors, and the individuals engaged in the sector.
- Find out the social and economic vulnerabilities of the affected individuals, their coping abilities and alternative employment preferences.



# Methodology

- ✓ Joint effort of RGoB and UN agencies
- ✓ Sample Frame:
  - ✓ 9 sub-sectors: hotels, tour operation, restaurant, guiding, river rafting, handicraft, airlines, entertainment centers (karaoke bars), street vendors
  - ✓ 5 districts: Thimphu, Paro, Punakha, Bumthang, Phuntsholing (Chukha)
  - ✓ Most were employees in hotel and tour operation (i.e., hotel staff and guides)
- ✓ Sample size: 1320; response rate – 97.3% (1285)



# Key findings

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- **Key Finding 1:** The impact of COVID-19 is already deep, widespread and cross-cutting.
  - **Finding 1.1: The decline of the tourism sector has a significant impact on the individual-level as well as household-level livelihood.**
    - 32 percent of employees had already lost their job or been sent on leave without pay
    - For a majority of households, income from tourism is their only source of livelihood.
    - 74 percent of affected households reported a significant drop in income
  - **Finding 1.2: Many households lack savings to carry them through the crisis.**
    - 17 % - no savings or other means of subsistence starting immediately
    - 48 % - for up to two months.
    - 79 % - cannot sustain beyond 6 months.



## Key findings

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**Finding 1.3: Many households have a 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.**

- 87 % of business owners have debt and 44 % of them are not in a position to pay EMIs immediately.
- 47 % of employees are indebted and around 36 % are not able to make repayments immediately.



# Key findings

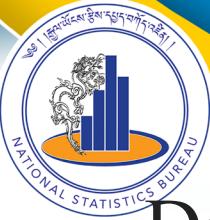
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**Key Finding 2:** There is a strong interest in alternate employment, especially in few (but not all) vocations.

- **Finding 2.1:** Interest in alternate employment is strong, especially in agriculture and few vocations such as electrician, delivery, carpentry and plumbing.
- **Finding 2.2:** Gender played an important role in determining both: i) the interest in alternative employment and ii) the occupation of interest.
- **Finding 2.3: Urban to rural migration may be forthcoming.**
  - Moving back to villages was among the top three choices for coping with crisis reported by employed (including self-employed) individuals.

**Key Finding 3:** While the impact of COVID-19 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.



# Data challenges, Limitation and lessons learned.

- While the survey has revealed useful data and insights into the immediate change in livelihoods for many, it had limitations in terms of fully understanding the extent and nature of vulnerability due to its narrow scope in the sectors and location.
- 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.
  - 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.
- The sampling frame was not very comprehensive
  - 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);
  - Difficult to get contact details of 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)



## Recommendation and conclusion

- The impact due to decline in tourism is significant
- A robust response strategy is required to:
  - ✓ address the needs of those who are most vulnerable
  - ✓ address the immediate, medium and long-term needs of the tourism sector
- The report contains some recommendation to provide immediate policy responses.
- Links to access the full report:
  - ✓ [https://www.bt.undp.org/content/bhutan/en/home/library/environment\\_energy/rapid-socio-economic-impact-assessment-of-covid-19-on-bhutan-s-t.html](https://www.bt.undp.org/content/bhutan/en/home/library/environment_energy/rapid-socio-economic-impact-assessment-of-covid-19-on-bhutan-s-t.html)
  - ✓ <http://www.nsb.gov.bt/publication/files/publip5024jn.pdf>
- Important to involve the NSO/country in any statistical activities



# THANK YOU !!!