

Audit Report: Performance Audit Report on Employment Generation and Promotion Initiatives
Schedule of Audit: June 2016 - November 2016
Date of Issue: 20th February 2017
Period covered by Audit: 2010 to 2016
Name of Agency (s): Ministry of Labour and Human Resources

	Recommendations	Action taken (as per the detailed action plan/report submitted)	Status/progress of corrective actions taken by the auditee agency	Reasons for non-completion of action
4.1	<p>Strategic response to unemployment situation should be developed in collaboration with GNHC and other relevant agencies</p> <p>Employment is one of the 16 identified NKRA to realize the 11th FYP objective of 'Self Reliance and Inclusive Green Socio-Economic Development'. These NKRA are further broken down into SKRA with corresponding Key Performance Indicators (KPIs) to measure their performance. However, unemployment being a cross sectoral issue, the MoLHR alone does not have influence over the employment targets envisaged in the 11th FYP. Various sectors need to be taken on board and their commitments and stakes factored in for formulating a national level strategy for employment generation. The present system provides to show compartmentalized culture of working by different agencies resulting in divergent strategies which may not be complementary. The lead agency may not be able to derive synergy and thus lose convergence of intents.</p> <p>The MoLHR as the lead agency for employment should embrace collaborative approach with all relevant agencies to render fruition of all related initiatives and cost incurred by different agencies in pursuing common goals. With clear delineation of responsibilities to each responsible agency, and monitoring mechanisms in place, the output sought from each agency would positively contribute towards achieving the employment target. Therefore, a clear strategic response to the problem must be developed in order to ensure communion approach, which is sustainable and effective in</p>	<p>The Ministry reported that this will be taken into account in the 12th FYP preparation. As per the draft AKRAs, employment creation target will be set for the economic sectors in consultation with GNHCS and respective sectors like Mining, Hydropower, CSI, Manufacturing, Trading, Construction, IT/ITES, etc.</p>	<p><u>Not Implemented</u></p> <p>The Ministry stated that this shall be taken care in 12th Five year Plan.</p> <p>The recommendation is categorized as not implemented as documentations if any supporting the incorporation of the activities could not be verified. Moreover, the activities are planned for 12th Five year plan.</p>	<p>The Ministry reported that it will implement in the 12th FYP by GNHCS/ MoLHR in collaboration with other agencies.</p>

	attaining desired outcome at the national level.			
4.2	<p>The MoLHR should develop an Employment Responsibility System (ERS)</p> <p>Employment being a cross-cutting issue requires coordination and cooperation amongst multiple agencies. There was, however, lack of effective coordination and cooperation amongst various agencies. The absence of proper coordination and integration amongst various agencies had apparently impeded effectiveness and efficiency in overall employment generation and creation as per the plan target. The underlying reasons for lack of coordination amongst the implementing agencies are absence of clearly defined roles and responsibilities of various agencies in employment related activities and non-existence of institutional set up requiring information sharing and reporting on the status of employment generation on a regular basis. The MoLHR, should develop the Employment Responsibility System (ERS) to outline clear 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. The MoLHR as the lead agency should play a pivotal role in promoting greater coordination and cooperation amongst all relevant agencies for a holistic and coordinated approach to employment management.</p>	<p>The Ministry report that the ERS will be developed in the 12th FYP. The Development of ERS is reflected as one of the KPIs for AKRA" Employment Support coordination with different sector enhanced" under NKRA 11.</p>	<p><u>Not Implemented</u></p> <p>The Ministry stated that this shall be taken care in 12th Five year Plan.</p> <p>The recommendation is categorized as not implemented as documentations if any supporting the incorporation of the activities could not be verified. Moreover, the activities are planned for 12th Five year plan.</p>	<p>The Ministry reported that it will implement 12th FYP by MoLHR in collaboration with economic sector.</p>

<p>4.3</p>	<p>Labour market need assessment should be conducted</p> <p>Many of the inadequacies in the implementation of employment generation and facilitation programmes have emanated from not conducting of labour market need assessment. The MoLHR should conduct a detailed labour market need assessment to find out the gaps between current conditions and desired conditions in the labour market. By conducting the labour market need assessment, the MoLHR would not only be able to devise the right kind of skills development and employment programmes but in the process would also be covering the evaluation of the programmes implemented.</p>	<p>A comprehensive training Need Assessment as part of the development of the 12th FYP HRD Master Plan will be carried out</p>	<p><u>Partially Implemented</u></p> <p>The recommendation is categorized as not implemented the activities are planned for 12th Five year plan.</p> <p>The Ministry reported that the lead agency shall be HRSDD, DoEHR.</p>	<p>The Ministry reported that a comprehensive training need assessment shall be carried out.</p>
<p>4.4</p>	<p>MoLHR should establish a robust system to monitor and supervise the programmes</p> <p>Absence of adequate monitoring and supervision of the employment generation and facilitation programmes initiated by the MoLHR has led to deficiencies in the Implementation of the programmes. To ensure efficacy of the programmes initiated by the Ministries' well as to ensure compliances to the rules and regulations, there should be an adequate monitoring and evaluation system over the implementation of the programmes. While some kind of monitoring and supervision exists, it needs to be beefed up to oversee compliances to regulations, ensure equity to potential job seekers and effectiveness of the trainings. The monitoring and supervision must be extended beyond completion of training to safeguard and ensure that resources spent on facilitation have translated into gainful employment and such employment is sustained.</p>	<p>An M&E Framework will be developed for MoLHR programs.</p>	<p><u>Not Implemented</u></p> <p>The Ministry reported that M&E Framework will be developed.</p> <p>It is categorized as not implemented as the frame work is not developed.</p>	<p>The Ministry reported that M&E Framework will be developed.</p> <p>Scheduled to be implemented in the FY 2018-19.</p>

<p>4.5</p>	<p>MoLHR should conduct a detailed study on unemployed youth and come up with a strategy to provide employment to the chronic jobseekers</p> <p>Review of the information on Job Portal System showed huge existence of chronic jobseekers comprising of more than 58% of the total jobseekers. In addition not being able to provide employment to several participants under different programmes as intended had worsen the issue of youth unemployment. The cases of non-regularization of employment are very high representing a total of 57.6 % for the DES and ESS. Considering these issues, the MoLHR should conduct a detailed study on the labour market and youth unemployment in particular to understand the actual problem and develop a practical strategy improvising on the already implemented programmes and develop new design to provide employment to the chronic jobseekers.</p>	<p>The subsequent LFS shall incorporate Information on chronic unemployment.</p>	<p><u>Partially Implemented</u></p> <p>The Ministry reported that it is scheduled to be implemented in the FY 2017-18.</p> <p>However, detailed information if any was not made available.</p>	<p>To be implemented in FY 2017-18 by DoE&HR & all Divisions.</p>
<p>4.6</p>	<p>Ensure sustainable employment generation and facilitation programmes through proper studies</p> <p>The RGoB provided a huge commitment with allocation of Nu 550 million for Guaranteed Employment Programme as a part of the Economic Stimulus Plan. The government has also allocated huge budget in several other employment generation and facilitation schemes.</p> <p>However, it has been observed that no proper cost estimation has been conducted and as a result the budget had exhausted without achieving the set target. It is seen that the progression of the expenditure were not equally matched by achievement of targets. This gives rise to the sustainability of the resources in achieving the targets envisaged. Therefore, the MoLHR should institute a system of conducting proper studies at the time of Conceptualizing a project. This would ensure more realistic estimation of the budget, meeting of targets and timeframe for achieving results.</p>	<p>Annual HRD Advisory will be developed and 12th FYP HRD Master plan will be developed.</p>	<p><u>Partially Implemented</u></p> <p>This is scheduled to be implemented in the FY 2017-18.</p>	<p>To be implemented in FY 2017-18 by HRSDD</p>

4.7	<p>Strict enforcement of Regulations on Bhutanese Overseas Employment Agent [BOEAs] 2013 should be ensured</p> <p>Review of provisions of the Regulations on Bhutanese Overseas Employment Agent 2013 and its implementation showed that the Regulations had not been enforced in earnest leading to numerous non-compliances which may potentially give rise to undesired Situations for the job seekers. The MoLHR should ensure enforcement and implementation of the provisions of the Regulations by way of strict monitoring and supervision on the operations of the BOEAs to ensure efficient delivery of services in terms of overseas employment.</p>	Overseas employment agent regulation will be reviewed and strengthened.	<p><u>Not Implemented</u></p> <p>This is scheduled to be implemented in the FY 2018-19.</p>	To be implemented in FY 2018-19 by ESD.
4.8	<p>The MoLHR should bring changes in the existing process of conducting labour force survey for improvement</p> <p>The MoLHR should consider the issues on the labour force survey report noted in this audit report regarding the objectivity in conducting labour force survey by MoLHR, frequency of survey, reference period, labour participation rate, etc. The situation in the labour market is completely different during July & August and towards the beginning of the year due to students completing academic session at the end of the year. Further, the MoLHR should consider the option of obtaining actual and accurate data compared to small sample based data on employment scenario on which the current LFSRs are based. Also, lack of independent survey may raise doubts and undermine the credibility of the survey report even if the information provided in the survey report are actual and accurate. Therefore, the MoLHR should consider these issues and make necessary changes in the existing Labour Force Survey conducting and reporting processes.</p>	Improvement in the Labor Force Survey is made on annual basis. New elements are incorporated based on requirements. Requested for TA from world Bank/ILO.	<p><u>Partially Implemented</u></p> <p>This is scheduled to be implemented in the FY 2017-18.</p>	To be implemented in FY 2017-18 by LMIRD.

4.9	<p>The information management system maintained for employment facilitation programmes should be updated</p> <p>Updated and adequate information is critical for effective planning, decision making and allocation of resources. The MoLHR, however, lacked complete and updated information on employment facilitation programmes and also other employment related initiatives of the Ministry thereby leading to one person availing more than one benefits ,differing and inaccurate information maintained, inability to prioritize participants due to lack of employment history of the beneficiaries, etc.. The MoLHR should maintain updated information on all employment generation and facilitation activities in the country.</p>	<p>Job portal system will be strengthened and improved.</p>	<p><u>Not Implemented</u></p> <p>This is scheduled to be implemented in the FY 2018-19.</p>	<p>Will be implemented in FY 2018 & 19 by DoE & HR by all Divisions In collaboration with ICT.</p>
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