RAPID SOCIOECONOMIC IMPACT ASSESSMENT OF COVID-19 ON TOURISM AND ALLIED SECTORS IN BHUTAN

UNDP and National Statistics Bureau (NSB)

Presented by
CHHIME TSHERING
NATIONAL STATISTICS BUREAU, BHUTAN
I. 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 (FY 2018/19): 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)
II. OBJECTIVES OF THE 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.

III. METHODOLOGY

• 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)

• Sample size: 1320; Response rate – 97.3% (1285)
IV. KEY FINDINGS

Key Finding 1: The impact of COVID-19 is already deep, widespread and cross-cutting.

- 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 (63%), income from tourism is their only source of livelihood.
  - 74 percent of affected households reported a significant drop in income (decline by more than 50%).

- Many households lack savings to carry them through the crisis.
  - 17% - no savings or other means of subsistence starting immediately.
  - 31% - can only sustain for up to one month.
  - 22% - have income or savings to sustain beyond 6 months.
IV. KEY FINDINGS

• Many households (one in four households) have one or more vulnerable member(s); and amongst those households, a majority (roughly 70 percent) have reported a significant drop in income.

• 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 (regular and casual) are indebted and around 36% are not able to make repayments immediately.
IV. KEY FINDINGS

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

- Interest in alternate employment is strong, especially in agriculture (20%) and few vocations such as electrician (16%), delivery (17%), carpentry (11%) and plumbing (11%).
- Gender played an important role in determining both: i) the interest in alternative employment and ii) the occupation of interest.

Key Finding 3: While the impact of COVID-19 is hard hitting, coping capacity is limited.

- Seeking government help was among the popular coping strategies; and curbing consumption was among the least popular coping strategies reported.
- 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.
V. RECOMMENDATION & 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:

• Important to involve the NSO/country in any statistical activities