

Bhutan and its “Lost Generation”

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Abstract

The state of youth unemployment in Bhutan stands at a crossroad, with 19 percent of the youth currently out of work but actively seeking work (NSB, 2024). This persistent challenge threatens to give rise to a “lost generation” who are deprived of the opportunity to contribute productively to national development.

This paper intends to analyse the complex structural and behavioural factors that hinder youth employment, drawing from reports from the World Bank, UNDP and national reports. This would be an example of mindful governance adopted by the GMC that is relevant to the GMC’s vision as well as Bhutan’s aspirations.

Against this backdrop, this article argues that the Gelephu Mindfulness City (GMC) project represents a transformative model of mindful governance that creates a platform for Bhutan to re-imagine employment. Under the royal patronage of The King, GMC envisions a new development model rooted in sustainability, cultural preservation and global connectivity.

This paper argues that GMC has the potential to catalyse job creation, redefine success for Bhutanese youth, and help avert the danger of a lost generation.

Introduction

Youth unemployment has been a “ticking time bomb” in Bhutan since 2005, and was formally identified as a national concern in the UNDP’s National Human Development Report 2005, signalling a long-standing and unresolved threat to the country’s future.

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The Annual Labour Force Survey (2024) indicates youth unemployment is at a staggering rate of 19 percent, four times the national unemployment average. This is extremely worrying, especially for a country with almost 50% of its population under 25 (UNFPA, 2022), when one considers the risk of a “lost generation” that is being denied opportunities for gainful employment, financial independence and nation-building.

As with any social problem, there may be several inter-related causes of youth unemployment. This can include skills mismatch, overseas employment, rapidly evolving labour market demands, technological disruptions, lingering impacts of COVID-19 pandemic, and more. These dynamics create a negative impact on youth’s aspirations and also exerts pressure on Bhutan’s long-term economic development.

In this context, the GMC project might offer a revolutionary platform to re-imagine employment in Bhutan. Under the guidance of The King, GMC aims to establish an autonomous and mindful government system that spurs entrepreneurship, innovation and job creation.

By orienting Bhutan towards the \$349 billion South Asian economy, the city aims to provide a launch pad for youth to think beyond traditional civil service careers and aspirations to migrate abroad, particularly to Australia. Perhaps, GMC could present an avenue to develop a catalytic model that could address persistent youth unemployment.

Understanding the Youth Unemployment Crisis

National Statistics Bureau (NSB) defines youth unemployment as the proportion of the population aged 15 to 24 who are actively seeking and available for work, but not currently employed.

The unemployment rate among Bhutanese youth grew by 3.1 percent, from 15.9% in 2023 to 19% in 2024, equating to an estimated 7500 jobless youths (NSB, 2024). The prevalence is still quite high, particularly in urban areas (21.7%) and among young women (20.6%) as opposed to young males (17.7%), albeit having decreased from the pandemic peak of 28.6% in 2022.

The NSB report (2024) underscores various reasons, such as skills mismatch, limited private sector growth, occupational preferences, and an increasing trend of outmigration, leading to voluntary unemployment.

Despite government efforts to upskill the youth through initiatives such as Technical and Vocational Education and Training (TVET) programmes, nearly two-thirds of the youth skilling programmes have failed to lower unemployment. This might be due to the weak alignment with market needs.

The report also emphasises the mismatch between the skills of graduates and the labour market demand, depicting the flaws in the education sector.

Nowadays, many young people search overseas for better opportunities. Due to greater wages — typically over Nu. 60,000 to 100,000 per month, as opposed to less than Nu. 40,000 at home — the number of Bhutanese migrants in Australia more than doubled from 12,424 in 2020 to 25,363 in 2024.

Attrition in the Civil Service, formerly the most sought-after career route, is increasing. In 2024, 49% of Bhutanese migrants were former civil servants, while the health and education sectors accounted for 70% of voluntary resignations in the public sector (World Bank, 2025).

This points to a rising brain drain, weakening critical sectors and widening the employment gap. Cecile Fruman (2025) of the World Bank pointed out that “the most skilled and future-ready individuals are leaving”, which means that Bhutan needs to provide not just jobs but fulfilling career opportunities that are also well compensated, particularly in the private sector.

The consequence of youth unemployment extends beyond economic progress. Prolonged unemployment is associated with rising mental health issues, gender inequality, and social crimes, posing the risk of a “lost generation”.

The Fourth Industrial Revolution and Aspirational Transitions

We are currently living in the Fourth Industrial Revolution, a digital era marked by disruptive advances in artificial intelligence, robotics, quantum computing and more. These rapidly evolving technologies are changing the nature of work every day, spurring demand for new industries while rendering some obsolete.

Born into this digital era, Bhutanese youth are raised to live and work in an increasingly complex labour market that offers both opportunities and uncertainties.

A study by digital advisory firm Kepois shows that almost 60 percent of the world's population uses social media. Platforms such as Instagram, Facebook and Tiktok, perpetuate a curated, romanticised version of life abroad, which shapes how young people define and see success. For many Bhutanese youth, comparisons to peers living overseas — especially in countries like Australia — can lead to what behavioural economists call aspirational anxiety.

A constant comparison to others feeds into the belief that true success must be found outside Bhutan. For instance, Sonam, a recent graduate who cleared the Bhutan Civil Service Examination (BCSE) in 2024, had secured what many would consider a prestigious and stable career path, but she declined the opportunity, opting instead to pursue prospects in Australia. She convinced her parents that working part-time in a retail outlet in Australia for less than a year could earn her the equivalent of five years' salary in Bhutan, while continuing her education.

Her choice is a reflection of the growing tendency among Bhutanese youth who are influenced by the allure of the lifestyle overseas that may have been portrayed as more rewarding and fulfilling on social media.

This behavioural shift increases the risk of perpetuating the brain drain cycle in Bhutan. The impact is skewed more towards the most valuable population — the highly educated and productive working age group — not necessarily because of lack of opportunities but due to growing misalignment between their personal goals and the national objectives.

Bhutan must rethink how success is defined, celebrated and supported within its borders to mitigate this risk.

Through the Lens of Behavioural Economics

Bhutan's youth unemployment might not simply be a structural issue. It may also capture the situational behavioural pressures that shape how youth make career decisions. Beyond the labour market realities, cognitive biases, emotional reasoning and social norms might also shape outcomes in youth employment.

Behavioural economics combines economics with psychological insights to understand how and why people behave the way they do. It deviates from the traditional neoclassical economics that assumes that people's preferences are well defined and that they make fully informed, self-interested decisions according to those preferences.

Drawing from the principles of behavioural economics, confirmation bias — the human tendency to seek, interpret and remember information that confirms our pre-existing beliefs — might be a contributing factor to youth unemployment.

Many young people in Bhutan have long held the view that careers in the Civil Service are most secure, prestigious and appealing. Stories perpetuated since childhood by families, schools and the community on the appeal of the Civil Service may encourage many people to ignore or undervalue opportunities in the private sector, vocational trades or entrepreneurial endeavours.

Likewise, stories about migration, particularly to places like Australia, are rarely spoken about in terms of struggle or failure, but rather emphasise success and wealth. As a result, even though the reality may be more nuanced, migration is perceived as a recipe for success.

In rural areas, acceptance of the status quo can also contribute to unemployment. Many rural young people are hesitant to take risks, such as moving to an urban area, enrolling in an agricultural skills-building course or working in fields perceived as unstable or of low status.

The psychological security of sticking to tried-and-true routines, however limiting, prevents individuals from considering feasible options that might result in employment.

Another cognitive trap is anchoring bias, where individuals get fixated on certain reference points, for instance, job security in the Civil Service or income earned by friends abroad, to evaluate all other opportunities. This results in the pre-loaded and prejudiced tunnel vision that makes it difficult to assess private sector roles or self-employment options fairly, as it may fail to meet the arbitrarily set benchmark.

Local prospects, even the ones with long-term upside or growing room, might feel meagre when the bar is set too high. In a close-knit society like Bhutan, where peer behaviour and communal patterns greatly impact individual choices, the bandwagon effect is particularly potent. Migration to Australia often becomes a socially reinforced norm rather than an individual decision based on careful consideration.

This whiff of urgency and legitimacy that accompanies a friend, cousin or neighbour who goes abroad and comes back with signs of financial progress (nice clothes and brand new phone) often is enough to push someone lukewarm on the idea over the threshold and into a follow-the-leader mode.

These variables are just a few indicators of just how inextricably linked the psychology of career decision making is to expectations based on identity, family and cultural norms. Many young people in Bhutan do not choose their careers on their own; instead, their options are influenced by what their parents and society consider to be respectable or socially acceptable.

Professions such as teaching, medicine, or the Civil Service, are still seen as markers of success and stability, while newer or less conventional fields — creative industries, start-ups, or vocational trades — struggle to be taken seriously. These unconscious biases narrow one's options for career exploration, and stifle the labour market.

While the structural side will have to be addressed, structural answers on their own will not be nearly enough, and the danger of a “lost generation” remains.

Re-imagining Career Pathways: The GMC Vision

Faced with mounting global and domestic pressures, from escalating youth unemployment to brain drain, Bhutan is not standing still. A bold mega project is underway to transform these challenges into opportunities – the Gelephu Mindfulness City (GMC).

His Majesty King Jigme Khesar Namgyel Wangchuck declared in the 113th National Day Address (2020): “Gelephu will become a gateway connecting Bhutan to the world and the future... to markets, capital, new ideas, knowledge, and technology towards our future, and to chart our destiny.”

The GMC will be that gateway — a transformative development model initiative conceptualised by the King as a Special Administrative Region (SAR) that integrates sustainable growth, cultural preservation and holistic well-being.

GMC covers an area of approximately 2,500 square kilometres and is strategically located for linking Bhutan with over two billion people in South and South-east Asia. Beyond its splendid infrastructure, GMC might be Bhutan’s boldest attempt yet to re-imagine what a meaningful, gainful and dignified career looks like for its youth.

The Civil Service has been viewed as the default route for far too long; it is safe and socially acceptable, but it is becoming more and more out of step with the expectations of young people and the reality of the market. Meanwhile, the allure of Australia as the “dream destination” has fuelled a brain drain.

GMC might potentially reverse this trend by offering tangible and attractive alternative careers that resonate with global trends while still preserving Bhutanese values. By partnering with big international firms like Bjarke Ingels Group (BIG), Changi Airport, Magnolia Quality Development Corporation (MQDC) and more, Bhutanese youths can now aspire to work for international companies within the geographical boundary of Bhutan.

This might also motivate and inspire the youths to upskill to meet the competitive requirements of such firms.

According to Dasho Lotay Tshering, Governor of GMC, the city provides a platform for Bhutanese youth to work alongside global experts, enabling them to gain international skills, insights, and experience. Through its seven core economic clusters — education, finance, green energy and tech, health and wellness, spirituality, agri-tech and forestry and airport economy — GMC aims to offer a fertile ground for innovation, trade and employment opportunities.

Long-term employment opportunities for Bhutanese talent will be available in these clusters, and Bhutanese youth will need to upskill, re-skill, and train to meet the needs of the city. In the short term, the GMC project has already begun providing employment opportunities this year through a national recruitment drive.

Employment opportunities in the foundational phase of the project are available in sectors such as business and construction, business development, communication and media, finance and human resources, hospitality and tourism, international affairs and project management.

Carissa Nimah, the managing director of tourism for GMC, expects hundreds and thousands of job opportunities in the next 10 to 15 years for the Bhutanese.

This experimental intervention might also accelerate the National Re-integration Programme (NRP) by offering returning Bhutanese a dignified job alternative. Through creation of meaningful, future-ready career opportunities, Bhutan can retain its talented workforce, especially in emerging sectors such as green energy, digital assets, wellness and education.

The city might encourage Bhutanese to reframe success and prestige beyond conventional civil service roles or pursuing overseas employment. GMC's emphasis on purpose-driven career, entrepreneurial spirit, and global connectivity, may encourage skilled and educated migrants to re-invest their skills, capital and experience back into the country.

Additionally, the city's foundation under the royal patronage of His Majesty The King taps into a deep sense of legitimacy, trust and moral guidance among the Bhutanese. GMC can become a national platform for

the Bhutanese to serve the *Tsa-wa-sum*: The King, the Country and the People.

As behavioural economists have shown, individuals are often motivated by a sense of altruism and civic purpose, not merely self-interest. In this light, GMC may inspire Bhutanese — especially the youth — to contribute meaningfully to a shared national vision, ultimately fostering employment growth and a deeper sense of belonging within the country.

By integrating purpose, policy, and people, the GMC initiative stands as a powerful embodiment of mindful governance that emerges not only as a principle but as a practical tool to shape inclusive, future-ready societies. In this way, GMC becomes a blueprint — not just for job creation, but for cultivating a generation of leaders, innovators and changemakers who choose to stay, grow and thrive in Bhutan.

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