



Loden Entrepreneurship Programme

- a business education project of the Loden Foundation.

Need

Why LEP? The Kingdom of Bhutan, nestled in the eastern Himalayas, has often been portrayed as a land of happy people living in a pristine environment. Roughly the size of Switzerland, Bhutan has a population of barely 600000 people of which over 80% are farmers. 60% of the country is said to be under forest cover and much of it is protected as natural reserves. TV and Internet were introduced only in 1999 and the century old monarchy has given away to democracy in 2008. However, far from the image of idyllic Shangrila, Bhutan is grappling with serious problems as its traditional subsistence economy and Buddhist piety encounter the global culture of mass secular education and consumerist lifestyle. As thousands of educated youth are churned out of schools and colleges each year, Bhutan is facing an unprecedented problem of unemployment. This problem is further exacerbated by the high tide of rural to urban migration. Private sector is still a fledgling and civil service, the main employer so far, is saturated. With money-oriented economy sweeping across the country, there is also need for a socially responsible and ethical entrepreneurial culture. LEP was launched in order to give a helping hand to hundreds of young people who are searching for guidance and support to be entrepreneurs, and to help curb rising unemployment in Bhutan.

Objective

The aim of LEP is to train and support young Bhutanese in entrepreneurial ventures. The programme aspires to help them realize their dreams by providing them vocational training, moral and technical support, and initial funds to start new entrepreneurial ventures such as cottage industries, transformation of local products, restaurants and guest houses, educational and environmental activities and cultural and artistic productions. By helping young people to be self-starters in business enterprises, LEP hopes to cultivate entrepreneurial skills, create employment, and promote a self-sufficient economy, while also promoting social volunteerism by involving successful entrepreneurs and business experts as volunteers. We also aim to build an entrepreneurial knowledge and resource base and a pool of Bhutanese and international experts, who will give voluntary support and guidance to the young entrepreneurs.

The Loden Foundation

P.O. Box No. 131, Thimphu, Bhutan

Flat No. 9, Pied Bull Court, Galen Place, London WC1A 2JR (Registered Charity No. 1114763)

Loden Entrepreneurship Training Programme

Entrepreneurial education is at the heart of the programme. It is our plan to give at least one intensive entrepreneurial training a year. Loden has successfully conducted its first training programme for 45 young participants in Thimphu (12-13 April, 2008). Coming from a wide range of background, all of the participants expressed keen interest to learn more about entrepreneurship and plan to set up their businesses. A group of four business lecturers, a local entrepreneur and one international expert instructed the participants on entrepreneurial thinking, cultivation of entrepreneurial ethics and skills, conception of business ideas and structures, financial analysis, operations and management, marketing techniques, drafting of business plans, importance of customer relations and other entrepreneurial issues.



While some gave a more academic presentation of theories, applying them to familiar Bhutanese examples, others told a personal story of their background, education and business experience to inspire and encourage the participants. Besides giving their time and knowledge for free, the instructors conducted the training with much enthusiasm and humour sharing their knowledge and experience selflessly.

"The Loden Entrepreneurship Training Programme was very helpful. I hope Loden will conduct more such courses in the future."

Sonam



The training was a great success with 60% of the participants rating course content as excellent, 75% the quality of instruction as very good and 70% organization by Loden as excellent (on the scale of poor, fair, good, very good and excellent). All candidates claim their time at the course was highly productive. There was no negative

comment although there were a few suggestions for improvement. We feel the training succeeded in arousing a fervent spirit of social entrepreneurship among the participants, instilling a sense of leadership, informing them about the business world and its complexities, and about the various challenges and prospects they face as prospective entrepreneurs. **The second training programme will take place on 25-26 April, 2009.**

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Loden Entrepreneurship Loans

After the successful training programme, Loden announced the competition for capital funds which were made available as soft loans. Young people in the age range of 20-40 years old were invited to submit a detailed business proposal, an executive summary thereof, a statement of interest, one reference and CV. Projects which can create employment opportunities and are financially viable while also conforming to Bhutan's cultural sensitivities, concern for the environment and respect for life were particularly encouraged. Loden planned to start modestly by offering between 5-10 awards in the first year and increase the number in the following years after a proper system is put in place. The size of each loan was estimated between Nu.100000 and Nu.1million (approx. US\$2200 to US\$22000). The LEP board is to decide after studying each proposal of disbursement, reimbursement and the length of grace period. No collateral was sought although the candidates are asked to sign a short contract ensuring that the loan is used for its stated purpose.

By 30 August 2008, Loden received 59 proposals for a very wide range of business projects. The proposals were then thoroughly assessed by an independent LEP jury. To ensure fair assessment, the individual members of the jury first assessed the business plans and gave scores separately. The scores were further discussed and consolidated through a joint assessment and the top 19 candidates shortlisted for interview. The interview was held on 3-5 November in Thimphu by a panel of six people including two international entrepreneurs, two local business experts and two of Loden trustees. After a rigorous interview for three days, seven successful candidates were awarded capital funds to start their businesses.

Although LEP initiative was fairly modest in the first year, it duly revealed the underlying thirst for such a scheme among Bhutanese youth. It stimulated the young people to take bold and risky steps on a business venture, exposed them to local and international expertise and above all gave them hope. Throughout the process, Loden stressed that LEP is primarily an educational programme in which the capital funds are offered merely as a subsidiary incentive to promote entrepreneurial spirit and skills. The real success of LEP lay in educating young people in entrepreneurship, and facilitating the exchange of knowledge, skills, resources and opportunities in order to do so.

Mentoring and Support

What distinguishes LEP from a micro-credit or other entrepreneurship scheme is our emphasis on providing technical and moral support. In addition to the supervision and support from the LEP board and the Jury through the Loden administrator, at least two mentors, one international and one local, are appointed for each entrepreneur. These mentors advise and guide the entrepreneur through the process of setting up the business and give professional and emotional support. The local mentor meets the entrepreneur and visits the business site on a monthly basis and the international mentor, either in person or through other means such as telephones and emails, discusses the business with the candidate periodically. The two mentors shall also from time to time discuss the problems and prospects of the entrepreneur's business. Loden has already built a rich pool of local and international mentors, who give their time and knowledge for free. This has in turn helped us to achieve our other objective of promoting social volunteerism in Bhutan.

Loden also monitors the entrepreneurs by asking them to submit brief monthly reports and by undertaking a proper evaluation of the businesses every six months. It is our plan also to conduct meetings and workshops in order to help the entrepreneurs share experiences, to reinforce business spirit and promote solidarity among the LEP community.

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Loden's first Entrepreneurs

Following the selection process, Loden offered funds for seven entrepreneurial ventures including six soft loans and one grant. Bimla Rai, a southern Bhutanese girl received Nu.300,000 to start her financial services and Deki Wangmo received Nu.700,000 to buy machines for tyre resoling. Namgay was awarded Nu.300,000 to obtain a sub-dealership for vehicle paints from an Indian paint factory. Ms Pem was given Nu.250,000 to start an agricultural centre in a remote village in

Paro while Tandin Dorji, Bhutan's foremost producer of contemporary music, was awarded Nu.800,000 to buy equipment for music production. Yenten Jamtsho and his team received a loan of Nu.150,000 to start an online e-tendering and classifieds business. Lam Sonam Jamsho, who works for the upkeep of his temple in Beyul Langdrak was given a grant of Nu.500,000 to buy machines for an incense factory. Proceeds from this project will go toward the maintenance of the temple and its members.



Deki poses before one of the machines during the opening of her tyre resoling centre. The machines were partially funded by Loden and she is very proud to be the owner of the resoling machine in the heart of Thimphu. Her inauguration was barely over when her first customer, a chubby monk, came to resole the tyres of his Toyota landcruiser.



What next?

Loden aims to see an incremental growth to the entrepreneurship programme year by year. The next Loden Entrepreneurship Training Programme will take place in April 2009 and the 2009 competition for capital funds will be announced soon after that. By November, 2009, we plan to make 10 more awards, increasing the total costs from Nu. 3.5million (approx. US\$65000) to Nu.6million (approx. US\$127,000). We are expecting some of the current projects are to start reimbursing the funds by the end of 2009. Thus, in the third year, we hope to make some 15 awards and have around 30 Loden entrepreneurs in business at any given time. This and the overall success and impact of LEP, however, is dependent on the availability, especially in initial years.



Yenten Jamtsho displaying his classifieds page. He and his team are engaged in a wide range of IT services including classifieds and tendering.

We welcome any contribution in funds, books, CDs or your expertise toward developing our Entrepreneurship Programme. Loden also has other educational projects, which you make like to support. For further information, please visit www.loden.org

or email to info@loden.org

Your donation can be sent to the following addresses or made through www.justgiving.com/loden. Donations from the US can be routed through Bhutan Foundation for tax benefits

(www.bhutanfound.org)

*The gift of knowledge
is the best gift.
- The Buddha*

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