PROJECT

Support to Loden Foundation

Supported by Society Switzerland- Bhutan (SSB)

Implemented by Loden Foundation

Project duration: December 2022

@lodenfoundation

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www.loden.org
A brief background

Loden Foundation:

Loden Foundation is one of the first registered Civil Society Organization (CSO) in Bhutan. The vision of the organization is to foster a happy and enlightened society through promotion of education, social entrepreneurship and Bhutan's tradition and culture. Loden runs pre-school, school and post school educational programmes, aims to preserve, reappropriate and reformulate Bhutanese cultural heritage in order to leverage cultural for uplifting the lives of the Bhutanese people and leads entrepreneurship development in Bhutan through Loden Entrepreneurship Programme (LEP) that provide interest-free and collateral-free loan in addition to other schemes.

Society Switzerland - Bhutan (SSB):

Building on the deep friendship and enduring partnership between Switzerland and Bhutan, the Society Switzerland-Bhutan (SSB) was founded in 2000 as a Swiss association with a mission to encourage social, charitable, ecological, cultural and other philanthropic projects.

Among other initiatives in Bhutan, the SSB has made the strengthening of the CSOs and especially entrepreneurship development a strategic goal of its programmes in Bhutan for the period 2018-2022.

In August 2018, Marianne Frei, the President of SSB and Professor Claudio Zingg met with Mr. Phuntsho Namgay, the Officiating Executive Director of Loden Foundation, and discussed range of project ideas that could be jointly led by the Loden Foundation in partnership and with support from the SSB. In November, a final round of discussion took place between Marianne Frei, Claudio Zingg, Dr Karma Phuntsho - the President and Founder of Loden Foundation and Phuntsho Namgay.

Through this discussion, the possible collaboration was initiated between SSB and Loden Foundation.
A New Partnership

On 29 March, Honorable Lyonpo Kinzang Dorji represented the SSB to officially launch the partnership between SSB and Loden Foundation commencing from the date of the signing of agreement till December 2022.

In a simple yet traditional ceremony, the Loden team led by Phuntsho Namgay signed the contract with Lyonpo Kinzang Dorji.

The four-year project will support the following activities:

Core activities:

- Support at least 1-2 startup social enterprise each year during the project phase
- Sponsor the Best Loden Entrepreneurship Award every year for four years
- Support Loden SEED (Student Empowerment through Entrepreneurship Development) activities
Supporting of 1-2 Entrepreneurships per year (up to)

He says that he was very reluctant to work in the farm with his father when he saw most of his friends go to college.

“After much encouragement from my father, I started to work at his asparagus production farm. We worked very hard and at the end of the day or at the time of the harvest we were rewarded for our hard work. Working with him allowed me to understand that it is better to stay in the village and work the field rather than going to urban areas looking for a job that can barely sustain your day to day life. As he shared his knowledge of Loden, I was also introduced to the term ‘entrepreneurship,’ which I never heard before. I then read more about Loden on Facebook and saw many inspirational stories as a result of Loden’s work. The stories kept motivating me to continue working for my father but also it made me to start thinking of what I can do as an individual or what kind of business opportunity I can explore. I always kept exploring for business ideas but growing up in a farm I can only think of business ideas around agriculture and dairy farming”

Sangay manufactures traditional Bhutanese dry cheese (Cho-go) but remains very entrepreneurial and is trying to grow ground apple in his farm. Sangay was sanctioned a sum of Nu. 500,000 in May 2019 to kickstart his business and as of now 50 % of the
PROJECT DELIVERABLES

1. Supporting of 1-2 Entrepreneurships per year (up to)

Interest-free and collateral-free loan has already been disbursed. With the 50% loan amount disbursed, Sangay has now purchased pressing machine that has drastically reduced the time and effort required to drain any liquid from the dry cheese and prepare it for drying and supplying in the market.

We are happy with the progress Sangay is making because with the loan we have provided his production cost has reduced and he has been able to scale up his production.

Sangay has also been very consistent with his monthly repayment. His repayment started from August 2019 and as of today his repayment is regular.

We will continue to guide Sangay and ensure that he does well in his business.

Loden Entrepreneurship Programme (LEP):

LEP is the first-ever project in Bhutan to provide interest-free and collateral-free loan up to Nu. 1.5 million to young Bhutanese with great startup ideas. In addition to providing this scheme, Loden also provides other critical components for entrepreneurship support such as mentorship through local and international mentors, networking opportunities, capacity strengthening and regular evaluation of the businesses.

- **175** business have been supported since 2008 and about **60** businesses are led by women entrepreneurs
- **4,500+** aspiring entrepreneurs have been trained through various capacity building workshops
- **The 175** business supported are based in all 18 Dzongkhags in Bhutan except in Gasa and in Pema Gatshel.
- From the total **175** businesses supported, **72** business are based outside Thimphu.
2 Sponsoring of Loden Entrepreneurship Award

The objective of this award is to acknowledge outstanding Bhutanese entrepreneurs through Best Loden Entrepreneur Award and through such recognition encourage the aspiring and existing entrepreneurs to inculcate the spirit of a vibrant entrepreneurship culture in the country. The award recognition began in 2012 and it is the 8th Edition this year.

Unlike in the past, this year's Best Loden Entrepreneur Award attracted a lot of interest and excitement among the entrepreneurs community in Bhutan as the final presentation to compete for the award was done publicly at the Thimphu Clock Tower during Druk Tshongrig Gatoen (Bhutan Entrepreneurship Festival) on 19 October 2019 and also because the cash prize money was increased to Nu. 200,000 from Nu. 108,000 in the previous years.

Mr. Leki Dawa of Bhutan Alternatives - a firm that recycles and refurbishes printer toner cartridges won the award. The award was handed over on the last day of the festival by Honorable Lyonpo Ugyen Dorji, the Minister for the Ministry of Labour and Human Resources (MoLHR).

Bhutan Alternatives was established in Thimphu in 2016 with support from MoLHR and the Loden Foundation provided interest-free and collateral-free loan of Nu.1,000,000 through Loden-DHI Fund. Today, Bhutan Alternatives is one-stop firm where people can purchase eco-friendly, high quality and affordable printer toner cartridges. The business also refurbishes computers, printers and several other electronics gadgets but their main focus is on printer cartridges.
Sponsoring of Loden Entrepreneurship Award

Bhutan Alternatives collected an average of 5,000 printer toner cartridge this year, recycling and distributing it thereby avoiding the items to be dumped in the landfill and adding to the increasing e-waste in the country. Besides environmental impact, Leki Dawa has generated employment for 17 youth who are from low-income families and unemployed. Since 2018 and for a period of three years, Bhutan Alternatives has committed to supply printer toner cartridge to 23 CSOs at free of cost.

Recently, Bhutan Alternative was the first company to raise Nu. 22 million from in-country crowdfunding platform initiated by the Royal Securities Exchange of Bhutan Limited (RSEB) and supported by Royal Monetary Authority. This outcome indicates that his business is entrusted by the public and has huge impact to the society.

Leki Dawa received a token of appreciation along with certificate and cash price of Nu.200,000. The two runners are also awarded with cash prizes of Nu. 20,000 each.

Selection process:

The selection was done in two rounds - one by Loden Entrepreneurship Committee and other based on score given by the panel of judges during the live pitching.
Support for Loden SEED activities

In an effort to promote entrepreneurship among the youth of Bhutan, Loden started the Loden SEED (Student Empowerment through Entrepreneurship Program) program in 2014. We provided training and idea competitions among the students and also soft loans without interest and collaterals for student-led on-campus business.

As a part of Loden SEED project and coinciding with the Druk Tshongrig Gatoen 2019, the Bhutan Student Entrepreneur Award (BSEA), which was started in the year 2015, took place alongside Best Loden Entrepreneur Award at the Thimphu Clock Tower on 19 October 2019.

Ms Phuntshok Dechen Yangchen, who is currently pursuing a Bachelors in Commerce at the Royal Thimphu College and the founder of Guram won the Bhutan Student Entrepreneur Award 2019.

This year a total of 8 applicants comprising of students entrepreneurs supported through Loden SEED project as well as others who started their business on their own applied for the award. The objective of the competition is to encourage students to come up with innovative business ideas and operate a profitable business on campus while attending a full-time programme in the colleges or university.

Phuntshok Dechen Yangchen is the first female student entrepreneur who won the award. She started the business along with two of her business partners in 2019.
Support for Loden SEED activities

They manufacture candies using spices and herbs, which are found in Bhutan for flavouring and honey for sweetening. Until now they have been catering for foreigners and have been making the candies at their homes and in college. They have developed three different flavours of caramels, cinnamon flavoured chocolates and seabuckthorn flavoured lollipops. They have now five temporary people working for them who help in ordering their items.

With the Award of Nu. 50,000 they will use the money for manufacturing of new innovative candies. Currently they are working on merging their current candies to make a better product and on developing an energy bar.

Additional, an amount of Nu.2,660 was used for the travel expenses for the student entrepreneurs to come to Thimphu to pitch their business and a remaining fund of Nu. 94,000 was used for communications and advocacy for the Loden SEED project for 2019.

Selection process:

Loden Foundation is the country partner for Entrepreneur Organization’s Global Student Entrepreneurship Association (GSEA). As a part of this global movement, Loden conducts Bhutan Student Entrepreneurship Award each year and the winner of the student gets a fully-funded trip to represent Bhutan at the global level. The GSEA has standard selection process that all country partners follow with 70 marks allocated for the drive and motivation of the student entrepreneur and 30 allocated for the business idea, its growth and impact.

Phuntshok Dechen Yangzom will now represent Bhutan at GSEA 2020 at Cape Town in South Africa early in 2020.

A brief impact of Loden SEED in 2019:

- 21 two-day entrepreneurship training conducted in 17 colleges and technical training institutes and 4 Integrated youth centre
- 1,665 young people attended the training out of which 1,027 were male participants and 638 were female participants
- 258 interesting and practical on campus business ideas were pitched from the 17 institutions and 4 Integrated Youth Centres.
- 16 student-led on campus businesses were approved for seed funding to kickstart their projects

The first-ever female student entrepreneur wins the Bhutan Student Entrepreneur Award through support from SSB
PROJECT FINANCIALS

1. Overall budget allocation and expenditure

![Bar chart showing budget allocation]

NOTE: 50% of the funds for business support is sanctioned but not disbursed. This is a usual disbursement process where second tranche is released after fully utilisation of the first tranche of funds.

2. Loden SEED expenditure breakdown

![Bar chart showing expenditure breakdown]

NOTE: The cash prize for the winner of Bhutan Student Entrepreneur Award goes towards re-investing in the business.
## Income Statement for Society Switzerland - Bhutan (SSB)

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<tr>
<th>Sl.no</th>
<th>Particulars</th>
<th>Amount in USD</th>
<th>Amount in Ngultrum</th>
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<tbody>
<tr>
<td></td>
<td><strong>Fund received</strong></td>
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<td></td>
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<tr>
<td>1</td>
<td>Sponsoring of 1-2 entrepreneurshipships per year (up to)</td>
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<td>Sponsoring of Best Loden Entrepreneurship Award</td>
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<td>Sponsoring of the Loden SEED activities</td>
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<td>Additional amount received for Sponsoring Entrepreneurship</td>
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<td></td>
<td><strong>Expenditure</strong></td>
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<td>Sponsoring of 1 entrepreneurshipships per year</td>
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<td>500,000</td>
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<td>Best Loden Entrepreneurship Award</td>
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<td>3</td>
<td>Sponsoring of the Loden SEED activities</td>
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<td></td>
<td>a) First prize Bhutan Student Entrepreneur Award 2019- cash to be re-invested in the business</td>
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<td>50,000</td>
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<td>b) Travel Expenses for Best Student Entrepreneur</td>
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<td></td>
<td>c) Communications &amp; Advocacy - Printing, designing of banner &amp; brochures</td>
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<td><strong>846,660</strong></td>
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<td><strong>Total Expenditure</strong></td>
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<td><strong>Balance</strong></td>
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</table>

(Tshering Edey)
Finance Manager

Loden Foundation is a civil society organization dedicated to fostering an enlightened and happy society through promotion of education, social entrepreneurship and Bhutan’s culture and tradition.

**NOTE:** All activities and programmes for 2019 will be audited in 2020. Therefore, we are unable to submit the audited report with this report but we will attach the audit report in the 2020 report. All original bills from the activities are maintained at Loden office and will be produced at any time upon request from SSB.