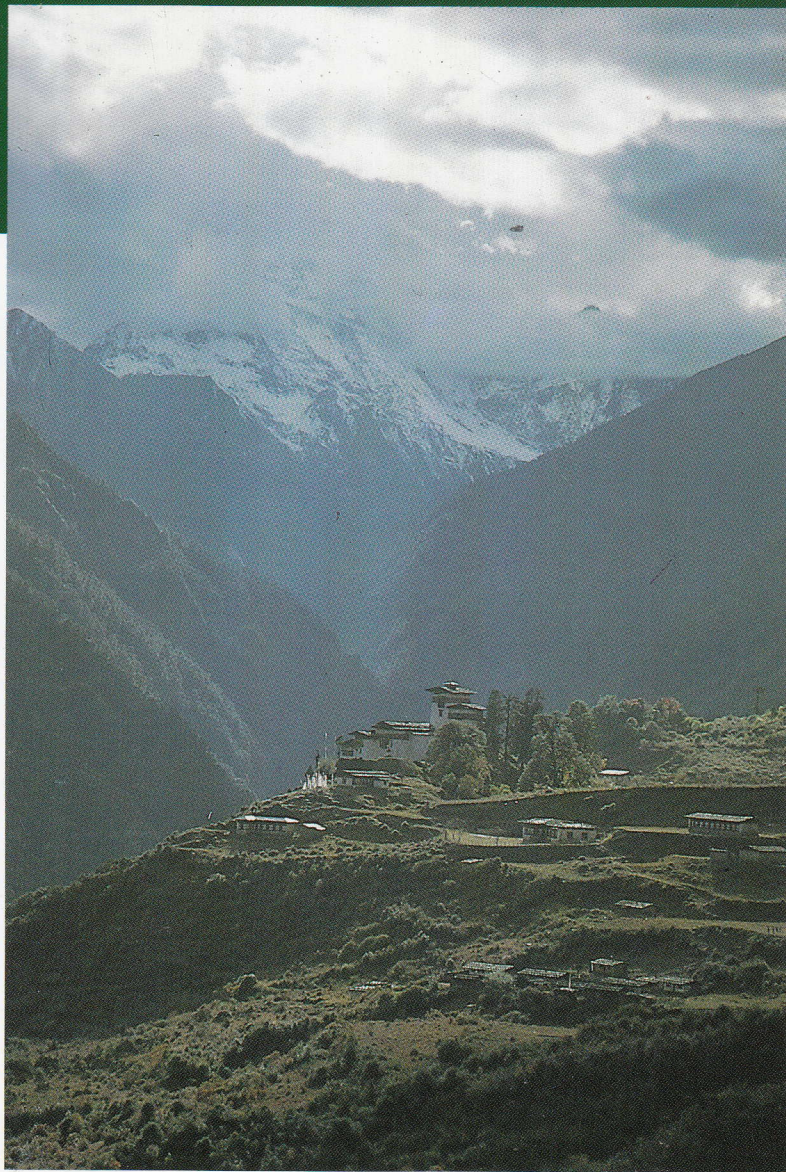


# BHUTAN TRUST FUND



*Annual Report*  
94 - 95

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## VITAL STATISTICS

Area ( km <sup>2</sup> ) .....	46,500
Population estimate .....	600,000
Population increase ( annual % ) .....	2.5
Total protected areas ( km <sup>2</sup> ) .....	10,513
Number of protected areas .....	10
Life expectancy ( years ) .....	48
Literacy rate .....	54%
Per capita GNP .....	US \$ 425
Capital .....	Thimphu
Official Language .....	Dzongkha
Currency .....	Ngultrum

source : Royal Government of Bhutan

## Chairman's Statement

**W**e are pleased to report that the Bhutan Trust Fund for Environmental Conservation ( BTFEC ) received several contributions in the 1994/95 fiscal year. The Swiss government presented US \$ 2.5 million to the BTFEC in December 1995, one of the Fund's highest bilateral contributions, and the Netherlands and Finland made further contributions as well.

We are also pleased to note that the conservation benchmarks which were set as a condition for the release of US \$ 3 million from the Global Environment Facility were met in about two and a half years, half the time originally allotted by GEF. A mid-term review mission of the World Bank in April 1995 noted that the early fulfillment of its mandates demonstrated the strong commitment of the Royal Government of Bhutan to environmental conservation.

BTFEC activities continued to focus on Bhutan's existing system of protected areas, occupying 26% of the country's total land-area and representing all of the country's major ecosystems. The BTFEC continued to provide assistance for infrastructure development, biodiversity inventory, database building, and management planning for priority parks and sanctuaries.

The BTFEC also continued to strengthen Bhutan's capacity for conservation and natural resources management through training opportunities in conservation biology, wildlife management, GIS, biodiversity inventory, socio-economic surveys and anti-poaching techniques.

Significant achievements include the completion of a draft management plan for Jigme Dorji National Park, the largest protected area in Bhutan and one of the largest in the subcontinent. A computerized database was also created for Jigme Dorji, Royal Manas and the Black Mountains National Parks and Phipsoo Wildlife Sanctuary.

Efforts continue to diversify investment options to maximize returns. The BTFEC Management Board has selected a private fund manager and is working out arrangements to hand over the BTFEC portfolio.

Hon'ble Planning Minister



# Introduction

***T***he Eastern Himalaya region is regarded by conservation scientists as one of ten global biodiversity "hotspots". Bhutan, still largely covered by its natural vegetation, accounts for most of this region. Harbours a great variety of eastern Himalayan biotopes, Bhutan contains an array of endemic, rare and endangered species between the tropical lowlands of the south and the glacial peaks of the north.

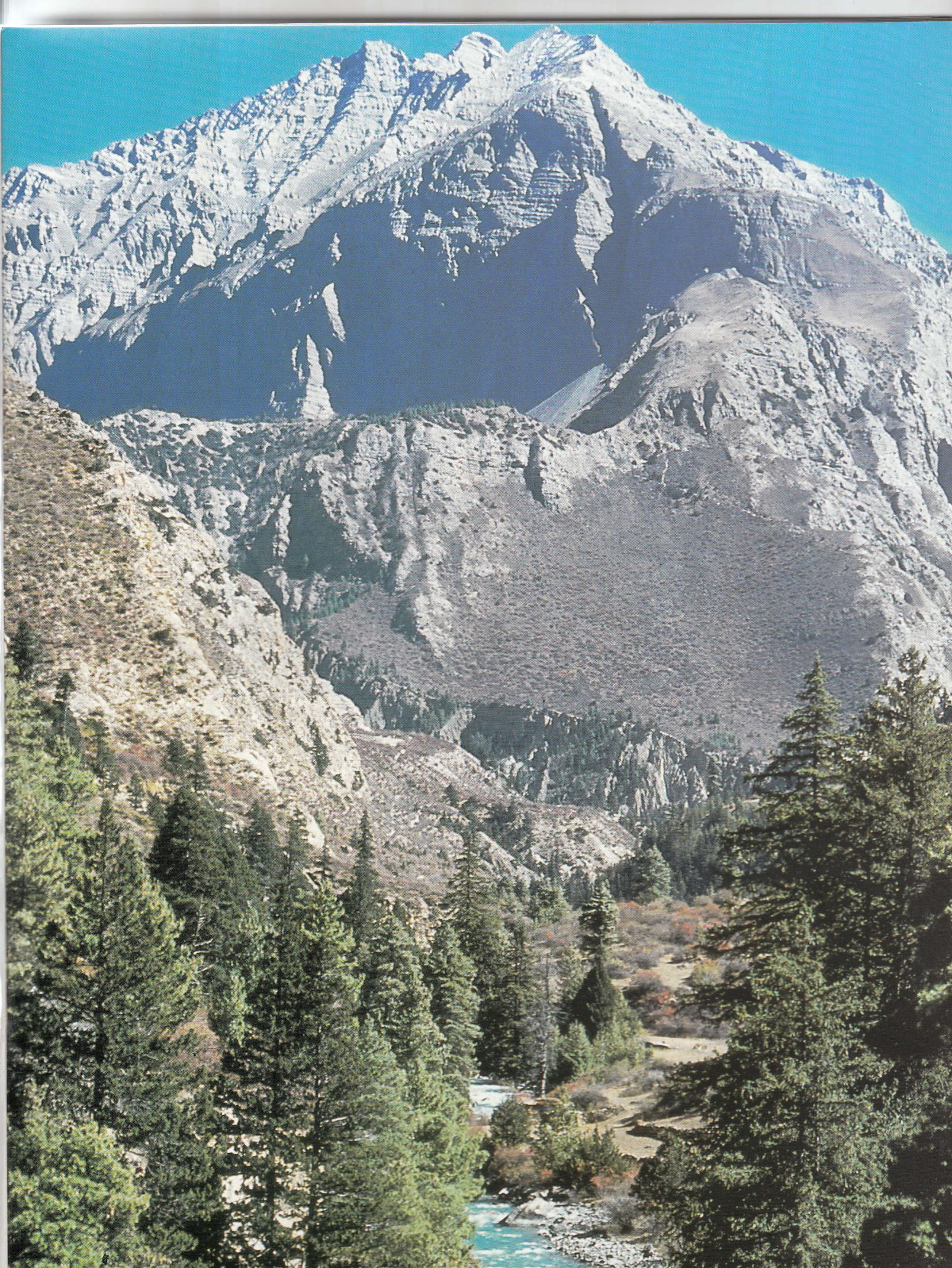
The ecological treasure that Bhutan represents today is the result of the Royal Government's commitment to conservation. This commitment is manifested in its development policy and five-year development plans, which are built on strong conservation ethics. Short-term economic benefits are always secondary to long-term intangible benefits, such as the preservation of the country's natural and cultural heritage.

Bhutan's conservation-based development policy has left the country with a forest cover of over 72%, even after thirty years of economic development. The policy of maintaining a 60% forest cover, first suggested by National Forest Policy in 1974, was formally mandated by the 73rd Session of the National Assembly of Bhutan in 1995. The national system of protected areas, adopted in 1993 and covering 26%

of the country, will further protect Bhutan's rich habitats and the species they harbour.

Many parties to the Convention on Biological Diversity are faced with difficulties in translating the ideals of the convention into action. In Bhutan, however, the Convention and Agenda 21 are already being implemented. The conservation goals of the 1969 Bhutan Forest Act have been strengthened and expanded in the Forest and Nature Conservation Act of 1995. The new Act which covers a wide range of conservation issues, including protected areas, social forestry and endangered species, will ensure effective implementation of the Convention and Agenda 21.

Agenda 21 and the Conventions on Biological Diversity and Climate Change usher in additional obligations for the Royal Government. Bhutan's ability to pay for conservation initiatives, however, is curtailed by the fact that it is a least developed country with little to trade with the outside world. The BTFEC is, therefore, vitally important to the preservation of Bhutan's rich environment, as it provides a long-term guarantee of funding for conservation activities. Since it was first established in 1991, the BTFEC has become a model and symbol of international partnership in arresting the erosion of the global environment.



## *The BTFEC : How It Works*

**T**he BTFEC retains its principal in investments, and spends only the investment income for annual conservation projects.

At least US \$ 20 million in total trust fund assets is needed to generate sufficient income to support Bhutan's conservation programs. As of 30 June 1995, the BTFEC had received over US \$ 13.5 million, and continues to solicit prospective donors.

The Management Board, consisting of four representatives from the Royal Government, and one representative each from WWF and UNDP, has been carefully designed to ensure flexibility and accountability. With four Board Members, the Bhutanese government has majority representation, but resolutions require agreement of five out of six members, and some decisions (for example, to invade the Fund's principal), require unanimity.

A Secretariat was established to support the Management Board, and a BTFEC core group, composed of representatives from UNDP, WWF, the National Environment Commission and the Nature Conservation Section, meets regularly to deal with issues such as donor coordination and project formulation.

A stable, long-term funding mechanism, the BTFEC has been able to attract and coordinate donor assistance for biodiversity conservation. In addition to seeking contributions to the Fund's principal, the

BTFEC also supports the development of project proposals and solicits funding for these proposals from donors. The BTFEC is also designed to address urgent conservation issues as they arise, preventing the environmental damage that results when unforeseen crises must wait for donor assistance to be addressed.

### ***BTFEC Objectives***

- *Developing a national system of protected areas, drawing up and implementing management plans*
- *Providing institutional support to the National Environment Commission, Forestry Services Division, the Royal Society for the Protection of Nature, the Field Research and Nature Study Centre*
- *Training foresters, ecologists, natural resource managers, and other environmental professionals*
- *Surveying Bhutan's biological resources and developing an information base*
- *Designing and piloting integrated conservation and development projects (ICDPs)*
- *Promoting environmental education in schools and through public awareness campaigns*

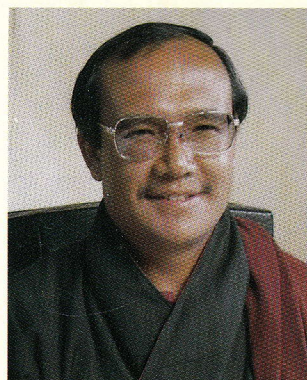
## *Board Members of the BT FEC*

Secretary  
( RGOB )



*Dasho Paljor J. Dorji,*

Treasurer  
( RGOB )



*Dasho Yeshey Zimba,*

( RGOB )



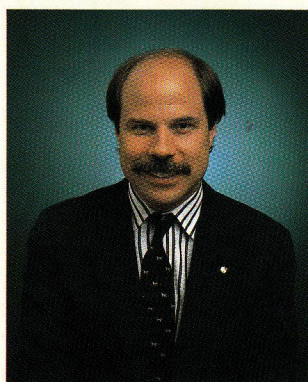
*Dasho (Dr.) Kinzang  
Dorji,*

( UNDP )



*Ms. Akiko Naito-Yuge,*

( WWF )



*Dr. Bruce Bunting,*

### **Update : Donors to the Bhutan Trust Fund for Environmental Conservation**

Global Environment Facility	US \$ 7,000,000
Global Environment Facility	US \$ 3,000,000*
World Wildlife Fund - US	US \$ 1,000,000
Government of Norway	US \$ 1,568,417
Government of the Netherlands	US \$ 1,000,000
Government of Finland	US \$ 10,159
<b>Total</b>	<b>US \$13,578,576</b>

\* to be released when conservation mandates are fulfilled

# Bhutan's Protected Areas System

In many other countries in the region, socio-economic progress entailed severe loss of biodiversity and natural forests. In these countries, the option to create protected areas to preserve wild genetic resources is no longer possible. Even strictly protected areas in these countries have lost their original levels of biodiversity.

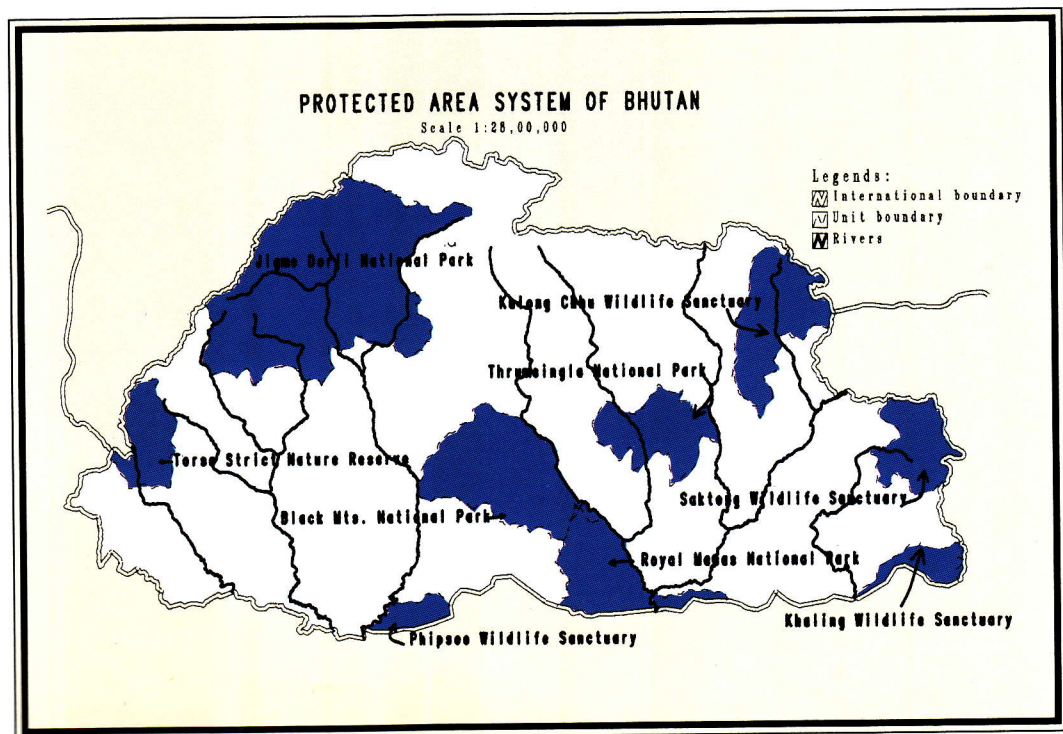
In Bhutan, on the contrary, vision and wisdom secured the protection of natural forests and high levels of biodiversity from the beginning. Since economic development began only 30 years ago, and has since proceeded with great caution, the effects of development activities on Bhutan's biodiversity are minimal. Population pressure has not yet been exerted on the country's forest cover, which remains at 72% of the country's total land area.

Under these conditions, Bhutan offers, in no uncertain terms, the only chance to conserve the full range of ecosystems and the wild genetic resources of the

Eastern Himalaya. Conscious of this fact, the Royal Government of Bhutan adopted an extensive system of protected areas in 1993.

This system incorporates all the main ecosystems found in Bhutan, from the dense tropical jungles in the south, through the temperate central forests, to the alpine meadows and frozen peaks of the high Himalaya in the north. These habitats harbour an incredible number of rare, endemic and endangered species, including the tiger, elephant, rhino, golden langur, red panda, Himalayan black bear, black-necked crane, snow leopard, musk deer, takin, blue poppy, and Himalayan yew.

With four national parks, four wildlife sanctuaries, one strict nature reserve, and a number of other smaller areas, Bhutan's protected areas system also protects a number of river systems and alpine lakes. Protecting these watershed areas has an enormous impact on downstream communities in Bhutan, India and Bangladesh.





# *Progress in*

## *1994 - 1995*

### EDUCATION AND CAPACITY BUILDING

The BTFEC's training component received complementary funding from the World Wildlife Fund. A conservation officer from the Nature Conservation Section is pursuing advanced studies in Environmental Science. Three GIS technicians underwent training at the Asian Institute of Technology in Bangkok in advanced GIS applications to biodiversity conservation, and two field staff participated in a conservation study tour in Nepal.

A workshop on Protected Area Survey Techniques was conducted for over 30 conservation field staff from different protected areas. The workshop covered biological and socio-economic surveys, patrolling techniques, and theoretical and practical aspects of protected area management. Another workshop was also conducted for forestry staff to develop an awareness of poaching issues and develop anti-poaching skills.

### DEVELOPING PRIORITY PROTECTED AREAS

Lack of financial and human resources to develop and manage all of Bhutan's protected areas has led the Royal Government to prioritize conservation activities in specific parks and reserves. BTFEC has thus focused on three priority areas - Royal Manas and Jigme Dorji National Parks and the Kulong Chu Wildlife Sanctuary. BTFEC is supporting the development of park infrastructure and management plans, and finances integrated conservation and development projects in these areas.



*Village meeting at Laya*





### *Royal Manas National Park*

*Royal Manas National Park is the first protected area in Bhutan to have a long-term comprehensive management plan. The plan, which was formulated with assistance from WWF, has been formally adopted by the Royal Government, and will be implemented during the next fiscal year.*

Under the management plan, areas within the park are categorized according to land use. A Core Zone characterized by the absence of anthropogenic influences constitutes about 60% of the park. No human activities except scientific research and monitoring will be permitted in this zone. A Multiple Use Zone, dotted by subsistence farms, will allow the resident population to continue their activities. The management plan calls for integrated conservation and development activities in this area to encourage the sustainable use of natural resources.

Priority activities include enhancing rural income through increasing farmland productivity, promoting cottage industries and creating rural credit facilities. Alternative energy sources will be examined and tested to reduce pressure on forests for fuelwood.

Infrastructure development in Manas is another priority activity. Constant patrolling and anti-poaching activities are vitally important for the protection of the park's flora and fauna. Developed infrastructure is, however, crucial to effective patrolling. In 1994-95, the BTFEC constructed new outposts at Panbang and Nganglam, and added another residence to park headquarters. A new watch tower will facilitate anti-poaching activities, and a water hole at Goverkunda will help keep animals on the Bhutanese side of the Manas River, where they are better protected from poachers. Barracks were also constructed at Manas for a community school. Infrastructure has also been strengthened in the eastern portion of the park.



### *Jigme Dorji National Park*

*Jigme Dorji National Park represents the largest protected area in Bhutan, and an important natural conservatory of glaciers, alpine meadows and scrublands, subalpine and temperate conifer forests, warm and cool temperate broad-leaved forests, major rivers and streams, and the flora and fauna which inhabit these ecosystems. The park harbours several "charismatic" species of wildlife, many of which are endangered or endemic to the region, including the takin, tiger, Himalayan black bear, musk deer, marmots, red panda, leopard, snow leopard, and several species of pheasant.*

Jigme Dorji is famous for its wildflowers. Several species of plants found in the park are valuable cultivars for crops and have other horticultural uses, and a number of others have commercial, medicinal, traditional and religious significance. Over 300 plants are currently used to make indigenous medicine.

With a population of about 3,000 people living in the park in permanent and semi-nomadic settlements, the major challenge for park management will be striking a balance between the needs of local communities and conservation practices. With WWF assistance, a management plan has been drafted for the park, with emphasis on land-use issues.

In addition to grazing lands and semi-nomadic settlements scattered all over Jigme Dorji, patches of shifting cultivation are also located throughout the park. This means that core areas of the park are isolated from each other by pastures, human settlements, and farmland. The management plan will zone the park to deal with these various land-use patterns. A Pasture Zone, in which grazing will be permitted, will represent a major portion of the park area. The Core Zone, although fragmented, will be closed to all human activities except regulated research, monitoring and staff patrolling. Multiple Use Zones, not exceeding 10% of the total park area, will be used to facilitate sustainable harvesting of timber and other forest products,



regulated tourism and recreation, limited grazing, research, reforestation, and habitat management. Enclave Zones will define the boundaries of human settlements, agricultural lands, communal forests and orchards. Approximately 20% of the total park area will fall under these zones, and land and resource use within enclaves will be subjected to regulations defined by park management policy. A Buffer Zone, 3-5 km outside the park boundaries, will not come under the purview of park management but will be patrolled by park staff to ensure that adverse human activities do not encroach into the park. Major developments within the buffer zone will be screened by park management.

With a total land area of 4200 km<sup>2</sup>, Jigme Dorji is Bhutan's largest park. Current infrastructure is far from adequate. During 1994-95, the BTFEC continued to support infrastructure development throughout the park, including an additional building to house visitors at the Gasa Hot Spring, additional staff residences at park headquarters in Gasa, and staff quarters at Naro, which oversees the western part of the park. A 37km trail between Gasa and Laya and a 12 km mule track between Dodena and Lingshi were also constructed.

### *Kulong Chhu Wildlife Sanctuary*

*A preliminary rapid assessment has indicated that Kulong Chhu contains a rich diversity of flora and fauna. The natural ecosystems in this sanctuary range from subtropical forests in the lower elevations to alpine meadows in the higher elevations. Out of a total area of 1300 km<sup>2</sup>, about 750 km<sup>2</sup> are forested. The area also contains some of Bhutan's most scenic alpine lakes. Bumdeling valley, located within the sanctuary, is also one of Bhutan's main wintering spots for the rare Black-necked Crane.*

In addition to this wide spectrum of ecosystems, the sanctuary houses several cultural and religious sites of international significance, including Singye Dzong and Khempa Jong, sites held sacred by Buddhists throughout the region.

Kulong Chhu was set aside as a wildlife sanctuary in 1993. Because effective protection and management require that basic infrastructure be in place, the BTFEC focused its support on improving trails and replacing old bridges. BTFEC support was also used to conduct biological and socio-economic surveys. Data collected from socio-economic surveys of 11 villages within the sanctuary has been computerized.





## *Database building*

An inadequate database continues to constrain management planning for protected areas, BTFEC has extended its support for data collection and processing. With complementary financing from WWF, GIS facilities in the Forestry Services Division have been expanded, and additional equipment has been procured. Biological and socio-economic surveys continued in 1994-95, with computerized databases now available for Jigme Dorji, Royal Manas and Black Mountains National Parks, and Phipsoo Wildlife Sanctuary.

## *Fund Raising and donor coordination*

A profile on the Trust Fund was prepared by its Secretariat and presented at the United Nations Round Table Meeting for donors in Geneva in December 1994.

Several project profiles, such as an Integrated Conservation and Development Project for Jigme Dorji National Park, were prepared and submitted to prospective donors as a means to attract additional funds for BTFEC activities.



*Swiss contributing to the BTFEC*





## *Financial Statements*





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## ROYAL AUDIT AUTHORITY

TASHI CHHODZONG : THIMPHU  
BHUTAN

TELE : 22388

22112

22111

FAX : 23491

Ref. No ..... RAA(CERT-XI)95/

Date... 5/12/95

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENT  
OF THE BHUTAN TRUST FUND FOR THE ENVIRONMENTAL  
CONSERVATION FOR THE YEAR ENDED 30 JUNE 1995**

1. We have audited the attached Consolidated Financial Statements of Bhutan Trust Fund for Environmental Conservation (BTF), prepared for the activities in Bhutan and from unaudited information provided by UNDP, New York for the 12 months ended 30 June 1995.
2. The objective of our audit is to express an opinion on the above financial statements of the Trust Fund.
3. The audit was conducted pursuant to the provision of the project documents and in accordance with generally accepted auditing standards, and accordingly included such tests of accounting records and such other auditing procedures as were considered necessary for the purpose of our audit.
4. Based on our examinations of books and accounts produced for audit purposes, and information and explanations provided to us, we report that, in our opinion, the above financial statements fairly reflect the operating surplus and the status of the Trust Fund for the year ending 30 June 1995.
5. We report that the management had inadvertently included the unspent amount of US \$ 8273.55 under 'Training' in the Expenditure Statement of the fiscal year 1993-1994. The same has now been rectified.
6. We further report that the expenses reflected are valid and supported by adequate documentations.





ཀྲུལ་གཞུང་ཚུལ་ཁྲིལ་དབང་འཛིན།

# ROYAL AUDIT AUTHORITY

TASHI CHHODZONG : THIMPHU  
BHUTAN

TELE : 22388  
22112  
22111  
FAX : 23491

Ref. No .....

-2-

Date.....

**7. We have also noted that;**

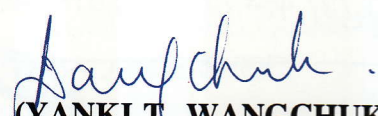
- 7.1 The payments made in local currency (i.e. Ngultrums) have been translated into US\$ on the United Nations operational rate of exchange in effect on the date of payment.
- 7.2 A local currency account is being maintained with the Bank of Bhutan (Thimphu Branch) in order to facilitate proper control over the BTF Secretariat's funds.

  
(PURAN KR. DURAL)  
AUDITOR

Concurred:

  
( MINJUR DORJI )  
ASSTT. CHIEF AUDITOR

NOTED:

  
(YANKI T. WANGCHUK)  
DEPUTY AUDITOR GENERAL



BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION  
BALANCE SHEET AS OF JUNE 30, 1995  
WITH COMPARATIVE FIGURES  
FOR JUNE 1994.

US\$

<u>ASSETS</u>	<u>1995 TOTALS</u>	<u>1994 TOTALS</u>
Cash at Bank of Bhutan	2,113.11	838.01
Cash at Bank New York	-	-
Short Term Interest Bearing Deposit	11,409,138.95	10,460,608.62
Receivables and Prepayments	222,278.44	48.18
Funds held by RGOB	19,791.12	109,349.63
Inventory	-	-
Furniture	39.94	-
Equipments/Vehicle	11,930.63	11,664.92
Environmental Activities/Structures	132,172.53	34,340.47
<b>TOTAL ASSETS</b>	<b>11,797,464.72</b>	<b>10,616,849.83</b>
 <u>LIABILITIES</u>		
Accounts Payable	222,230.00	32,050.00
Other Liabilities	-	-
Total Liabilities	222,230.00	32,050.00
 <u>FUND BALANCES</u>		
Operating Fund	822,840.34	406,547.94
World Bank GEF	7,000,000.00	7,000,000.00
World Wild Life Fund - US	1,000,000.00	1,000,000.00
Govt. of Norway	1,568,417.04	1,056,271.00
Govt. of Netherlands	1,000,000.00	948,163.29
Govt. of Finland	10,159.74	-
Royal Govt. of Bhutan	173,817.60	173,817.60
Total Fund Balances	11,575,234.72	10,584,799.83
<b>Total Liabilities and Fund Balance</b>	<b>11,797,464.72</b>	<b>10,616,849.83</b>



  
 Chairman  
 Management Board

  
 Treasurer  
 Management Board

  
 Program Coordinator  
 Royal Audit Authority  
 Secretariat

BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION  
STATEMENT OF REVENUE AND OPERATING EXPENSES FOR THE  
YEAR ENDED JUNE 1995 WITH COMPARATIVE  
FIGURES FOR 1994

US\$

<u>REVENUE</u>	<u>TOTALS</u> <u>1995</u>	<u>TOTALS</u> <u>1994</u>
Individuals	-	-
Corporations	-	-
Foundations (UNDP THIMPHU)	186.90	-
Capital Funds Utilized at Revenue	-	-
Investment revenue and gains (net)	442,495.50	527,321.00
Govt. Grants etc	-	-
Liabilities no more required	-	12,317.46
Gain due to exchange rate fluctuations	-	453.25
Royalties and other earned revenue	-	-
RGOB 10% Matching Fund	12,450.48	-
<u>TOTAL REVENUE</u>	<u>455,132.88</u>	<u>540,091.71</u>
 <u>EXPENSES</u>		
Program Expenses	1,876.61	137,108.47
Public Education	-	-
Membership Program	-	-
Administration & Finance Secretariat	36,963.87	44,507.07
Funds Raising	-	-
<u>TOTAL EXPENSES</u>	<u>38,840.48</u>	<u>181,615.54</u>
 NET REVENUE (UNDER) OVER EXPENDITURE	 416,292.40	 358,476.17
 BEGINNING OPERATING FUND BALANCE (1 JULY 1994)	 406,547.94	 48,071.77
 ENDING OPERATING FUND BALANCE JUNE 30 1995 TRANSFERRED TO BALANCE SHEET	 <u>822,840.34</u>	 <u>406,547.94</u>



Chairman

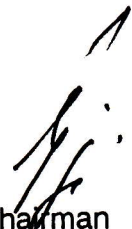


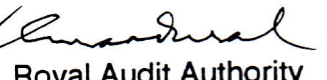
Treasurer

Program Coordinator Royal Audit Authority

BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION  
STATEMENT OF FUND BALANCES  
FOR THE YEAR 30, 1995

US\$	1995	1994
<b>1. <u>World Bank GEF.</u></b>		
Opening balance July 1, 1994.	7,000,000.00	-
Funds received during the year.	-	7,000,000.00
Funds returned during the year	-	-
Funds utilized for revenue during the year.	-	-
Closing balance June 30, 1995.	7,000,000.00	7,000,000.00
<b>2. <u>World Wild Life Fund.</u></b>		
Opening balance July 1st 1994.	1,000,000.00	-
Funds received during the year.	-	1,000,000.00
Funds returned during the year	-	-
Funds utilized for revenue during the year.	-	-
Closing balance June 30, 1995.	1,000,000.00	1,000,000.00
<b>3. <u>Govt. of Norway.</u></b>		
Opening balance July 1, 1994.	1,056,271.00	586,725.34
Funds received during the year.	512,146.04	1,056,271.00
Funds returned during the year.	-	-
Funds utilized for revenue during the year.	-	-
Closing balance June 30, 1995.	1,568,417.04	1,056,271.00
<b>4. <u>Govt. of Netherlands.</u></b>		
Opening balance July 1, 1994.	948,163.29	948,163.29
Funds received during the year.	51,836.71	-
Funds returned during the year.	-	-
Funds utilized for revenue during the year.	-	-
Closing balance June 30, 1995.	1,000,000.00	948,163.29
<b>5. <u>Govt. of Finland.</u></b>		
Opening balance July 1, 1994.	-	-
Funds received during the year.	10,159.74	-
Funds returned during the year.	-	-
Funds utilized for revenue during the year.	-	-
Closing balance June 30, 1995.	10,159.74	-

US\$	1995	1994
<b>6. <u>Private Donations.</u></b>		
Opening balance July 1, 1994.	-	-
Funds received during the year.	-	-
Individuals.	-	-
Corporations.	-	-
Foundation.	-	-
Grand Total	-	-
 <b>7. <u>Royal Govt. of Bhutan.</u></b>		
Opening balance July 1994 (in kind).	173,817.60	47,786.72
Funds received (in kind).	-	126,030.88
Funds returned during the year.	-	-
Funds utilized for balance during the year	-	-
Closing balance June 30, 1995.	173,817.60	173,817.60

 Chairman Management Board	 Treasurer Management Board	 Program Coordinator Secretariat	 Royal Audit Authority
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**DETAILED STATEMENT OF EXPENDITURE INCURRED FOR THE YEAR ENDING JUNE 30, 1995 OF BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**

US\$

	Expenditure by Program		Admin & Finance	1995		1995		1994		BTF	BTF
	Field Program	TOTALS		TOTALS	Funded by	TOTAL	Comparative Figure				
<b>Current Expenditure</b>											
01. Personal Emoluments											
11. Travel	6,814.70		6,071.07	12,885.77	6,814.70		6,071.07	114,099.98		6,016.13	
12.0 Utilities/Telephone	3,335.46		3,228.42	6,563.88	3,335.46		3,228.42	15,845.00		190.99	
12.0 Utilities/Postage			998.88	998.88	-		998.88	2,186.63		2,186.63	
12.0 Utilities/Electricity			445.55	445.55	-		445.55	80.16		80.16	
13.0 Rental of Building			383.39	383.39	383.39		-	382.17		-	
13.0 Rental of Vehicle			1,916.93	1,916.93	1,916.93		-	1,910.85		-	
14.0 Supply & Materials			-	-	-		-	15.97		15.97	
15.0 Maint. of Building			10,326.72	10,326.72	-		10,326.72	15.56		15.56	
15.0 Maint. of Vehicle			0.32	0.32	-		0.32	-		-	
15.0 Maint of Equipment			1,811.57	1,811.57	-		1,811.57	1,431.24		1,431.24	
17.0 Advertising			734.82	734.82	-		734.82	-		-	
17.0 Transportation			-	-	-		-	-		-	
18 Hospitality			14.86	14.86	-		14.86	1.86		1.86	
Misc.			824.48	824.48	-		824.48	23.04		23.04	
*Training			-	-	-		-	200.63		200.63	
<b>UNDP fees</b>	(8273.55)		-	(8273.55)	-		(8273.55)	1.84		1.84	
Accounting								13,370.61		13,370.61	
Management			6,163.00	6,163.00	-		6,163.00	-		-	
Other Support Cost			4,043.86	4,043.86	-		4,043.86	16,779.00		16,779.00	
Total Operating Expenses	1,876.61		36,963.87	38,840.48	12,450.48		26,390.00	181,615.54		15,271.00	
<b>Capital Expenditure</b>								126,030.88		55,584.66	
51.0 Environmental Activities	97,832.06		-	97,832.06	-		97,832.06	34,340.47		34,340.47	
54.0 Furniture			39.94	39.94	-		39.94	-		-	
54 Equipments			265.71	265.71	-		265.71	10,309.42		10,309.42	
Total Operating Expenses	97,832.06		305.65	98,137.71	-		98,137.71	44,649.89		44,649.89	
Grand Total	99,708.67		37,269.52	136,978.19	12,450.48		124,527.71	226,265.43		100,234.55	

\* Expenditure wrongly booked in 1993-94 taken into account now.

*[Signature]*  
Chairman  
Management Board

*[Signature]*  
Treasurer  
Management Board

*[Signature]*  
Program Coordinator  
Secretariat

*[Signature]*  
Royal Audit Authority



Summary of Expenditure of the BTF Secretariat for year 1994-95 (@ Nu. 31.30)

US\$

Sl.

No.	Object Classification	7/94	8/94	9/94	10/94	11/94	12/94	1/95	2/95	3/95	4/95	5/95	6/95	Total
1.	Personal Emoluments	483.29	483.29	483.29	487.28	487.28	705.05	-	974.57	487.28	500.06	489.84	489.84	6,071.07
11	Travel	2,055.51	8.63	347.16	40.26	-	-	9.58	-	-	5.75	403.83	357.70	3,228.42
12.01	Utilities - Telephone	-	286.66	59.04	89.70	16.13	-	172.84	102.94	50.99	68.18	-	152.40	998.88
12.02	Utilities/Postage	105.22	6.37	130.29	-	-	-	-	26.20	26.20	-	-	177.47	445.55
14.01	Supply & Materials	3,213.04	1,182.62	5.37	99.68	5.02	-	-	251.45	32.65	41.05	2.48	5,493.36	10,326.72
15.01	Maint. of Prop. Building	-	-	0.32	-	-	-	-	-	-	-	-	-	0.32
15.02	Maint. of Vehicle	-	132.11	92.01	309.46	148.66	-	121.41	555.69	103.99	219.33	-	128.91	1,811.57
15.05	Maint. of Equipments	-	367.41	-	-	-	-	-	-	-	-	-	367.41	734.82
17.04	Operating Expenses/ Transportation	-	14.86	-	-	-	-	-	-	-	-	-	-	14.86
18	Hospitality	5.54	4.89	16.23	1.25	-	656.87	3.26	3.90	5.27	121.41	3.04	2.91	824.48
54.01	Furniture	-	-	-	-	39.94	-	-	-	-	-	-	-	39.94
54.02	Equipments	-	95.78	-	-	-	29.68	-	140.25	-	-	-	-	265.71
		5,862.51	2,582.62	1,133.71	1,027.63	697.03	1,391.60	307.09	2,028.80	706.38	955.78	899.19	7,170.00	24,762.34

*[Signature]*  
Treasurer  
Management Board

*[Signature]*  
Chairman  
Management Board

*[Signature]*  
Program Coordinator  
Secretariat





FIN: 212/11 BHU

29 November 1995

**Subject: The Bhutan Trust Fund For Environmental Conservation  
Annual Financial Statement (unaudited) for  
Year Ended December 31, 1994**

---

Dear Sir,

The attached financial statement of the Bhutan Trust Fund For Environmental Conservation (the Bhutan Trust Fund) shows the financial position of the Bhutan Trust Fund according to the books of account maintained in New York by UNDP, for the years ended December 31, 1993 and 1994.

In accordance with UNDP regulations the Bhutan Trust Fund is audited on a biennial basis. The last audit undertaken covered the biennium ended December 31, 1992-93, and no adverse audit comments or opinions were made in respect of the Bhutan Trust Fund's financial results or position in the audit report for that period. The next audit will be undertaken at the end of 1995 for the biennium 1994-95. No audit has been completed for the year ended December 31, 1994 and no audit report is available in respect of the Bhutan Trust Fund's financial results or position as at that date.

However, for the purposes of the Bhutan Trust Fund's 1994 Annual Report, I certify that the unaudited financial statement showing the financial position of the Bhutan Trust Fund as at December 31, 1994 (with comparative figures for 1993) has been prepared by UNDP's Division of Finance and that this fairly reflects the financial position of the Bhutan Trust Fund and its income and expenditure, for the years ended December 31, 1993 and 1994, as reflected in the books of account maintained by UNDP in New York.

With best regards.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alan M. Potter', written in a cursive style.

**Alan M. Potter  
Acting Director  
Division of Finance**

**The Program Coordinator  
BTFC  
Thimphu, Bhutan**



**STATEMENT XXIII**  
**UNDP: TRUST FUNDS ADMINISTERED BY UNDP**  
**Trust Fund for Environmental Conservation in Bhutan**  
**Status of funds for the twelve months ended 31 December 1994**  
**with comparative figures for 31 December 1993**

(United States dollars)

<u>1993</u>		<u>1994</u>
<b>INCOME AND EXPENDITURE</b>		
469 547	Voluntary contributions from Governments	512 145
343 946	Interest income	450 899
<u>(20 112)</u>	Miscellaneous income/(expenditure)	<u>-</u>
<u>793 381</u>		<u>963 044</u>
	Less: Expenditure	
10 038	Project costs	16 936
	Programme support costs:	
<u>301</u>	UNDP	<u>36 728</u> b/
<u>10 339</u>		<u>53 664</u>
<u>783 042</u>	Surplus income	<u>909 380</u>
<b>ASSETS</b>		
9 242 067	Investments (schedule 10)	10 580 254
71 120	Operating funds provided to Governments for executing projects	186 273
898 510	Due from UNDP	403 896
<u>192 821</u>	Accrued interest	<u>143 475</u>
<u>10 404 518</u>		<u>11 313 898</u>
<b>LIABILITIES AND UNEXPENDED RESOURCES</b>		
	Unexpended resources	
9 621 476	Balance as at 1 January	10 404 518
<u>783 042</u>	Surplus income	<u>909 380</u>
<u>10 404 518</u>	Balance as at 31 December a/	<u>11 313 898</u>
<u>10 404 518</u>		<u>11 313 898</u>

a/	Consisting of:	<u>1993</u>	<u>1994</u>	
	Unspent allocations	-	203 026	
	Unencumbered funds	<u>10 404 518</u>	<u>11 110 872</u>	c/
		<u>10 404 518</u>	<u>11 313 898</u>	

b/ This amount includes prior period charges of \$13,847.

c/ See note 28.

**SCHEDULE 10**  
**UNDP: TRUST FUNDS ADMINISTERED BY UNDP**  
*Investments as at 31 December 1994*  
*with comparative figures as at 31 December 1993*

(United States dollars)

1993	Trust Fund	1994
	<i>Trust Fund for Environmental Conservation in Bhutan</i>	
	Time deposits	3 536 000
<u>9 242 067</u>	Bonds and notes	<i>statement XXIII</i> <u>7 044 254</u>
<u>9 242 067</u>		<u>10 580 254</u>

**Note 28. Trust Fund for Environmental Conservation in Bhutan**

Of the unencumbered funds of \$11.1 million (1993: \$10.4 million), \$10.6 million (1993: \$9.2 million) is held as investments of the Fund as shown in statement XXIII. In accordance with the guidelines set up for the operations of the Fund, programme activities will be funded from a portion of the interest earnings from these investments. The guidelines state further that the Fund's investments should not fall below \$8.5 million.

**FOR MORE INFORMATION,  
PLEASE CONTACT :**

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CHA-1209 GENEVA 19,  
SWITZERLAND.  
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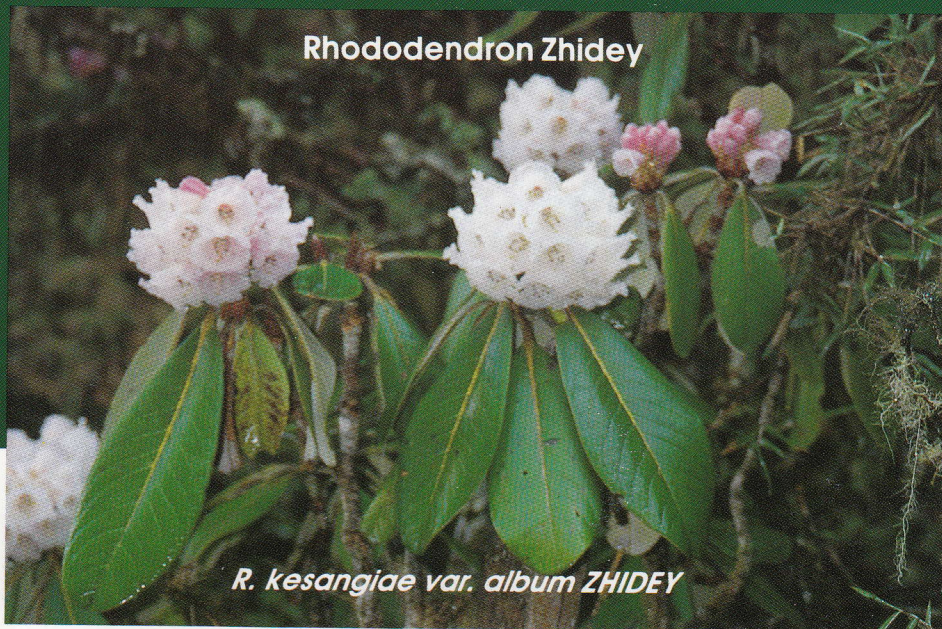
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**UNITED NATIONS DEVELOPMENT PROGRAMME,  
UN PLAZA,  
NEW YORK, NY 10017,  
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Fax : (212) 826-2057**

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commemorate the  
50th anniversary of the  
United Nations  
1945 - 1995*



**Rhododendron Zhidey**

*R. kesangiae* var. *album* ZHIDEY

**Photographs**

WWF

R. kesangiae - Phuntsho Namgyal

**Design**

Kaysang W. Samdup  
Creations Inc.  
Thimphu, Bhutan.