



Commemorating 25 years of Environmental Conservation in Bhutan

1992-2017

INTRODUCTION

Forests, alpine regions, protected areas and other natural habitats are among Bhutan's greatest assets. They represent the vast repository of biodiversity and their largely pristine condition reflects the country's commitment to maximizing Gross National Happiness (GNH). Environmental conservation is featured explicitly in Bhutan's constitution, which prescribes the maintenance of a minimum of 60 percent of the country's total land area under forest cover perpetually. As a landlocked and mountainous country and a global biodiversity hotspot, Bhutan's development prospects depend upon the extent to which it can capitalise on its comparative advantage - its natural endowment.

Bhutan entered the current millennium with most of its natural endowments intact. It ranks among the world's top ten countries in terms of species density, i.e. the number of species per unit area. Despite its small size, the country has very high levels of biological diversity at the ecosystem, species and genetic levels. Bhutan has 72 percent of its land area under forest cover that includes over 50 percent under protected area (PA) management.

Bhutan has seen rapid growth, averaging about 8 percent annually during the last three decades. As development proceeds apace, Bhutan is facing pressures on its natural endowment stemming from population growth, agricultural modernization, hydropower and mineral development, industrialisation, urbanisation, and infrastructure development.

Localised deforestation, overgrazing, forest fires, and conversion of natural habitats to accommodate urbanisation and infrastructure development manifest these pressures. Overgrazing in alpine meadows could lead to a decline in land productivity and soil erosion. The depletion of biodiversity in the alpine areas and broadleaf forests compels herders to move to adjacent forests for grazing. The growth in road construction and electrification of towns and villages has brought additional demographic pressures on the surrounding natural resources.

In addition, the country is confronting emerging environmental challenges in the form of pollution, waste and climate change.

Thanks to the Bhutanese traditional beliefs and an enduring national commitment to protecting the environment, the country has a good track record of implementing conservation and natural resources management activities.



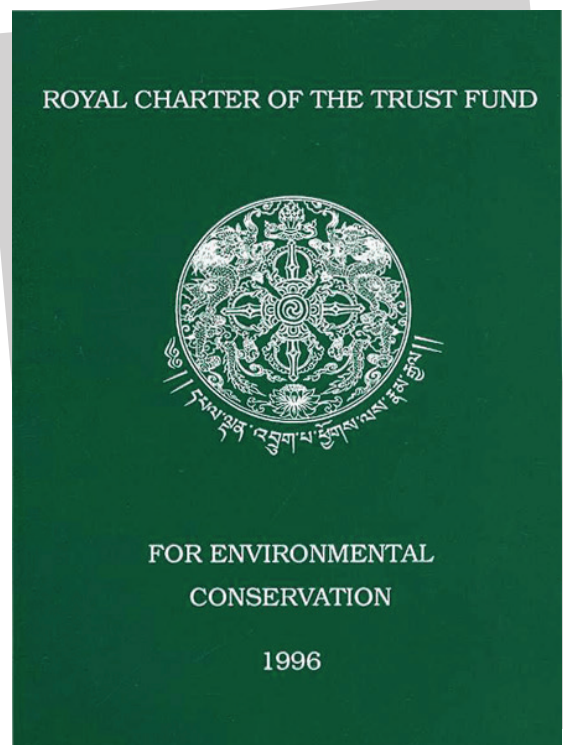
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CREATION OF BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION

The pressures on the natural environment now in evidence – human wildlife conflicts, overgrazing, forest fires, pollution, waste accumulation and climate change – were not as well known in the early 1990s when the Bhutan Trust Fund for Environmental Conservation (BT FEC) was created. At that time, with ambitious plans to protect and sustainably use Nature, the Royal Government of Bhutan was facing serious financial, institutional and human resource constraints to implementing the conservation goals it espoused. A nationwide programme of biodiversity conservation was considered well beyond the government's present and foreseeable financial capacity and unlikely to be achieved through its regular budget. Implementation capacity was also considered to be severely limited. It was in this context that the concept of the BT FEC was developed and donors provided capital to vest an endowment.

The purpose for creating the BT FEC is clearly spelled out in the preamble of its Royal Charter: *Whereas the Kingdom of Bhutan desiring to protect its pristine natural environment and the abundant biodiversity for the Bhutanese people and mankind at large has willed and desired to establish a Trust Fund for the conservation of environment and biodiversity...*



The programmes that the Trust Fund was mandated to support aligned clearly with the constraints of that period as these are described above. The themes for BT-FEC support were:

- *Training professionals in ecology, natural resources, management, forestry and environment;*
- *Assessing biological resources and develop an ecological information base;*
- *Developing and implementing protected area management plans;*
- *Public awareness and environmental education in schools;*
- *Institutional support to related sectors/agencies; and*
- *Projects integrating conservation and development.*

The early years of operation, which were intended to test the concept of a sustainable finance mechanism supporting conservation, were implemented as part of a GEF-supported project of the World Bank. The project, the government and the BT-FEC were evaluated in 1998 and received satisfactory ratings and raising additional capital were achieved in three years, rather than the five that had been foreseen. This confirmed the ability of the BT-FEC to catalyse the foundation for an effective long-term conservation program. The very positive early experience of the BT-FEC had an unexpected result. Today, there are more than 50 Conservation Trust Funds (CTFs) throughout the world, with the greatest concentrations in Latin America and the Caribbean and in Africa. This body of knowledge would not exist without the strong desire of CTFs to continuously improve and find new ways to further conservation objectives.



THE BEGINNING

With the guidance of His Majesty The Fourth King, Jigme Singye Wangchuck, the Royal Government of Bhutan established Bhutan Trust Fund for Environmental Conservation (BT FEC) on 14 May 1992 with financial support from WWF and technical assistance from UNDP.

It is the world's first environmental trust fund set up by GEF funding. An endowment of US\$21 million was set up as an innovative mechanism to sustainable financing for conservation programmes, while allowing the national treasury to focus more on poverty reduction.

In May 1996, the trust fund was legally incorporated under the Royal Charter. In the same year, the fund management was privatised. By May 2001, the Board members was fully Bhutanized. His Majesty The King Jigme Khesar Namgyel Wangchuck chaired the Board between November 2004 and September 2008, during the tenure as Choetshe Penlop until the Coronation in 2008.

As Bhutan's first and leading conservation grant-making organisation, BT FEC in the past two and half decades has made a tremendous impact on Bhutan's scientific and management capability for conservation.



A primary focus of BTFEC during the past twenty-five years has been establishing the country's renowned network of national parks, protected areas and new biodiversity conservation corridors, which is considered as Bhutan's gift to the world. The ecosystem services provided by these protected areas are crucial for the water, food and energy security of Bhutan and its neighbouring countries that comprise 20 percent of the world population.

Today, BTFEC is an effective conservation grant-making organisation independent of the government. The day-to-day business is conducted by a small Secretariat headed by the Director as the Chief Executive Officer.

BIOLOGICAL SIGNIFICANCE

Bhutan is so small that it is only about 240 km as the crow flies from the northernmost peaks to the southern border of Bhutan. If you could fly this distance, you would see the highest mountain range in the world soar into frozen peaks and subside into lush foothills and plains. You would see glaciers and tundra melt into alpine meadows, meadows spring up into mixed forests, and forests grow into subtropical jungles. You would see the colours of Bhutan: the Black Mountain, red panda, blue sheep, black-necked crane, white-bellied heron, blue poppy, golden langur, scarlet finch, and golden mahseer. You would see the takin, Himalayan musk deer, snow leopard, Himalayan black bear, tiger, Asiatic water buffalo, elephant, one-horned rhino, more than 770 species of birds, 200 species of mammals, 5600 species of plants, 64 species of rhododendron, 423 species of orchids, 411 species of ferns, 232 species of moss, 329 species of mushrooms, more than 109 species of fishes, more than 80 species of agricultural crops, and 15 species of livestock.

In short, if you could fly the distance, you would see why Bhutan is considered to be one of the ten most important areas on the earth for environmental conservation. And you would know why an independent grant making agency like Bhutan Trust Fund for Environment Conservation is needed in the country.



INSTITUTIONAL FRAMEWORK

BTFFEC is governed by the 1996 Royal Charter of the Bhutan Trust Fund for Environmental Conservation and managed by a Board of seven Bhutanese members, including the Director who acts as an ex-officio Member Secretary. Three of these members are from government agencies, and include the Minister of Agriculture and Forests as the Chairperson. Other three members are from corporate, CSO, and private sector.

A seven-member Technical Advisory Panel, and an Asset Management Committee (AMC) also advises the board. Board decisions are implemented by a small Secretariat of staff, and the six-member AMC manage the assets.

As a non-profit, the BTFFEC is exempt from Bhutanese income tax, payment of customs and import duties and excises taxes on equipment purchased for carrying out activities and programmes that are approved by its Board. The Fund also has a US non-profit status of 501(c) 4 in recognition of its operation in the interest of Bhutan's social welfare and of the exclusive use of net earnings for charitable purposes.

CONSERVATION IN BHUTAN

The Royal Government of Bhutan's commitment to conservation is among the most recognised in the world. Although the fund, in the early years, had a majority governmental board, this has not prevented several bilateral donors from investing in the fund.



A HEALTHY ENVIRONMENT FOR ALL

As much as the Government of Bhutan places a high priority to environmental conservation, BT-FEC continues to sustain its massive support to the sector.

Bhutan's commitment to environment has been remarkable. Perhaps few countries around the world have taken environment as seriously as the tiny Himalayan country has done.

Apart from the unwavering political will, the BT-FEC also found trusted partners to pursue what has always been one of the top national priorities: conserve and promote environment even as you pursue development.



FUND MOBILIZATION AND DELIVERY

BT FEC received US\$10 million from the Global Environment Facility (GEF) in 1992, and went on to raise additional capital from the governments of Bhutan, Denmark, Finland, Netherlands, Norway, and Switzerland. The original capitalisation of just over US\$21 million has since risen to US\$53 million as of July 2017.

The success of BT FEC's fundraising has been attributed to a combination of pre-existing political will, links with aid agencies, and the disbursement of GEF contributions in tranches which were conditional on, among other factors, securing other donor contributions.

Much of BT FEC's initial support had been directed towards building institutional and human capacity; this was Bhutan's largest constraint to conservation, and donors liked to see their investments yielding immediate results.

The government agencies, especially under the Ministry of Agriculture and Forests, are the largest recipients of BT FEC grants. However, BT FEC has not only strengthened the absorptive and implementation capacity of government agencies, it has also played a role in the creation and expansion of Bhutan's first Environmental NGO, and supported private sector and individuals through its grants.





THE POLITICAL WILL

Bhutan's development philosophy of Gross National Happiness put environment at the heart of development agenda as environmental conservation is one of the pillars of GNH.

The Vision 2020 document sees environmental conservation as dynamic and treats natural resources as an immense asset, not merely to be preserved but also to be used wisely and sustainably for socio-economic development.

And then when the Constitution was adopted in 2008, it featured a solid chapter on environment. Article 5 of the Constitu-

tion of the Kingdom of Bhutan mandates the government to ensure ecologically balanced sustainable development. It categorically states that the country must always preserve a minimum of 60 percent forest coverage at all times.

In the recent times, Bhutan has made a very ambitious pledge to remain carbon-neutral in all time to come. Bhutan intends to remain carbon neutral where emission of greenhouse gases will not exceed carbon sequestration by its forest, which is estimated at 6.3 million tons of CO₂, while Bhutan produces an estimated 2.2 million tons.

THE PARTNER THAT BELIEVED

As a poor developing country, setting goals and declaring the will weren't enough. The government knew it must look for a trusted partner to execute that political will. The Royal Government of Bhutan's strong reputation for integrity in

governance, its demonstrated commitment to conservation, and the small size of the country, with associated support from interested European countries, all contributed to willingness of donors to make relatively large contributions. The grant has also benefited from the government's environmental sector policies and commitment to biodiversity conservation.

Table: Donors to the initial capital

Donor	Amount (USD)
The World Bank - GEF	10,000,000
Government of Norway	2,688,435
Government of Switzerland	2,586,207
Government of the Netherlands	2,454,500
Government of Denmark	2,334,418
World Wildlife Fund; Inc.	1,000,000
Government of Finland	66,312
Royal Government of Bhutan	173,818
Total	21,303,690



Appreciation

Bhutan Trust Fund for Environmental Conservation

for being a friend to the people and environment of Bhutan.

Jetsun Pema Wangchuck

JETSUN PEMA WANGCHUCK
QUEEN OF BHUTAN



11TH NOVEMBER 2017

AREAS AND IMPACTS OF THE GRANT

Bhutan Trust Fund for Environmental Conservation engagement began in 1994. Beginning with support to the *Institutional Support to Nature Conservation Section*. BTFEC has supported the division to increase the Nature Conservation Division staff from 53 to 127. By 1997 there were 164 staff at NCD.

Other early assistance included:

- *The upgraded curriculum for the Bhutan Forestry Institute that increased the emphasis on wildlife, protected areas management, and community participation, as well as overseas training for three instructors;*
- *The development of biodiversity information system capability within the Division of Forestry's Management Section, including secondment of full-time staff to update, computerise, and process biological and socioeco-*
- *nomical data, and develop a GIS database for protected area management planning and monitoring, and short overseas training courses for two GIS technicians;*
- *Adoption of a revised national protected areas system plan with clear protection categories and prioritisation;*
- *Issuance of official gazettelement for four protected areas – Royal Manas National Park, Jigme Dorji Wildlife Sanctuary, Black Mountain National Park, and Bomdelling Wildlife Sanctuary – and operational plans for three of these four areas;*
- *Upgrading of Jigme Dorji Wildlife Sanctuary and Royal Manas National Park, including completion of baseline surveys, preliminary annual work plans and development of seven fully staffed and functioning beat offices; and*
- *Development of one detailed management plan for a protected area that would serve as a model for other areas.*

Table: Grants awarded between 1993 and 1997

SL.No.	Grant Title	Grantee
1	Institutional Support to Nature Conservation Section	DoFPS
2	Development of Royal Manas National Park I	DoFPS
3	Development of Jigme Dorji National Park	DoFPS
4	Development of Royal Manas National Park II	DoFPS
5	Integrated Conservation & Development Project in Jigme Dorji National Park	DoFPS
6	Bumdeling Wildlife Sanctuary	DoFPS
7	Jigme Dorji National Park	DoFPS

Socially, the conservation activities incorporated community consultation and participation. The park management planning included workshops for consultation with all stakeholders including communities. Pilot “integrated conservation and development program” (ICDP) investments involved participatory planning by community groups, within the framework of the existing local government structure. Pilot ICDP activities in Royal Manas had involved the local women’s association. The activities also established the local capacity and plans that enabled further conservation investments by other donors. The initial grants also helped to demonstrate the feasibility of a trust fund mechanism that had the potential to provide long-term sustainable support for biodiversity conservation in Bhutan.

The grant has helped to create a permanent, well-capitalised institution. The BTFEC has also had several indirect impacts. By drawing attention to the im-



portance of Bhutan’s biodiversity, and to the RGOB’s own remarkable commitment to biodiversity conservation, it precipitated a salutary increase in donor financing for biodiversity, separate from the BTFEC itself. The experience with financial management, governance, and the strategic plan has influenced the design of biodiversity trust funds for other countries, and opened up numerous trust funds for other sectors within Bhutan.

The BTFEC Strategic Plan I, II and III followed the early assistances. These plans helped BTFEC to maximise its impacts on critical conservation problems.



STRATEGY PLAN I

The first Strategy Plan was adopted as the guiding document of BTFEC activities in 1997. The plan had a twenty-year horizon that envisioned the BTFEC becoming a contributor across the entire green sector by the end of that period. Fine-tuning of the plan was delegated to the Technical Advisory Panel, which was mandated to develop five-year plans that would achieve the broad goals and to review and evaluate grants consistent with the medium-term plans the Board would approve.

The long-term goals for the BTFEC included developing a fully functioning protected areas system comprised of nine areas, catalysing funding to build a

conservation information management system and helping to incorporate environmental awareness and education into the education system. At the time the first Strategic Plan was developed, experience with the first five years of grant-making had shown that the capacity of grantees to prepare proposals and implement activities was inadequate and that the institutions required to manage all aspects of conservation were weak. The BTFEC thus concluded that its priority objective was to strengthen institutions to promote effective management of conservation programs and build capacity of its grantees to implement field activities.

In terms of achievement, it is clear that the 92 grants valued at Nu 450 million (US\$ 10 million) approved through 2009/2010 were substantively consistent with the broad goals of the Strategy Plan, as well as with the program and funding objectives that determined the areas of grant support. The long-term strategy itself was implemented with very positive results:

- A protected area system of five parks, four wildlife sanctuaries and one nature reserve were in place. All PAs had management plans with trained staff on the ground.
- The BTFEC financed more than US\$7 million in grants for the PA system, making a substantial contribution along with the RGoB and external donors.
- Research on key species, animal management, forest timber and non-timber use and management, rural community livelihoods and forest product use were financed;
- Bio-prospecting capacity was developed at the National Biodiversity Centre and a contribution was made to support creation of an Environmental Resource Centre at the RSPN.
- Research activities and surveys that were financed added to the understanding of key conservation issues and threats.
- US\$1.15 million were granted for environmental education and outreach and support to key academic institutions.
- The Ugyen Wangchuk Institute for Conservation of the Environment was established, its faculty trained and curriculum developed. Short courses and field studies have been launched and partnerships with external research institutions formed in pursuit of the goal of executing rigorous sci-



Finalisation of Strategy Plan I

ence-based research that would help practitioners, environmental leaders and policy makers in their roles as stewards of the environment.

- Three hundred Bhutanese individuals, including PA staff, educators and planners have received short-term, diploma and certificate level training. More than 30 Bhutanese professionals from relevant sectors were funded to undergo long-term masters and PhD level training, many of them are still holding positions of influence re-

lated to conservation management or environmental education. This high retention rate for trained individuals, in some cases a decade later, is commendable and rarely seen in similar training programmes.

The implementation of the first plan led to improvements in BTFEC's administration, financial management, fund raising capacity as well as its grant funding processes.

Areas of Impact Strategy Plan I

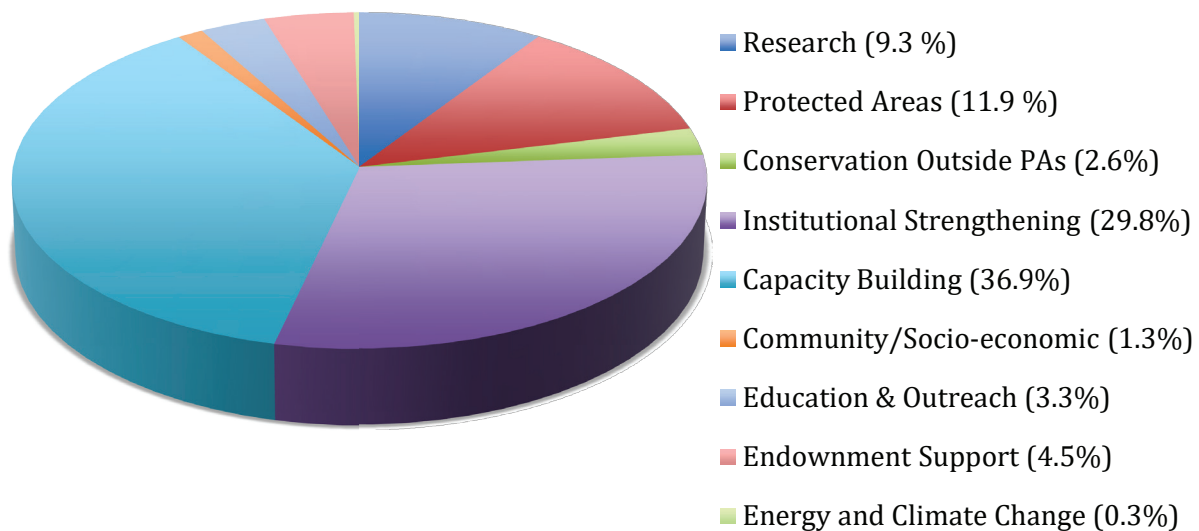


Table: Grants awarded in Strategy Plan I and extended period between 1997 and 2010

SL.No.	Grant Title	Grantee
1	Environmental Education at Lower Primary Level	Ministry of Education
2	Institutional support to Royal Society for the Protection of Nature	RSPN
3	Human Resources Development	Royal Civil Service Commission
4	Royal Botanical Garden Serbithang	National Biodiversity Centre
5	Thimphu Smoke Pollution Survey	National Environment Commission
6	Environmental Research & Building Capacity for NRM, Sherubtse College	Royal University of Bhutan
7	Researching & Mitigating the Effects of Cattle Migration	Department of Agriculture
8	Electrical Cookers as an Alternative to Firewood	Royal Bhutan Police
9	Incremental Staffing and Recurrent Costs of Conservation	RGoB
10	Incremental Staffing - Recurrent Costs and Human Resources Development	RSPN
11	Environmental monitoring of Forest Management Units	DoFPS
12	Human Resources Development	National Environment Commission
13	Human Resources Development	Ministry of Education
14	Support for Phipsoo Wildlife Sanctuary	DoFPS
15	Documentary Film on the Trust Fund	Bhutan Communications
16	MSc. in Plant Taxonomy	National Biodiversity Centre
17	Royal Botanical Garden Phase II	National Biodiversity Centre
18	MSc in Freshwater Fisheries Biology	Department of livestock
19	Endowment Fund	RSPN
20	Capacity Building at Trust Fund Secretariat	BT FEC
21	Support to Bumdeling Wildlife Sanctuary	DoFPS

25 years in the services of Environmental Conservation

22	Strengthening Forest Fire Management	DoFPS
23	MSc in Social/Community Forestry	DoFPS
24	Pilot Research on Wild Pig Management	Department of live-stock
25	Identification of Deer Species	DoFPS
26	Field Guide to the Mammals of Bhutan	DoFPS
27	MSc in Natural Resources Management	National Biodiversity Centre
28	Environmental Studies Trainers Training Workshop	Ministry of Education
29	Trust Fund Wall Calendars	BT FEC
30	Science and Environment Page	Kuensel Corporation
31	Institutional support	RSPN
32	MSc in Communications management - ICS	Ministry of Agriculture
33	Electrification of Kilikhar dratshang kitchen, Mongar	Dzongkhag Administration
34	HRD at National Environment Commission	National Environment Commission
35	Strengthening Forest Fire Management	DoFPS
36	Environmental Education for Sustainability	RSPN
37	1st Trongsa Penlop Conservation Award	Late Thuji
38	1st Annual Trongsa Penlop Conservation Fellowship	Tshering Tempa
39	Capacity Building at Trust Fund Secretariat	Singye Dorji
40	2nd Trongsa Penlop Conservation Award	Tenzin
41	Afforestation Program in Thimphu	National Environment Commission
42	Training Workshop on Environmental Toxicology	National Environment Commission
43	Pilot Energy-efficient Project (electrification)	Royal Secretariat
44	Establishment of Ugyen Wangchuck Institute of Env & Forestry Studies	UWICE
45	Citizen's Initiative for CCC-Environmental campaign (Environment campaign-public debate, forum)	Others
46	Initiation of Wangchuck Centennial Park	DoFPS
47	Co-funding for PhD in Tourism in Protected Areas	DoFPS

48	Partial Support for Post Graduate Study in Place-based Education	Ministry of Education
49	2nd Trongsa Penlop Conservation Fellowship	Tandin Wangmo
50	Capacity Building at Trust Fund Secretariat	Sonam Wangmo
51	Bio-Propecting	National Biodiversity Centre
52	Development of Chubu Tsachu in JDNP	DoFPS
53	To Photograph the Natural Heritage of Bhutan	Yeshey Dorji
54	In Search of Greenhouse Deities, Dasho Karma Ura	Centre for Bhutan Studies
55	Golden langurs and Capped Langurs in Bhutan	Tashi Wangchuk, DoFPS
56	Bragtsha Watershed Management	Sonam Nyamrup Tshogpa, Trashy Yangtse
57	Rural livelihoods	Deki Pema, MoA
58	Fuelwood Consumption & Alternative Energy Sources	Pema Norbu
59	Ecology of Bhutan Takin	Small research grant
60	Trust fund wall calendars for 2001	Rigsar Consultancy
61	Trust Fund Stamps	Bhutan Post Corporation
62	Research grant to Bhutan Scouts Association, YGCD	Ministry of Education
63	Electrification of Goenshari Community School, JDNP	DoFPS
64	Researching Community use of Cordyceps sinensis	Phuntsho Namgyel
65	Predator-prey dynamics	Tashi Wangchuk, DoFPS
66	Energy efficient Althus stoves in Pema Choling Nunnery, Bumthang	Monastic Body
67	Land use Assessment in Four Geogs in Mongar & Tashigang, Sherubtse College	Royal University of Bhutan
68	Solid Waste Management	RSPN
69	Study on Reptilean Divesity, BWS, Trashiyangtse	DoFPS
70	Human Wildlife Conflict Workshop	NCD, MoAF
71	Fuel-efficient Stoves	Ministry of Education
72	Wangchuck Centennial Park	DoFPS
73	Publicity of Bhutan Trust Fund	BTFEC

74	Sound & Light Fencing for Human, Wildlife Management	NCD, MoAF
75	Winter Camp: A Youth Awareness Program on Climate Change	BYCA
76	Prescribed Burning Trial and Forest Fire Volunteer Program	DoFPS
77	Installation of Electric Stove to Replace Fuelwood, Lekshed Jungney Shedra	Monastic Body
78	Cycling Expedition for Climate Change, Sherubtse College	Royal University of Bhutan
79	Training on Economic Tools for Conservation	UWICE

The strategy plan one also called for designing integrated conservation and development projects and for promoting education and public awareness campaigns to support environmental conservation.

In line with the five-year plan targets, and BTFEC's Strategy Plans, some important areas covered under the various

programmes in the first decade of this millennium include renewable natural resource management, biodiversity conservation, environmental regulation and management, natural resources management, environmental education in schools, and promotion of cleaner and energy efficient technology at the Royal Secretariat and Royal Bhutan Police.





STRATEGY PLAN II

BT FEC developed its second strategy, called the Strategy Plan II 2010-15, which provided the basis for the much-needed expansion of the BT FEC's role. The Plan covered seven programme areas:

- *Basic, baseline and critical research*
- *Development issues with direct impacts on the natural environment*
- *Climate change adaptation strategies*
- *Awareness and education*
- *Green sector projects*
- *Rural/community projects*
- *Integrated water resource management*

Those seven areas and associated actions were comprehensive in scope. The Plan was rather ambitious in what it tried

to achieve in a five-year period, especially as it presented a number of new programme areas for grant-making and proposed new ways of doing business. The strategic Plan II helped BT FEC to respond to the country's changing environment priorities and recent political transformation.

BT FEC implemented Strategy Plan II by introducing improvements to the Fund's grant selection criteria, procedures for the evaluation and assessment of the impacts of its grants, transparency, accountability and financial management.

In terms of achievement, it is clear that the 90 grants valued at Nu 500 million approved in the Strategy Plan II through

2015/16 were substantively consistent with the broad goals of the Strategic Plan, as well as with the programme and funding objectives that determined the areas of grant support. The long-term strategy itself was implemented with very positive results.

The second Strategy Plan, expanded BTFEC's objective. While continuing to support the conservation goals embedded in the Royal Charter, the plan acknowledged that accelerating changes in Bhutanese society were negatively impacting the natural environment, both within and outside the protected areas. Impacts included those resulting from climate change, demand for roads and electricity, greater income disparity, increased waste contamination of water and soil, dam and mine construction, illegal logging and poaching and limited

efforts to integrate development and environmental protection.

In order to manage, mitigate and minimize these impacts, BTFEC had increased its funding for a broader range of conservation activities. Strategy Plan II also envisioned greater involvement by impacted rural populations, a more accessible application process, strengthened monitoring and evaluation for funded projects and improved organisational effectiveness.

In parallel to the planned overhaul of BTFEC's operations during the proposed project implementation period, the government embarked on a programme to intensify its conservation efforts in the high altitude northern areas (HANAS). This region forms part of the fragile eastern Himalayan ecosystems



The government adopted BTFEC grant mechanism, including its policies and processes, to strengthen the prioritisation and management of conservation activities in HANAS. Therefore, the GEF funding for the conservation activities in HANAS was channelled through BTFEC and the latter manages the selection and

the monitoring and implementation of the HANAS grant proposals. Largely the departments of forestry, wildlife conservation, and livestock of MOAF, all of which have extensive experience working on World Bank and other donor-supported programs, are implementing the grants.

Areas of Impact. Strategy Plan II

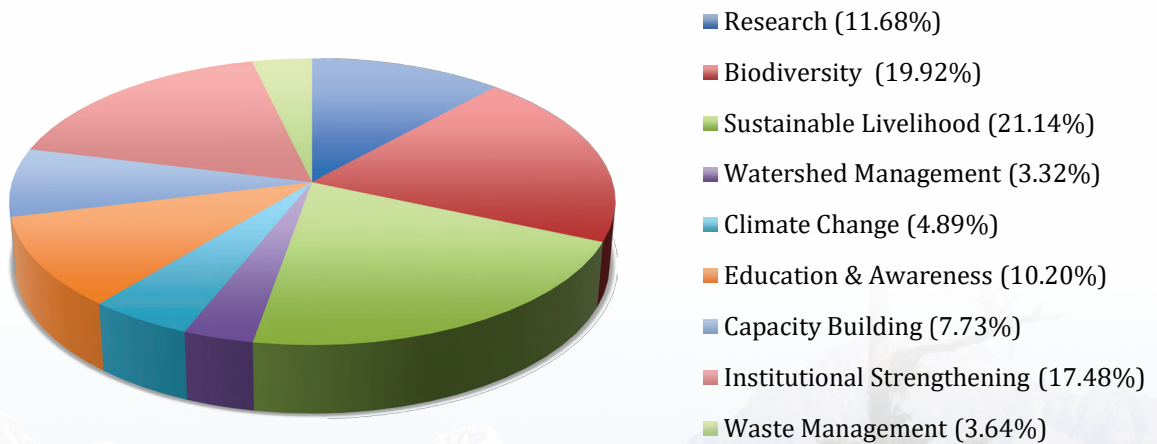


Table: Grants awarded in Strategy Plan II between 2010 and 2015

SL. No.	Grant Title	Grantee
1	Indigenous Wildlife Repellent	MoAF
2	Flowers of Bhutan	BT FEC
3	Implementation of National Human Wildlife Conflict Management Strategy, WCD	DoFPS
4	Enhancing Local Stewardship of Forest through Alternative Roofing, SWS	DoFPS
5	Masters degree in Environmental Management and Development	Royal Audit Authority
6	National Forest Inventory - FRDD	DoFPS
7	Development of Environmental Resource Centre	RSPN
8	Door to Door Waste Management Services	Greener Way
9	Plantation by Farmers Group of Radhi & Phongmey gewog, Tashigang	Gewog Administration
10	Establishment of Lanjophakha Greenery Park- Phase I -NRED	DoFPS
11	Management Planning of Wangchuck Centennial Park	DoFPS
12	Tsenden Reforestation	DoFPS
13	Bumdelling Black Necked Crane Habitat Reclamation Project, BWS	DoFPS
14	Capacity Building at Trust Fund Secretariat -MBA in Project Management	BT FEC
15	Linking Tourism - Biodiversity Conservation and Cultural Preservation-NRED	DoFPS
16	Piloting Integrated Solid Waste Management in Bajothang	MoWHS & Wangdue Dzongkhag
17	Water Resource Inventory to Assess Availability of Water for Various Uses	National Environment Commission
18	Establishment of Langjophakha Greenery Park-Phase II-NRED	DoFPS
19	Support for 14th ISE International Congress of Ethnobiology	BES
20	National Forest Inventory Data Collection from Western Region - FRMD	DoFPS
21	Comprehensive Assessment of Climate Change Impacts on Endemic Plant Diversity	National Biodiversity Centre

22	Bhutan's National Animal Takin Migration-Sangyay(Principal Investigator), Bumthang	UWICE
23	Fish Fauna Assesment-National Coldwater Fishery Center-Dept of Livestock ,Haa	Department of livestock
24	Conservation of Native Tree Species through Nursery Development at Samtenling Palace Area-Royal Projects Coordination	Royal Project, Thimphu
25	Integrating PES and REDD+ in Bhutan-watershed Management Division Thimphu	DoFPS
26	Securing rangeland soil carbon through community yak herding - Bumthang,	Department of livestock
27	Development of Thimphu Community Ecological Park-Thimphu	BT FEC
28	Conservation of Buli Tsho at Buli village, Nangkhor, Zhemgang	Gewog Administration
29	Integrated Water Resource Management in Khatey and khamae Chewog towards Sustainable Water Resources Management and Utilization, Jigmecholing, Sarpang	Gewog Administration
30	Sustainable Rural Biomass Energy-Department of Renewable Energy	MoEA
31	Introducing Environmental Science in Formal Education in Bhutan	RSPN
32	Rural Livestock and Agricultural Crops Insurance Scheme-WCD, DoFPS, Thimphu	DoFPS
33	Examine the dietary pattern of Asiatic elephants in correlation to crop rading in the sub-tropical regions of Bhutan, WCD	DoFPS
34	Implement Conservation Management Plan of Toorsa Strict Nature Reserve-TSNR, Haa	DoFPS
35	Develop Biomass Equations to Estimate Biomass for Assessing National Carbon Stock-RDC-Yusipang, Thimphu	Department of Agriculture
36	Revision of Conservation Management Plan for Sakteng Wildlife Santurary, Phongmey, Trashigang	DoFPS
37	Establishment of Knowledge base for invertebrates in Bhutan and the insitutional and human capacities to develop and expand it further for better understanding of the role invertebrates play in the biodiversity systems of Bhutan	National Biodiversity Centre
38	Embracing Interior Zoning Paradigm for scientific Wildlife Management Interventions and Effective Waste Management along the Highway Involving Pertinent Conservation Partners in Thrumshingla National Park, Thrumshingla National Park(TNP), Bumthang	DoFPS

39	Strengthen Resource Monitoring, Patrolling and Service Delivery of JDNP	DoFPS
40	Enhance Management Efficiency of BWS through Integrated and Participatory Approach	DoFPS
41	Enhance Efficiency and Intiate Sustainability of Wangchuck Centennial Park Management, WCNP	DoFPS
42	Revive Degraded Rangelands in the Northern Frontier through Soil and Land Management Technology, NCAN, Bumthang	Department of livestock
43	Integrated Community based Eco-tourism program in Khoma Gewog, Bumdelling Wildlife Sanctuary	DoFPS
44	Sustainable Management of Resources inside Jigme Dorji National Park through integrated participations of communities and other key stakeholders	DoFPS
45	Enhance Park Biodiversity database for informed decision making towards park community livelihood, WCNP	DoFPS
55	Tiger Compensation	NCD, MoAF
56	Community Eco-Park for the People of Sarpang Tar	Dzongkhag Administration
57	National Level Conservation Fund Raising Program	NCD, MoAF
58	Installation of Electric Stove to Replace Fuelwood, Nalanda Buddhist Institute	Monastic Body
59	Installation of Electric Stove to Replace Fuelwood, Pema Gatsher Rabdey Dratshang	Monastic Body
60	Establishment of Nature Club and Environmental Education Program	RSPN
61	Field Reseach for Undergraduate Students, CNR	Royal University of Bhutan
62	Develop White Bellied Heron Documentary	Bhutan Reality Pictures
63	Environmental Education Need Assessment Workshop and Development of Teachers Manual	Ministry of Education
64	Youth Environment Fund: Green Your Holidays	IMS
65	ReCiTi: Waste Recycle Management	ReCiTi
66	Construction of Choekhang and Kitchen, Naro	Gewog Administration
67	Green Transport	RSPN
68	Tsendengang Gewog Watershed Protection, Dagana	Dzongkhag Administration

69	Funding for Research Projects,CNR	Royal University of Bhutan
70	Twin Lakes, Dagapela	Dzongkhag Administration
71	Solar Fencing at Singye Village, Sarpang	DoFPS
72	Green Changjjji,	NHDCL,Thimphu
73	Pictorial and Video Documentation of Butterflies and Moths of Bhutan	Sonam Dorji
74	Electrical Cookers as an Alternative to Firewood, Ugyen Dogna Chokhorling, Yonphula	Monastic Body
75	Integrated Waste Management & Awareness Program for 12 Geogs and one Thromde under Tsirang Dzongkhag	Dzongkhag Administration
76	Greening of Bhutan Football Federation Changjjji Area	Bhutan Football Federation
77	Production of Feature Documentary Film “The Grieving Holy Water”	Final Touch Production
78	Construction of 3 R’s collection Center, Thimphu Thromde	Dzongkhag Administration
79	Plantation and Waste Management,	Dudjom Terling Chodey, Samdrup Jongkhar
80	Protection and preservation of Khurl lake, Lhamozingkha, Dagana	Dzongkhag Administration
81	Protection,Conservation and Improvement of Watershed around Taktshang Zhimchung Sarbu Monastic School	Monastic Body



STRATEGY PLAN III

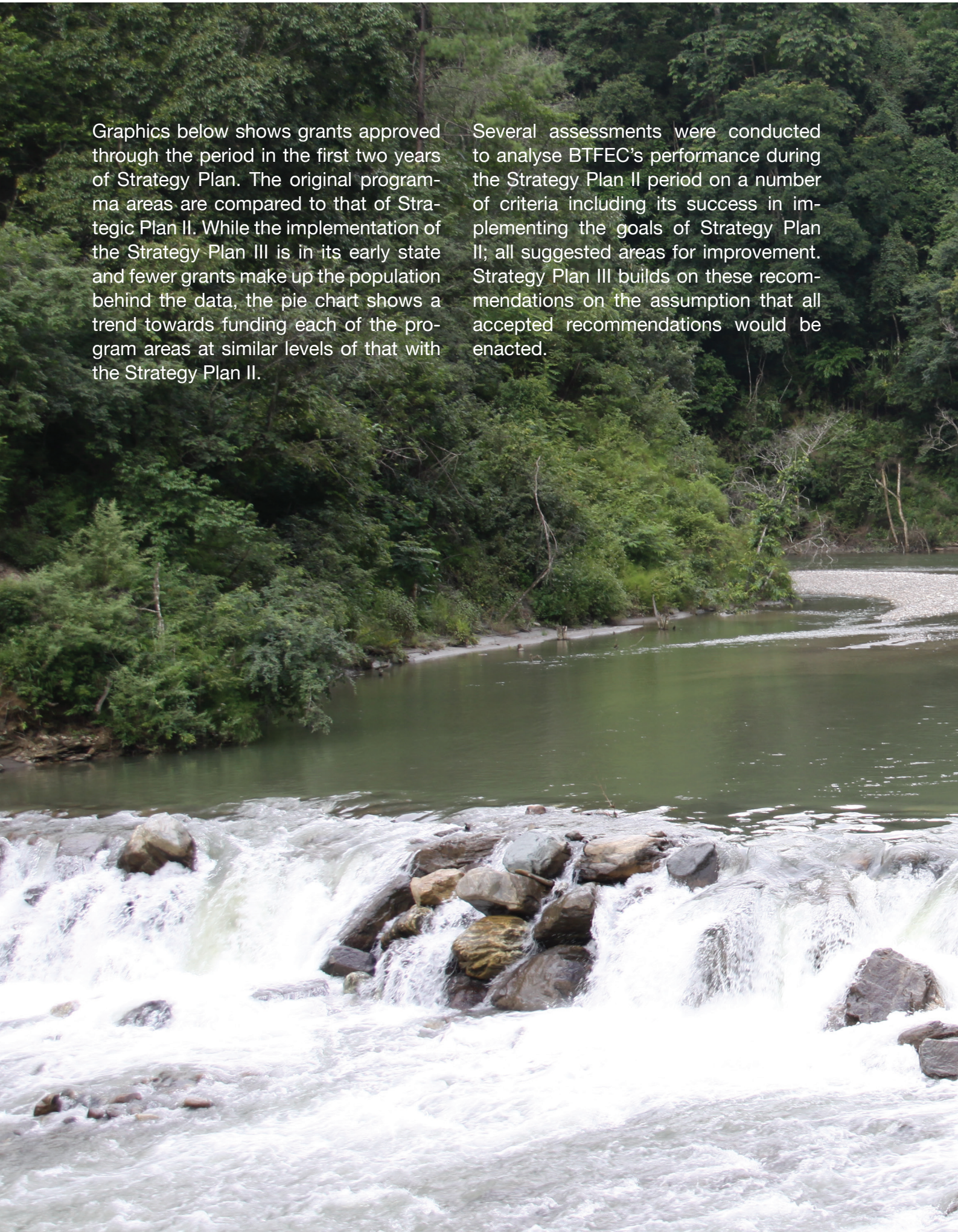
Strategy Plan III, 2015-2020, presents an opportunity to develop a clear and focused programme to fund critical conservation challenges and engage additional partners in the effort. Other opportunities include full utilisation of available funds for greater programme impacts, increased staff and improved financial management.



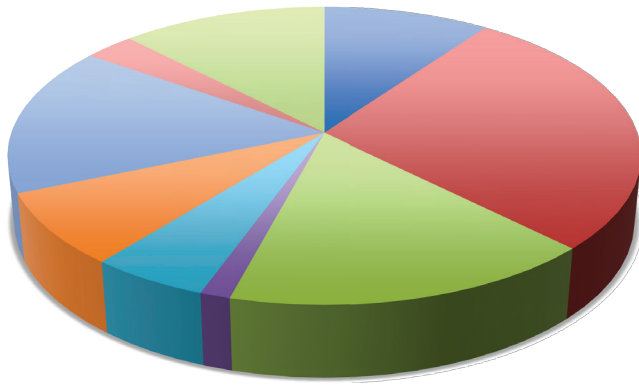


Graphics below shows grants approved through the period in the first two years of Strategy Plan. The original program areas are compared to that of Strategic Plan II. While the implementation of the Strategy Plan III is in its early state and fewer grants make up the population behind the data, the pie chart shows a trend towards funding each of the program areas at similar levels of that with the Strategy Plan II.

Several assessments were conducted to analyse BTFEC's performance during the Strategy Plan II period on a number of criteria including its success in implementing the goals of Strategy Plan II; all suggested areas for improvement. Strategy Plan III builds on these recommendations on the assumption that all accepted recommendations would be enacted.



Grant Funding under Strategy Plan III as of October 2017



- Research (9.85 %)
- Biodiversity (27.67 %)
- Sustainable Livelihood (16.62 %)
- Watershed Management (1.35 %)
- Climate Change (5.25 %)
- Education & Awareness (7.84 %)
- Capacity Building (16.21 %)
- Institutional Strengthening (3.00 %)
- Waste Management (12.21 %)

Given the sum available for the three strategy priority areas, fund allocation for Strategic Plan III is shown below:

Strategy		Fund Allocated (Nu. Million)	Allocation (%)
Strategy One	Fund a Few Core Conservation Threats	270	60%
Strategy Two	Support Populations Most Affected by Loss of Natural Resources and Biodiversity	135	30%
Strategy Three	Collaborate with Other Institutions to Maximize Conservation Benefits of BTFEC Funding	45	10%
Total		450	100%



Strategy one:

Fund few core conservation threats

- Human wildlife conflicts
- Waste management and prevention
- Sustainable forest management
- Protecting biodiversity while improving rural livelihoods

Strategy two:

Support populations most affected by loss of natural resources and biodiversity

- Defining the specifics of conservation issues
- Trained to prepare proposals for project funding

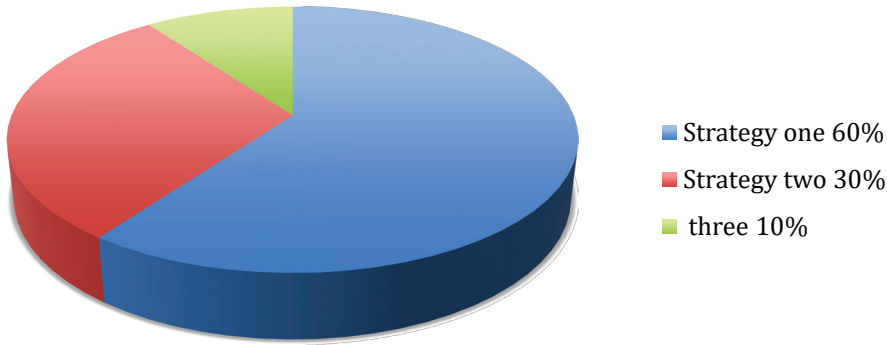
- Include in project management and implementation
- Empower to sustain and improve conservation practices

Strategy three:

Collaborate with other institutions to maximize conservation benefits of BT-FEC funding

- Conservation Initiatives
- Research institutions
- International aid organizations
- Civil societies
- Private industry

Strategy Plan III



Between 2015 and 2020 BTFEC would make available a total sum of Nu 450 million or Nu 90 million per annum calculated based on the existing spending rate in practice. However, depending on the investment portfolio performance, the resource availability

may vary on annual basis.

Through the implementation of Strategy Plan III, BTFEC aspires to address critical environmental issues with effective utilisation of resources. This new approach came into effect from 1 July 2015 and through to 30 June 2020.



Table: Grants awarded in Strategy Plan III between 2015 and present

SL.No.	Grant Title	Grantee
1	Rehabilitation of Luetshoka Tsho, Nyisho, Wangduephodrang	Gewog Administration
2	SJI Zero Waste Project, Lhomon Society, Samdrup Jongkhar Initiative	CSO
3	Improvement and authentication of Smart wild animal repellent device, Ex CST students	Individual
4	Exploration of the Unique Biodiversity of Bhutan (Migoe), HRH Secretariat and Ugyen Wangchuck Institute for Conservation of Environment	HRH Secretariat and UWICE
5	Community Based Development in Dungmang Tshachu, Territorial Division, Zhemgang	DoFPS
6	White-Bellied Heron (WBH) Recovery Plan.	RSPN
7	Up-scaling Sustainable Land Management to Combat Land Degradation and climate Change Mitigation	National Soil Services Centre, Thimphu
8	Improve Rural Livelihood from NWFP in Phulema, Community Pheluma, Samdrup Jongkhar	Pheluma Community, Samdrup-jongkhar
9	Trial Introduction of Glue Laminated Timber Technology and experimental application of Glulam structures in Bhutan.	The Royal Academy, Pangbisa Paro
10	Advocating Behavioral Change-Managing Our Own Waste-Mongar and Trashigang Thromde.	Clean Bhutan
11	Development of compact and appropriate onsite sanitation technology for reducing public health hazards and environmental pollution in the urban areas of Bhutan, CST	Royal University of Bhutan
12	Fish Fauna Assessment: Species Composition and Distribution of Fish in Manas River Basin, Nyera Ama Chhu, Haa Fishery	Department of livestock
13	To enhance the management effectiveness of Jigme Khesar Strict Nature Reserve	DoFPS
14	Strengthening Environmental Auditing towards Protection and Conservation of Environment	Royal Audit Authority

15	Biodiversity Conservation and Sustainable use in HANAs of Bhutan	National Biodiversity Centre
16	Phase one- Mainstreaming of conservation and sustainable forest and natural resource management approaches in national policies, strategies and plans, WCD	DoFPS
17	Development of landscape conservation management plan for Snow Leopard (<i>Panthera Unica</i>) in Bhutan, WCD	DoFPS
18	Natural Resource Management in the Highlands for Sustainable Livelihood & Green Economy (Laya & Sephu)-DoFPS & DoL, WCD	DoFPS
19	Greening School Project	Karmaling Higher Secondary School
20	Construction of a waste segregation at Tsangkha Central School, JSWNP	DoFPS
21	Bamboo Plantation, a bioengineering method for slope stabilization at Rigzingling, Ramitey Phuentsholing	Gewog Administration
22	Bamboo Plantation at Serkhar and Serdungmani	Phongmey Gewog Administration
23	To Promote Greenery and Preserve the Ecosystem	National Land Commission Secretariat
24	Development of Waste Disposal Facilities for Lamgong Satellite town.	Gewog Administration
25	Installation of Fuel Wood Efficient Stove, Pema Shedrup Choki Gatshelling Nunnery, Tang Bezur, Bumthang	Monastic Body
26	Research and Development in Electric Fence Designs based on Animal behavior and Exploring Alternative Materials for wooden Poles through recycling	RDC, Wengkhari, DoA


25 years in the services of Environmental Conservation

27	Conservation and Sustainable Use of Indigenous Flora in Bhutanese Gardens and Landscape	Floriculture and Amenity Landscaping Programme, DoA
28	Enhancing Community Capacity for Biodiversity Conservation and Livelihood improvement through eco-based farming	RDTC, MoAF
29	Working towards achieving land degradation neutral status: “ Protect-Sustain-Restore”	NSSC, DoA
30	Strengthening Natural and Biosecurity and Food Safety	BAFRA, MoAF
31	Improving Rangeland Governance and Leveraging Yak Value Chains for Sustainable Natural Resource Management and Livelihoods in the western frontier of Bhutan	Research and Extension Division, DoL
32	Conservation and Promotion of Native Poultry Breeds of Bhutan	Livestock Production Division, DoL
33	National Roll Out for SMART Patrolling Program	WCD, DoFPS
34	Scientific Study on the ecology of small felids in Royal Manas National Park	RMNP, DoFPS
35	Study the Ecology and Conservation of Spotted deer and other small mammals in Phipsoo Wildlife Sanctuary	PWS, DoFPS
36	Rehabilitation of degraded watershed and improvement of water supply for Eutok Gonpa and Dra Karpo	Eutok Samdrup Chholing Gyenzin Dratshang, Paro
37	Gumo Water Shed conservation project	Nidupchhu Lhakhang, Puna-kha
38	Biodiversity assessment of aquatic (Macro Invertebrates, Snails and Crabs) and Ants Species in Bhutan	CNR
39	Discovering Bhutan’s Environment and Culture by the youth	Centre for Professional Development
40	Conservation of Paris Polyphylla (satuwa)	DoA
41	Integrated Wildlife Management for Sustainable Biodiversity Conservation and Livelihoods	BWS, DoFPS
42	Antipoaching of Musk Deer- Ensuring their conservation in WCNP and beyond	WCNP, DoFPS

43	Enhancing the Conservation of Bhutan Takin, the National Animal	NCD, MoAF
44	Zero Waste Project in Samdrup Jongkhar and Trashigang	Lhomon Society, Samdrup Jongkhar
45	Building Socio-Ecological Resilience: An Adaptation to Progressive Climate Change in Sakteng Wildlife Sanctuary	SWS, DoFPS
46	Introducing Environmental Science in Formal Education in Bhutan in Classes XI and XII	Royal Education Council, Paro
47	Samzingkha Agroforestry Project	Thimphu Forest Division, DoFPS
48	To ensure health and hygiene of monks and conserve environment subsequently through use of electric cooker	Beylangdra Monastery
49	Sustainable NWFP management of Sektena, Gakilung Gewog	Paro Forest Division
50	Prevention of forest fire through Media Advocacy and Awareness	DoFPS



In the new approach, Strategy Plan III, BTFEC annually issues new Request for Proposal (RFP) to address specific conservation threats. The RFP will describe the threat based on research with subject experts, relevant stakeholders and interactions with target populations. It will include expected outcomes of project funding, total allocated budget and funding cycle, relevant resources, the proposal format, descriptions of the processes for assistance with proposal preparation, financial proposal review and approval, and funding terms and expectations. BTFEC will advertise and distribute each RFP to interested and affected parties using a variety of media to reach beyond newspaper readers.

A person wearing a green uniform, a green cap, and a large orange and grey backpack is walking away from the camera through a lush green forest clearing. The clearing is filled with tall grasses and various green plants. In the background, a dense forest of tall, thin trees rises up a hillside. The lighting is bright, suggesting a sunny day.

Non-governmental organisations, academic institutions, civil societies, rural communities and cooperatives, individuals and governmental entities, including those at the district and local levels, are eligible to apply. Proposals that originate from and/or include local governments, civil societies, and affected populations are given extra credit in the approval process. Projects that include collaboration and partnerships among several institutions for mutual benefit are encouraged if such cooperation likely increases the chance of successful implementation and outcomes. Innovative conservation methods and new technologies are encouraged.

Photo: DoFPS

OVERVIEW OF BTFEC ACHIEVEMENTS

Some of the clear achievements of BT-FEC support have been in supporting the establishment of all ten protected areas in the country, capacity building of more than 600 Bhutanese to carry out conservation and natural resource management programmes, the national forestry inventory, national level survey on iconic species such as tiger, snow leopard, takin, introduction of GIS system for conservation planning, and environmental science curriculum in education system, and conservation of black-necked cranes and white-bellied herons.

OPERATIONAL ACHIEVEMENTS

In the last 25 years of its establishment, the Bhutan Trust Fund for Environmental Conservation (BT-FEC) has evolved as grant expeditor to a more multifaceted role, from that of supporting and providing technical and financial experts to execution of donor funded projects. Along the way, methodologies, processes and tools have been developed enabling an improved grant making, strategic planning and project implementation. Some of the significant development are the establishment of essential policy frameworks and guidelines to facilitate sound implementation governance and operations at the strategic, program and financial management.







- Advocacy Guidelines
- Conflict of Interest Declaration
- Dispute Resolution Management Framework
- Environmental & Social Management Framework (ESMF)
- Fraud & Corruption Policy Framework
- Gender Equity Strategy Framework
- Internal Control Framework
- M&E Framework
- Organizational Integrity Plan
- Risk Management Policy Framework
- Whistle Blower Policy & Procedures

INTERNAL AUDIT INSTITUTIONALIZED

Similarly, through the GEF-WB project BTFEC has initiated the semi-annual internal audits of both the HANAs sub-projects and BTFEC funded projects, with the objective of providing timely reports of internal controls, operations and implementation as per the provisions of Royal Charter, GEF-Grant Agreements, Operations Manual, etc. Through the internal audit arrangements, BTFEC's management and administering compliances has improved.

GOVERNANCE & AUDIT COMMITTEE

A three-member Governance & Audit Committee has been established (at the 44th Management Board meeting held on 26 November 2016.), chaired by a member of the Management Board, one external Chief Internal Auditor and the BTFEC Internal Auditor as Member Secretary

SECRETARIAT

The Secretariat is delegated with the administrative and financial powers to implement Board-approved finances and discretionary grants ceiling of Nu. 2,400,000 annually, with individual grants not exceeding Nu. 400,000 per project.

Started initially with three staff in 1992, the Secretariat over the years grew to 15.

SEPARATION OF FINANCE AND ADMINISTRATIVE FUNCTION

To facilitate greater transparency and accountability within the organization and

program activities, the BTFEC has created a separate Administration Unit for the management of administration, HR and procurement functions of BTFEC. BTFEC Management Board members since inception.

No.	Name & Title	Organization	Term
1	Lyonpo C. Dorji, Chairman	Planning Ministry	1992 - 1998
2	Dasho, (Mr.) Leki Dorji, Secretary	MoA	1992- 1993
3	Mr. Terence Jones, Member	RR, UNDP	1992- 1993
4	Dasho Yeshey Zimba, Treasurer	MoF	1992 - 2000
5	Dr. Bruce Bunting, Member	WWF	1992 - 2001
6	Mr. Karma Phuntsho, Member Secretary	BTFEC	1992 – 1998
7	Dasho Paljor J. Dorji (Benji), Member	NEC	1994 - 1998
8	Ms. Akiko Naito-Yuge, Member	UNDP	1994 - 1998
9	Dasho Kinzang Dorji, Member	MoA	1995 - 2005
10	Dasho Thinley Gyamtsho, Member	RCSC	1996 - 1998
11	Mr. Andrew Smith Geair, Member	UNDP	1998 - 1999
12	Mr. Pema Wangda, Member	Labor Ministry	1998 - 1999
13	Dasho Nado Rinchen, Member	NEC	1999 - 2010
14	Dasho Dr. Jigme Singay, Member	RCSC	1999 - 2001
15	Mr. Tobgay S. Namgyal, Member Secretary	BTFEC	1999 - 2010
16	Dasho Sangay Thinley, Member	MoA	1999 – 2000
17	Mr. Shun-ichi Murata, Member	UNDP	1999 - 2001
18	Mr. Ugen Thinley, Member	DoFPS	2000 – 2001
19	Dasho Wangdi Norbu, Member	MoF	2000 – 2003
20	Ms. Dago Beda, Member	Private Sector	2001 - 2005
21	Mr. Kinley Dorji, Member	NGO	2001 - 2005
22	Ms. Yangki T. Wangchuk, Member	MoF	2004 - 2005
23	Lyonpo (Dr.) Pema Gyamtsho, Chairman	MoA	2008 - 2013
24	Mr. Choiten Wangchuk, Member	MoF	2008 - 2017
25	Ms. Lhaden Pema, Member	Ministry of Works	2008 - 2013

26	Ms. Yeshey Selden, Member	Dept. of Trade	2008 - 2010
27	Dr. Lam Dorji, Member	RSPN	2008 - 2017
28	Dr. Pema Choephyel, Member Secretary	BT FEC	2010 - ongoing
29	Dr. Ugyen Tshewang, Member	NEC	2010 - 2013
30	Dr. Phuntsho Namgyel, Member	Cabinet Sect.	2011 - 2013
31	Lyonpo Yeshey Dorji, Chairman	MoA	2014 - ongoing
32	Dasho Sonam Tobgay Dorji, Member	Ugyen Academy	2014 - ongoing
33	Dr. Damber S. Kharka, Member	DHI	2014 - ongoing
34	Mr. Thinley Namgyel, Member	GNHC	2014 - ongoing
35	Mr. Tshering Dorji, Member	DPA, MoF	2017 - ongoing
36	Mr. Passang Tshering, Member	Bhutan Toilet Org	2017 - ongoing

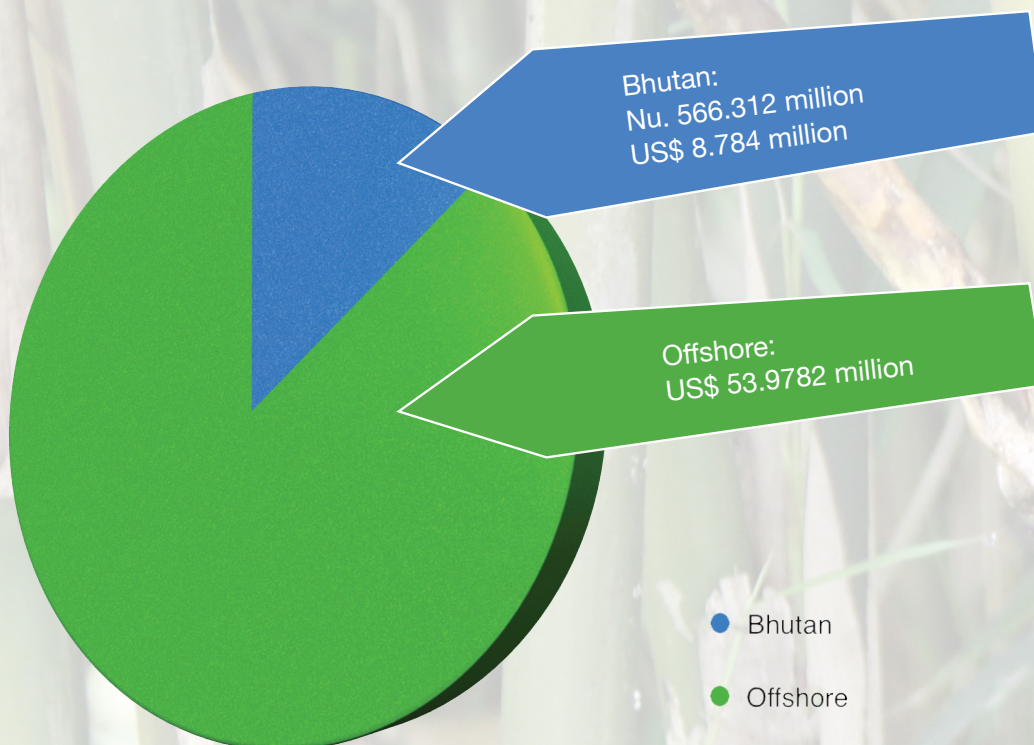


ENDOWMENT STATUS

BTFEC's financial endowment is the most important asset, as all operations have to be financed by annual investment income. Investments are guided by an investment policy and specific guidelines adopted by the Board in 2009. The policy confirms that management of the Trust Fund will be undertaken so as to preserve the real value of the endowment (after US inflation), over an extended period of time through a bal-

ance between sustainable total return of the endowment and BTFEC spending policies consistent with that return, on a continuing basis. Preservation of capital is commonly the prevailing principle for managing CTF endowments.

As of 30th June 2017, the overall endowment's market value was US\$62.756 million (including RSPN endowment), of which \$53.972 million was in offshore portfolio and \$8.784 million in Bhutan portfolio.



INVESTMENT MANAGEMENT

The initial capital of the BTFEC was US\$21 million in 1996/97. At that time, an international investment firm was hired to manage the assets, which were all kept in hard currency offshore. Double-digit investment gains prevailed through 2000, and the BTFEC beat its portfolio benchmark return by an average of two percent annually. After several years of strong returns, and a very slow take-off of the grant programme, the net increase in the market value of the portfolio was about US\$10 million. At that point, the Board decided to place one percent of the portfolio in investments in Bhutan.

A sharp downturn in the US financial market began in 2000 and ended with what some term a “crash” in 2002 as a market “correction” adjusted overvalued stocks and accounting scandals shook consumer confidence. The BTFEC portfolio experienced negative returns, which exceeded those of its benchmarks. A review was made of the portfolio and, following extraordinary Board meetings, a decision was taken to change the way in which assets were managed. Investment management was taken over by the BTFEC, supported by an offshore consultant financial advisor. Under that arrangement and with a robust recovery of the US financial market, the BTFEC experienced excellent growth again. From 2003/04 until 2007/08, when signs of world financial markets’ deterioration appeared again, total return averaged just fewer than 10 percent per year. For that same period,

portfolio benchmarks were exceeded by more than 2.5 percent on average.

A bold just-in-time withdrawal from the markets in 2007/08 avoided the substantial losses that many US investors incurred as markets went into crisis. The BTFEC had a small, but positive return during that and the following year. In comparison, the average return for Conservation Trust Funds with assets greater than US\$20 million, which participated in the Conservation Trust Fund Investment Survey for financial year 2008, was -9.6 percent. In 2009, a new AMC was named, and a slight change was again made; this time by appointing a financial advisor resident in Bhutan to the AMC.

The initial capital of the BTFEC has grown considerably in part because of the careful management of investments and administrative expenses. The Asset Management Committee (AMC) is comprised of highly competent members who carry out their duties in line with best practices. The investment policy covers both the offshore and onshore portfolios, with a limit on onshore investments that reflects the risks of that market.

The AMC prepared a revised investment policy statement and guidelines, which was approved by the Board in 2009. The policy mandates that management of the Trust Fund will be undertaken so as to preserve the real value of the endowment (after US inflation), over an extended period of time through a balance between sustainable total return of the endowment and BTFEC spending policies consistent with that return, on a continuing basis.



Photo: DoFPS

Preservation of capital is commonly the prevailing principle for managing CTF endowments.

GRANTS PROGRAM

Some of the clear achievements of BT-FEC support have been in supporting the establishment of all ten protected areas in the country, capacity building of more than 600 Bhutanese to carry out conservation and natural resource management programmes, the national forestry inventory, national level survey on iconic species such as tiger, snow leopard, takin, introduction of GIS system for conservation planning, and environmental science curriculum in education system, and conservation of black-necked cranes and white-bellied herons.

Key factors underlying the success of the BTFEC include:

Strong local governance: A fully Bhutanese seven-member management board with ultimate program and fiduciary responsibility governs the BTFEC. The board has high-level membership reflecting the importance placed on the fund's objective, and conferring prestige and credibility to the fund's business

Independent investment Management: Due to the specialised nature of the investment instruments in use today, BTFEC relies on independent expertise to advice on investment policy and strategy.

An integrated approach: The Government of Bhutan is integrating environmental management across all sectors; the BTFEC is likewise looking beyond a

compartmentalised 'green' agenda so as to move forward with government.

The Ministry of Agriculture and Forests, National Environment Commission, Royal Society for Protection of Nature, Ministry of Education, and various district and sub-district administrations received grant and implemented the programme. Besides technical issues, the BTFEC Grant also included institutional development aspects as well as human resource development activities including Trongsa Penlop Conservation fellowship.

As of 30 June 2017, BTFEC has funded 202 projects, including the Management Board Grants, Small Grants and HANAs sub-projects, to a tune of Nu. 1,116,408,711. Of these, 178 projects worth over Nu.900,198,117 are complete while 24 projects worth Nu.216,210,594 is ongoing.

Management Board Grant

BTFEC has funded 123 Management Board approved projects to a tune of Nu. 909,801,155. Of this, 104 projects worth Nu.757,130,561 are completed, and there are 19 ongoing projects worth Nu.152,670,594

Small Grant

As of 30 June 2017, BTFEC has funded 65 projects to a tune of Nu.18,427,556.

GEF-World Bank Project

As of 30 June 2017, BTFEC has funded 14 HANAs sub-projects under GEF-WB project, SFBCNRM to a tune

of Nu.188,180,000. Of these 9 projects worth Nu.124,640,000 are complete and five (5) projects amounting to Nu.63,540,000 is under implementation.

From April 2013 through December 2018, BTFEC implements the World Bank-Global Environment Facility project, “Sustainable Financing for Bio-diversity Conservation and Natural Resource Management” amounting to US\$4.08 million. The three major components of the project were:

Enhancing the operational effectiveness and sustainability of BTFEC

Improving conservation management of the highlands altitude northern areas (HANAs) landscape in Bhutan

Capacity building for mainstreaming of conservation and sustainable forest and natural resource management approaches in national policies, strategies and plans

Initiatives were also taken to establish facilities such as ecological park, environment resource centre, greenery park, door-to-door waste management services, development of hot springs, solid waste management, zero waste project, rural livestock and agricultural crop insurance, recovery plan for white-bellied heron, development of compact onsite sanitation technology, and fuel efficient stoves and rice cookers in schools and monasteries. Further, BTFEC grants strengthened resource monitoring, patrolling, and service delivery in national park and reserves, and enhanced management effectiveness and sustainability of these parks.

For the past twenty-five years, BTFEC has made vital contribution to all major achievement in the areas of environmental conservation and management, natural resource management, cleaner technology and land-use planning, rural livelihood, human-wildlife conflict, field research, environmental education, green transport, waste management, plantation and reforestation, biodiversity assessment of various flora and fauna, conservation of endangered species, eco-tourism, with special attention to the legal and institutional framework for environmental and natural resource management.

Grantee/Recipient

Various government agencies are the principal recipients of BTFEC grants, which is in line with the initial conservation challenges identified and with the goals of strengthening institutions, building capacity and launching a network of protected areas.

The breakdown of grantees is as follows:

Agency	Percentage
Government including local administrations	74.61%
NGO	12.50%
Academia	5.50%
Individuals	1.8%
BTFEC	3.09%
Private Sector	2.44%

Way Forward

BTFEC has strengthened its Monitoring and Evaluation system to assist the project implementation and to bring about immediate interventions as per the agreed action plans;

As a part of new ways of doing business, BTFEC has instituted mandatory incorporation of components of Gender and Social and Environmental Safeguard for all its projects;

BTFEC has also improved the screening procedures for both the Management Board and Small Grants project proposals;

BTFEC is processing for NIE accreditation for accessing:

- Adaptation Fund (AF)
- Green Climate Fund (GCF)
- Global Environmental Fund (GEF)



CONCLUSION

BTFEC has extensive experience, a record of success and a well established networks of grantees – especially among local communities in rural areas – that are in urgent need of funding for projects that integrate biodiversity conservation, improving rural livelihood and building greater climate resilience. BTFEC grant funding also enables rural communities to be full participants in the decision-making, project design and implementation of projects.

With each of its successive five-year strategic plans, the BTFEC has steadily improved its organisation capacity and its role as Bhutan’s leading conservation trust fund and environmental project grant-making institution. At the same time, rapid population growth, pressure from economic development, hydropower and the increasing effects from climate change are causing a new set of challenges that threaten Bhutan’s protected areas, biodiversity and ability to sustain one of the four pillars of GNH – environmental preservation – and to meet the country’s UN Climate Change INDC pledges while making progress towards

new UN SDGs – all of which require significantly greater allocation of funding from the BTFEC.

Being a landlocked and least developed country with fragile mountainous environment, Bhutan is threatened by climate change due to the high dependence of the population on agriculture and significant role of run-of-the-river hydropower for economic development that depends upon water from Bhutan’s glaciers, lakes, rivers and forest watersheds. Bhutan also faces increasing threats from climate hazards and extreme events such as flash floods, glacial lake outburst floods, windstorms, forest fires and landslides.

The BTFEC endowment funding is crucial for the management of Bhutan’s protected areas and the essential ecosystem services they provide to Bhutan and to neighbouring countries in Bangladesh, China, India and Nepal – as well as climate change mitigation for all of the major GHG emitter nations—who have also pledged INDCs as part of their commitments to the new UN climate change agreement.