

# ANNUAL REPORT 2017 - 2018





## OUR MISSION



To promote the socio-economic welfare of Bhutanese citizens by funding conservation of their flora, fauna, diverse ecosystem and biodiversity; and addressing the adverse effects of development on Bhutan's natural environment

## OUR VISION



All citizens champion their natural heritage of healthy forests, clean waterways, diverse flora and fauna and intact ecosystems and takes personal responsibility for maintaining a green and healthy environment for themselves and future generations

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## MESSAGE FROM THE *INTERIM* CHAIRPERSON



It is a privilege to be associated with a pioneering organization created under the visionary leadership of His Majesty The Fourth Druk Gyalpo Jigme Singye Wangchuck. Since its establishment in 1992, the Bhutan Trust Fund for Environmental Conservation (BTFEC) has played a central role in providing sustainable financing for conservation of environment and biodiversity in Bhutan. As BTFEC has been successfully promulgating innovative financing mechanism modality and playing a leadership role in supporting biodiversity conservation, it has been widely referred as best practices for setting up of similar trust funds around the world.

Twenty-five years since inception, the impact of our interventions on Bhutan's natural environment has been significant. BTFEC support contributed to remarkable progress with creation of a system of protected areas, training of Bhutanese individuals, strengthening existing and launching new institutions, and carrying out research. Disciplined investment management and opportune decisions guided the growth of the

original Trust Fund capital, which increased, from US\$20.3 million to more than US\$67.501 million today, and allowed over US\$20 million in grants to be distributed in support of pressing conservation needs.

The Third Strategy Plan (2015-2020) is designed to fulfil BTFEC's mission to serve our society by funding appropriate environmental projects and preserve Bhutan's natural environment for local and global benefit. The Plan highlights an immediate and increased need for meaningful engagement in conservation by rural populations, civil societies, local government, academia and the private sectors. BTFEC also believes that the cooperation of other institutions working on the same or similar conservation challenges will magnify the impacts of BTFEC funding.

As we are mid-way to 2020, we are, of course, still a long way from achieving the outcomes we seek. Success will require more hard work and a redoubling of our commitment to service and collaboration in the spirit and the values of our Bhutanese community. I heartily commend the staff and project-implementing partners who have helped bring this year's success, and humbly thank the management board, members of committees, the secretariat, donors and patrons for their support.

TASHI DELEK!

Dr Sonam Phuntsho



## DIRECTOR'S DESK



It is with pleasure that I introduce the Annual Report of the Bhutan Trust Fund for Environmental Conservation for the 2017–18 Financial Year. In 2017, we silently celebrated 25 years of our establishment. We commend all our partners – donors and project implementers – for their unwavering support for the journey thus far, to promote sustainable financing for environmental conservation.

It also gives me immense pleasure to share that BTFEC has now become the National Implementing Entity for Adaptation Fund under Direct Access. With this accreditation, the BTFEC is expected to access US\$10 million and many more in subsequent years.

I am pleased to report that significant progress has been made, during the fiscal year 2017-18, in terms of institutional growth and capacity development, which has increased the productivity and effectiveness of the BTFEC organization. I am also very proud to report that in the last one year, BTFEC's endowment saw a net growth of 7.41% bringing the endowment value from US\$62.844 million to US\$67.501 million. The total

revenue generated and realized during FY2017-18 was US\$3.272 million as compared to US\$3.942 million the previous years, against which US\$1.990 million was spent on Secretariat overhead expenses and program grant. While Secretariat expenses decreased to \$0.399 million as compared to \$0.418 million in the previous, program expenditure increased to \$1.552 million from \$1.356 million in FY2016-17.

During the fiscal year 2017-18, four Management Board (MB) grant projects worth Nu 28.956 million were granted. In the same period, six small grant projects worth about Nu 2.4 million were also granted. As of June 2018, there were 28 on-going projects, of which 21 were BTFEC Management Board core projects, three HANAS, and four small grant projects.

As part of international best practices, BTFEC has instituted essential guidelines, tools and procedures to facilitate sound implementation of governance and operations at its strategic, program, and financial management.

I am grateful to the Members of the Management Board, the Asset Management Committee, Technical Advisory Panel, Governance & Audit Committee for their support and guidance. I applaud my colleagues at the Secretariat for their invaluable contributions in the trust fund's growth and for the commendable work in the successful management and achievement of BTFEC's vision and goals.

A handwritten signature in blue ink, which appears to read 'Pema Choephyel'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Dr Pema Choephyel  
Director/CEO

# ROYAL CHARTER OF THE TRUST FUND



FOR ENVIRONMENTAL  
CONSERVATION

1996



# BTFEC AT A GLANCE

## History

The Bhutan Trust Fund for Environmental Conservation (BTFEC) is the world's first environmental trust fund established to identify and conserve the natural resources, biodiversity, and critical habitats of the country. It was established in 1992 as a collaborative venture between the Royal Government of Bhutan, United Nations Development Program, and World Wildlife Fund. An endowment of US\$20 million was set up as an innovative mechanism to finance conservation programs over the long term in Bhutan. Donors to the trust fund include the World Wildlife Fund; the World Bank/Global Environment Facility; and the governments of Bhutan, Denmark, Finland, the Netherlands, Norway and Switzerland.

In May 1996, BTFEC was legally incorporated under a Royal Charter. The purpose of the Charter is to govern the management of the Trust Fund investments and field programs for the promotion of social welfare through environmental conservation of the forests, flora, fauna, wildlife, diverse ecosystems, and biodiversity in Bhutan. This development made BTFEC autonomous of government, permitting it to accept funds direct from both donors and the government and implementing projects funded by both sources.

The BTFEC is an independent grant making organization that uses its annual investment income to finance field biodiversity programs for environmental conservation and the promotion of social welfare in the country.



BTFEC has been instrumental in supporting establishment of all 10 protected areas in the country. For effective operational management of the PA, BTFEC provided incremental staffing for the initial period of five years. In addition the incremental staffing and capacity development were provided to the government especially to those organizations dealing with environmental conservation like National Environment Commission, Department of Forests and Park Services, Sherubtse College (Environmental Education Department) and Royal Society for Protection of Nature, which has benefited over 200 individuals.

BTFEC's support to strengthen Bhutan's capacity for conservation and natural resource management through training opportunities in conservation biology, wildlife management, GIS (GIS system was established for the first time in the country), biodiversity inventory, socio economic service, anti-poaching techniques, environmental auditing and waste management is enormous. The agencies benefited from BTFEC's support include the Royal Government of Bhutan, Civil Society Organizations, and community. More than six 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, and many of them hold positions of influence related 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 programs. Further, BTFEC supported conservation education and awareness programs in the country. As a part of the milestone of GEF, Nature Conservation Division was established for the first time in the country through which 10 PAs has emanated. Support from BTFEC in establishing Park Head Quarters, range offices, guard outposts and several residential quarters has helped make use of the PA system in the country. BTFEC has also established and spearheaded through its funding the various waste collection centres in the country.

Research on key species, livestock 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 (NBC) and a contribution was made to support creation of an Environmental Resource Centre at the RSPN. While the research activities and surveys that were financed added to the understanding of key conservation issues and threats. Further, through the support of BTFEC, Bhutan has now completed National Forestry Inventory that has established the actual forest cover of 72 percent. Bhutan has also recorded over 125 species of fishes through the support of BTFEC from rivers Bhutan.

BTFEC has also supported NBC in the unexplored areas of invertebrate study in collaboration of Naturalis and has successfully documented two new species of invertebrates viz. Gyalsey Emerald Spreadwings and a Snail (*Truncatellina bhutanensis*), one of the smallest snail in the world). BTFEC has also supported national level tiger, snow leopard and takin surveys. It has funded the habitat conservation of endangered species like White Bellied Heron. The information thus

generated will facilitate in better planning of our conservation efforts. Under the conservation and livelihood program, BTFEC has supported projects in the sloping agriculture land technology development in view to protect and be climate resilient of the communities. Further, the support has helped in conservation of germplasm of traditional crops. BTFEC support through the GEF fund in the High Altitude Northern Areas (HANAs) have supported communities in eco-tourism, Sustainable Land Management (SLM), product diversification, mechanization of farming to enhance the livelihood, thereby reducing rural urban migration.

Supports were also rendered in electric fencing of fallow lands to bring it under cultivation and at the same time enhanced feeding grounds for rare birds like Black-necked cranes. Funding projects like native mastiff breeding centre, sheep breeding centre, native poultry and integrated yak farms were also expected to enhance livelihood of rural communities. Establishment of ecotourism groups also improved incoming generation opportunities for rural communities like Aja under Mongar Dzongkhag, and Khoma in Lhuentse.

Today, BTFEC is an effective conservation grant-making organization that receives grant funding from the donor community and finances projects from this source as well as from income earned from the endowment fund, that which currently stands at US\$ 67.5 million. To date we have implemented 220 projects worth about US\$ 20 million. Our Secretariat is small by design with permanent staff of 17 people.



## Governance

The BTFEC is a legally and administratively autonomous entity governed by its Management Board (in effect its Board of Trustees). The Royal Charter entrusts full governance and fiduciary oversight to the Management Board. The Royal Charter decrees governance through a six-member Management Board including representation from non-government and private sectors. The Board also determines investment strategy and annual spending.

The Management Board's obligations are articulated in the BTFEC Bylaws. The Bylaws also establish a Secretariat that is headed by a Director (Chief Executive Officer) who is appointed by the Management Board. The Director appoints staff to manage BTFEC on a day-to-day basis.

As a non-profit, the BTFEC 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 environmental conservation purposes.

### Management Board

Dr Sonam Phuntsho (Interim Chairperson)  
Dr Damber Singh Kharka  
Mr Dechen Dorji  
Mr Tshering Dorji  
Mr Passang Tshering  
Dr Pema Choephyel (Member Secretary)

### Asset Management Committee

The Asset Management Committee assists the Board in investment management. The current members of the committee are:

Dr Damber S Kharka (Chairperson)  
Dr Pema Choephyel  
Mr Tshering Dorji  
Ms Dechen Pelzom  
Ms Tshering Lham  
Mr Singye Dorji (Member Secretary)

### **Governance and Audit Committee**

BT FEC has Governance and Audit Committee in order to improve with its management procedures and provide timely correction.

Mr Passang Tshering (Chairperson)

Mr Kesang Wangdi

Mr Tandin

### **Technical Advisory Panel**

To improve transparency and objectivity in grant making, a six member committee conducts technical review of proposals and recommends to the Management Board for approval. The members identity are kept confidential in order to avoid direct contact with proponents to ensure unbiased and independent review of proposals.



## Secretariat

BTfEC Secretariat has seen a steady growth in terms of its organizational development along with it, its human resources. In the past year, 2017, the Secretariat has recruited additional staff to cater to needs of ever-increasing workload and program management – the Secretariat's human resource stand at seventeen today. The recruitments were in the monitoring and evaluation, communications, and finance.

The Administrative and financial powers are delegated to the Director. The Operational Manual 2016 guides BTfEC's operations, and is amended by the Board whenever necessary. The Director has authority over Board-approved finances, and discretionary authority over an annual Small Grants budget of Nu 2,400,000, with individual grants not to exceed Nu 400,000. BTfEC is run by a small secretariat of staff:

Dr. Pema Choephyel, Director/CEO  
Mr Ugyen Lhendup, Chief Program Officer  
Mr Singye Dorji, Chief Financial Officer  
Ms Sonam Wangmo, Administrative Officer  
Mr Dorji, Program Officer  
Ms Yeshey Peldon, Finance Officer  
Mr Kuenzang Tshering, Monitoring & Evaluation Officer  
Mr Rabi C Dahal, Communications Officer  
Mr Thinley Wangdi, Data Manager  
Ms Rinchen Wangmo, Assistant Procurement Officer  
Ms Phuntsho Choden, Assistant Program Officer  
Ms Rinchen Dema, Assistant Finance Officer  
Ms Kinzang Lhamo, Personal Assistant to Director  
Ms Pema Wangmo, Admin Assistant  
Mr Pasang, Driver/Messenger  
Mr Mani Kumar Shingdan, Driver/Messenger  
Ms Karma Yangzom, Office Attendant



## Strategic Plans

Following BTFEC's initial capitalization, the Fund's Board developed and approved the first strategy and action plan in 1997. 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.

Under the 1997 plan, BTFEC's grant making focused on establishing and financing a new network of Protected Areas (PA). With BTFEC financing of more than US\$7 million in grants, RGOB succeeded to establish a new PA system of five national parks, four wildlife sanctuaries and one nature reserve that is representative of the country's ecosystems.

BTFEC developed its second Strategy Plan II 2010-15, which provided the basis for the much-needed expansion of the BTFEC's role. 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 Strategy Plan II helped BTFEC to respond to the country's changing environment priorities and recent political transformation.

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 utilization of available funds for greater programme impacts, increased staff and improved financial management.

### Strategy Plan III 2015-2020

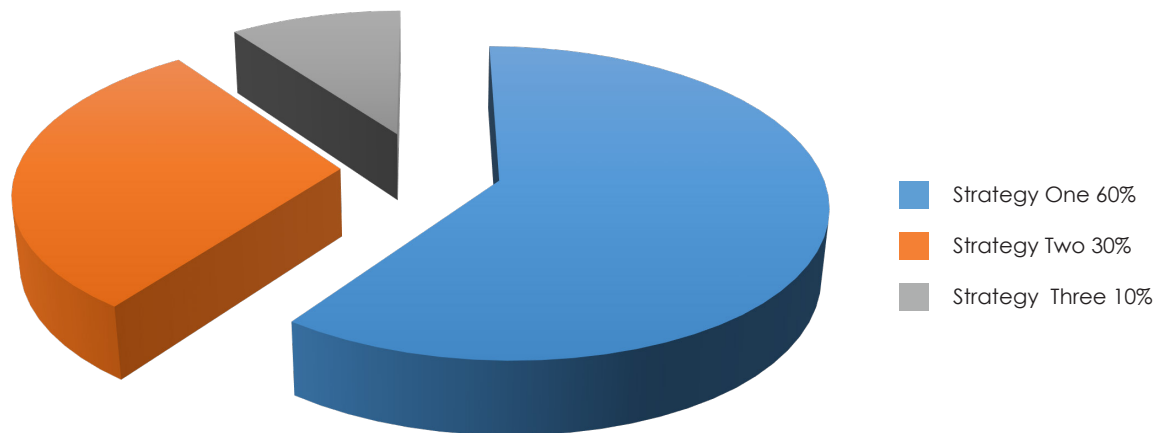
Through the implementation of Strategy Plan III, BTFEC aspires to address critical environmental issues with effective utilisation of resources. This new approach came into effect from 1 July 2015 and through to 30 June 2020.

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



## Strategy Plan III



### **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 BTFEC funding

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

# HIGHLIGHTS OF 2017-18 ACHIEVEMENTS

## Projects under implementation

As of June 2018, there were 28 on-going projects, of which 21 were BTFEC Management Board core projects, three GEF-World Bank funded HANAs sub-projects, and four BTFEC funded small grant projects. Significant achievements in relation to the BTFEC's Strategic Plan III, of the on-going (rolling) projects during the fiscal 2017-18 are highlighted below.

No	Project Name	Objective and Expected Outcome	Key accomplishment in 2017-18
1	Fish Fauna Assessment: Species Composition and Distribution of Fish in Manas River Basin, Nyera Ama Chhu, Haa Fishery	<p>Baseline data on fishery resource (Species composition and distribution) of rivers of central and eastern Bhutan (Manas, Aye Chhu and Nyera Ama chhu) developed.</p> <p>To develop database on fishery resources of rivers of central and eastern Bhutan</p>	<ul style="list-style-type: none"> <li>➤ Conducted two short-term trainings on Advanced Fish Taxonomy in Thailand.</li> <li>➤ One long-term study (Bachelors of Fishery Science) supported.</li> <li>➤ 600+ genetic tissue samples collected for further analysis in the U.S.</li> <li>➤ 18 new fish species listed within country and added to the existing collection.</li> <li>➤ Published six fish information booklets and 19 fish posters are printed.</li> </ul>
2	To enhance the management effectiveness of Jigme Khesar Strict Nature Reserve	<p>To have an adequate and full-fledged infrastructure to enhance the management effectiveness of Jigme Khesar Strict Nature Reserve in reducing the incidences of wildlife poaching and illegal collection of resources, well established information networking system and for timely delivery of services to the stakeholders.</p> <p>JKSNR's resource monitoring mechanism strengthened.</p>	<ul style="list-style-type: none"> <li>➤ Demarcated reserve area into three zones for effective and efficient management of reserve area.</li> <li>➤ Trained 16 reserve staffs on SMART patrolling in Thailand.</li> </ul>

3	Strengthening Environmental Auditing towards Protection and Conservation of Environment	<p>Facilitate institutional building through strengthening of environmental auditing to contribute towards Environmental Conservation.</p> <p>To strengthen the RAA's role in environment protection and conservation through excellence in environmental auditing techniques and scientific analysis</p>	<ul style="list-style-type: none"> <li>➤ Two officials enrolled in Asian Institute of Technology for long-term study on Natural Resource Management.</li> </ul>
4	White-Bellied Heron (WBH) Recovery Plan	<p>Maintain and increase the wild breeding population through improved WBH protection and conservation approach, integrating strategies for increased foraging success, improved foraging habitat, protection of foraging and nesting habitat, and increased productivity of wild WBH breeding populations.</p>	<ul style="list-style-type: none"> <li>➤ Conducted 30 research associated with WBH habitats, feeding ecology, fire ecology, nesting ecology, diet ecology, genetic diversity, and threats.</li> <li>➤ Established WBH international advisory committee.</li> <li>➤ WBH international conservation strategy developed.</li> <li>➤ Established 14 LCS groups along critical WBH habitats</li> <li>➤ Developed National WBH Conservation Strategic Plan.</li> <li>➤ Two WBH researchers from RSPN trained to carry out captive breeding work at Zlin and Prague Zoo.</li> </ul>
5	Up-scaling Sustainable Land Management to Combat Land Degradation and climate Change Mitigation	<p>To promote and implement SLM practices and agro- forestry principles to enhance income for rural communities.</p>	<ul style="list-style-type: none"> <li>➤ SLM action plans developed and implemented in all 10 Chiwogs.</li> <li>➤ Trained around 400 farmers on SLM technologies.</li> <li>➤ 14 participants availed a study visit in Thailand.</li> <li>➤ 300 acres of vulnerable dry land brought under hedgerow establishment and 10 acres of degraded forestland under plantations.</li> <li>➤ Documentation on SLM progress (books, and audio visual) published.</li> <li>➤ Documentation of SLM activities (policy support and mainstreaming SLM in Gewog/ Dzongkhag plans) published.</li> </ul>

6	Development of compact and appropriate onsite sanitation technology for reducing public health hazards and environmental pollution in the urban areas of Bhutan	To develop a compact, appropriate, affordable and sustainable domestic wastewater treatment technology using locally available construction materials. To enhance the technical and managerial capacity of the relevant organizations including private sector in wastewater treatment technologies.	<ul style="list-style-type: none"> <li>➤ One official enrolled in UTS to do PhD.</li> <li>➤ Re-validation of survey data: classified towns and municipal engineers based on the updated population data.</li> <li>➤ Strengthened research and managerial capability of CST academic staff through the successful visit of the three-member team to UTS from CST led by the President.</li> </ul>
7	Research and Development in Electric Fence Designs based on Animal behaviour and Exploring Alternative Materials for wooden Poles through recycling	To increase the agricultural production by minimizing the crop damages by wild animals. Conduct Research in electric fence design based on animal behaviours.	<ul style="list-style-type: none"> <li>➤ Development of research protocol and identification of sites based on the research completed.</li> <li>➤ 1.5 km electric fence installed at Thenbang village in Mongar.</li> <li>➤ Bio-acoustic repellents and camera traps procured.</li> <li>➤ More than 20 acres of agricultural fields belonging to 11 households were protected by the electric fence and bioacoustics repellents.</li> </ul>
8	Conservation and Sustainable Use of Indigenous Flora in Bhutanese Gardens and Landscape	Enhance and conserve the Biodiversity of indigenous ornamental plants. Enhance the conservation of native and endemic ornamental plants.	<ul style="list-style-type: none"> <li>➤ Two officials from MoAF attended Goyang International Flower Festival.</li> <li>➤ Three floriculture nurseries started at ARDC, Yusipang, Wengkhar and Floriculture and Amenity Landscaping Centre at Dechencholing.</li> <li>➤ 126 species of ornamental plants collected and are raised in nurseries.</li> <li>➤ More than 3000 species of ornamental plants are raised at nursery in Samdrup Jongkhar to support Royal Bhutan Flower Exhibition 2019.</li> <li>➤ Developed garden and display of ornamental plants at the Royal Bhutan Flower Exhibition 2019.</li> <li>➤ Training on floriculture and nursery management was conducted.</li> </ul>

9	Enhancing Community Capacity for Biodiversity Conservation and Livelihood improvement through eco-based farming	The farming communities in Bhutan effectively and sustainably manage the natural resources for their well-being. To build the capacity of rural farming communities to effectively and sustainably manage the natural resources.	<ul style="list-style-type: none"> <li>➤ Trained seven faculty members from RDTC on Climate Smart Agriculture at ICIMOD, Nepal.</li> <li>➤ Developed and printed CSA curriculum framework.</li> <li>➤ Developed and printed CSA training manual.</li> <li>➤ Trained 18 farmers/youth including nine women on climate smart fruit farming.</li> </ul>
10	Working towards achieving land degradation neutral status: "Protect-Sustain-Restore".	Achieve Land Degradation Neutrality (LDN) in Bhutan by 2030 through Participatory SLM action planning to effectively reduce land degradation in Wangphu.	<ul style="list-style-type: none"> <li>➤ Baseline maps of Wangphu developed and published.</li> <li>➤ SLM action plans endorsed in five Chiwogs involving 243 households, by Gewog Tshodue.</li> <li>➤ Five days SLM hands-on training provided to 267 farmers.</li> <li>➤ A seven-day study tour on SLM to Thailand for four officials was conducted.</li> </ul>
11	Strengthening Natural and Biosecurity and Food Safety	Strengthening National Biosecurity and Food Safety. Safeguard biological diversity and farming system from exotic pests/diseases/invasive alien species and GMOs.	<ul style="list-style-type: none"> <li>➤ Environmental Food Safety risk assessment measures implemented.</li> <li>➤ Escape of catfish from sewerage into the natural rivers prevented.</li> <li>➤ Constructed four biological pits in Paro, Phuentsholing, Pemagatshel and Gyelpoizhing to facilitate the self-decomposition of biodegradable items.</li> <li>➤ In-house capacity of BAFRA strengthened on establishing decontamination facilities.</li> <li>➤ Enhanced Capacity of BAFRA to regulate import/export of plants, plant products and agricultural inputs.</li> </ul>
12	Improving Rangeland Governance and Leveraging Yak Value Chains for Sustainable Natural Resource Management and Livelihoods in the western frontier of Bhutan	Improve Rangeland Governance and Leverage Yak Value Chains for Sustainable Natural Resource Management and Livelihoods in the western frontier of Bhutan. Improve and restore degraded rangeland ecology, contribute to yak genetics conservation and yak product development for sustainable highland livelihood.	<ul style="list-style-type: none"> <li>➤ Updated baseline information on the degraded rangeland of Northern Frontiers of Haa generated.</li> <li>➤ 22 acres of improved pasture developed and 28 acres of degraded rangeland restored.</li> <li>➤ One utility vehicle (4W Toyota Hilux) procured.</li> <li>➤ 25-quality yak (male and female) procured.</li> <li>➤ 67 yak herders trained and built capacity with the eco-sensitivity of Yak Farming in Highlands.</li> </ul>

13	Conservation and Promotion of Native Poultry Breeds of Bhutan	To conserve native poultry breed for sustain To establish native poultry breeding center and its conservation program able utilization.	<ul style="list-style-type: none"> <li>➤ 350 poultry birds procured.</li> <li>➤ Hatchery house constructed.</li> <li>➤ Procured pullet transport Vehicle.</li> <li>➤ Trained 30 Extension Agents and field staffs across the country on new poultry farming technologies and good management practices.</li> </ul>
14	National Roll Out for SMART Patrolling Program	To increase conservation management actions and minimize illegal wildlife trade through systematic data collection and collation, National roll-out for SMART Patrolling program for revolutionizing traditional data collection methods and management paradigm.	<ul style="list-style-type: none"> <li>➤ Procured high specification computer for SMART data processing and analysis.</li> <li>➤ Conducted training on SMART implementation and data module designing and data management for six regions: Paro, Wangdue, Bumthang, Phuentsholing, Samdrupjongkhar and Tashigang.</li> <li>➤ All field offices implement SMART patrolling and the efficiency of patrol group have improved.</li> </ul>
15	Scientific Study on the ecology of small felids in Royal Manas National Park	To improve biodiversity conservation and maintain species persistence in Royal Manas National Park. To strengthen conservation of small felids with focus on Leopard cat, Marbled cat and Golden cat through establishment of scientific information on their ecology in RMNP.	<ul style="list-style-type: none"> <li>➤ Trained 25 participants from Manas, Umling, and Gomphu Range on handling and use of GPS telemetry.</li> <li>➤ Scientific information on the ecology of small felids established.</li> </ul>
16	Study the Ecology and Conservation of Spotted deer and other small mammals in Phibsoo Wildlife Sanctuary	To enhance sustainable management of forest landscapes and biodiversity conservation to improve natural habitats and maintain species persistence (As per DoFPS 2016-2017 APA and strengthen the conservation of spotted deer and small mammals.	<ul style="list-style-type: none"> <li>➤ 1170 acres of grassland and eight natural saltlicks mapped.</li> <li>➤ 206.3 km patrol routes mapped and poaching hotspot data collected.</li> <li>➤ One utility vehicle (4WD Toyota Hilux) procured.</li> <li>➤ Improved wildlife habitat through creation of artificial waterholes and salt spray.</li> <li>➤ Printed pamphlets, booklets and wildlife photos.</li> </ul>
17	Rehabilitation of degraded watershed and improvement of water supply for Eutok Gonpa and Dra Karpo	Achieve water security through sustainable watershed management and To minimize degradation and improve watershed condition under Hephu/Lholing areas.	<ul style="list-style-type: none"> <li>➤ 4000 seedlings of native species planted in open and degraded watershed area.</li> <li>➤ Water supply infrastructures installed.</li> <li>➤ A reservoir tank near Lhaxhang constructed.</li> </ul>

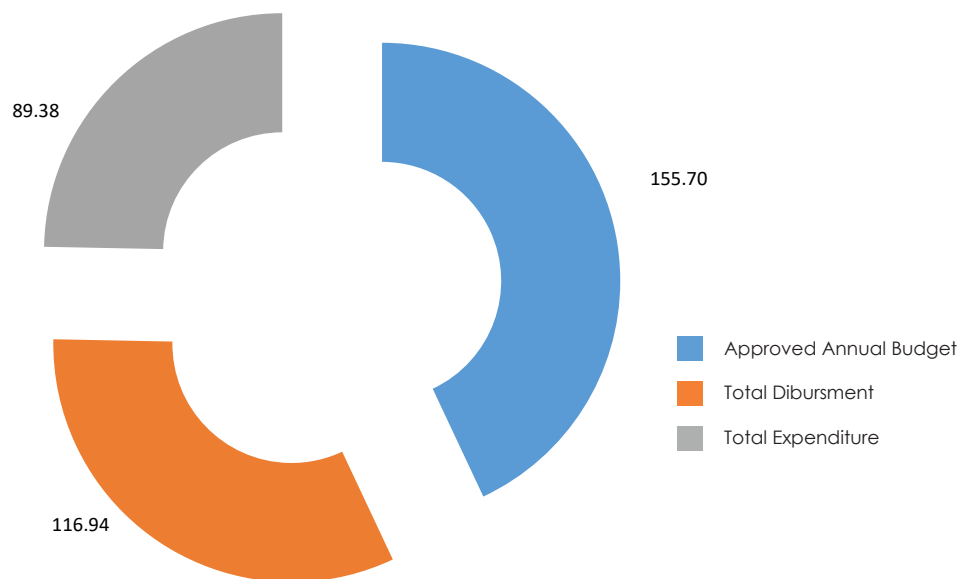
HANAS			
22	Integrated Wildlife Management for Sustainable Biodiversity Conservation and Livelihoods	To Strengthen biodiversity conservation and habitat management through appropriate approach.	<ul style="list-style-type: none"> <li>➤ 17 farmers trained on Eco-tourism management under BWS.</li> <li>➤ Established Nursery in East.</li> <li>➤ Installed electric fencing in three villages under BWS (18 households benefited) Serzhong, Soenkhar and Muhung Chiwog (144 households) with coverage of 169.85 acres of their farmland.</li> <li>➤ Ecotourism facilities built along the route and within Aja and three unit community guesthouses constructed at Nimathang.</li> <li>➤ Constructed transit camp/Guard post at Nimathang and Aja.</li> <li>➤ Seven sets of solar lighting installed both to community guesthouses and transit camp to reduce consumption of firewood.</li> </ul>
23	Anti- poaching of Musk Deer- Ensuring their conservation in WCNP and beyond	Assessment of the Basic field studies on Musk Deer habitat and hotspot.	<ul style="list-style-type: none"> <li>➤ Procured two utility vehicles (one for WCNP and one for NSBC).</li> <li>➤ Constructed kernel and mastiff breeding farm at Jasthangkha, Gasa.</li> <li>➤ 30 Bhutanese mastiff procured</li> <li>➤ 15 microchips purchased for city veterinary hospital to check mobility of dogs and study disease surveillance and human wildlife conflict.</li> <li>➤ Constructed two unit staff quarter at Thangbi</li> <li>➤ Two repeater stations installed at Phebila and Sephu to ensure hand set connectivity.</li> <li>➤ Developed pasture and restored degraded land.</li> <li>➤ Renovated and maintained of Sheep Shed at National Sheep Breeding Centre.</li> </ul>
24	Enhancing the Conservation of Bhutan Takin, the National Animal	To ensure the conservation of Bhutan Takin and conduct a nation-wide survey and census of takin in Bhutan.	
Small Grant			
26	Population Status and Diet of Sympatric Hornbills in Jomotsangkha Wildlife Sanctuary	Record the presence of Hornbill ( <i>Buceros bicornis</i> ) in Jomotshangkha Wildlife Sanctuary. Develop baseline data about hornbills in JWS through study of their diet, foraging pattern, and population status.	

## THEMATIC AREAS FOR 2017-18

In the new approach, Strategy Plan III, BTFEC annually issues a new Request for Proposal (RFP) to address a specific conservation threat. The RFP describes the threat based on research with subject experts, relevant stakeholders and interactions with target populations. It includes 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.

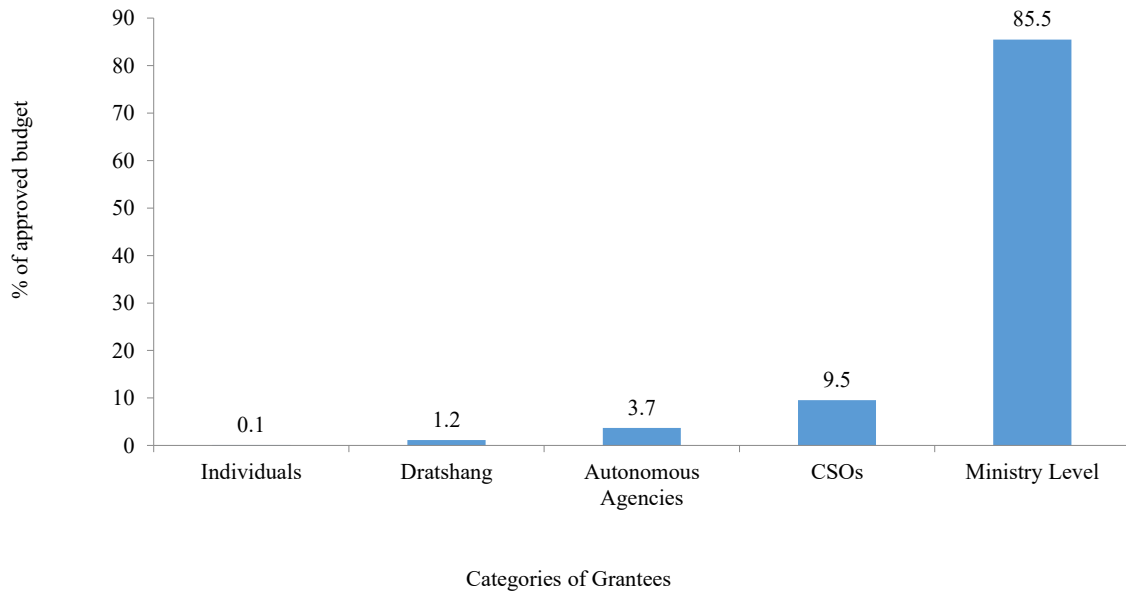
Non-governmental organisations, academic institutions, civil societies, rural communities and cooperatives, individuals and governmental entities, including those at the district and local levels, are eligible to apply. Proposals that originate from and/or include local governments, civil societies, 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.

Based on the Request for proposal, the following thematic areas were given priority and grants in the year 2017

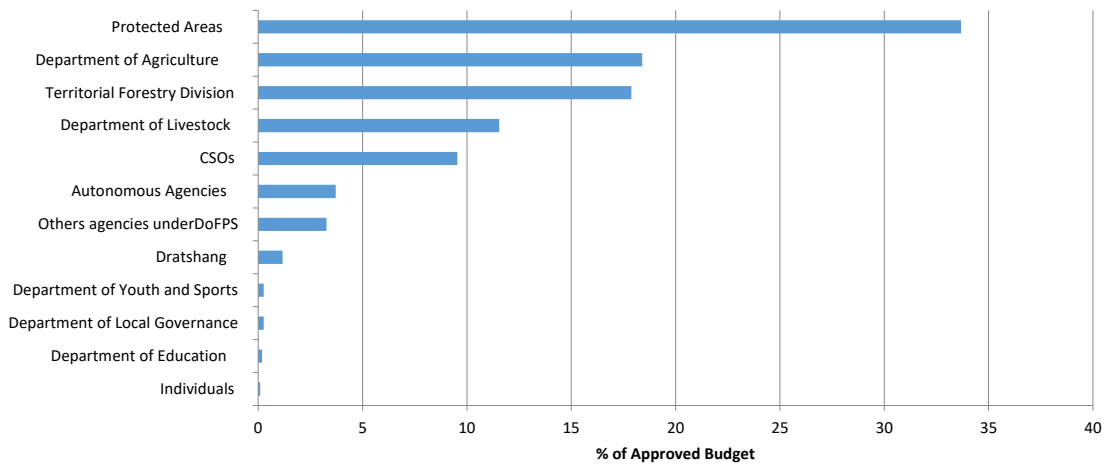


**Figure:** Total fund disbursed and expenditure reported during July 2017 to June 2018. Values reported are in Millions of Nu.



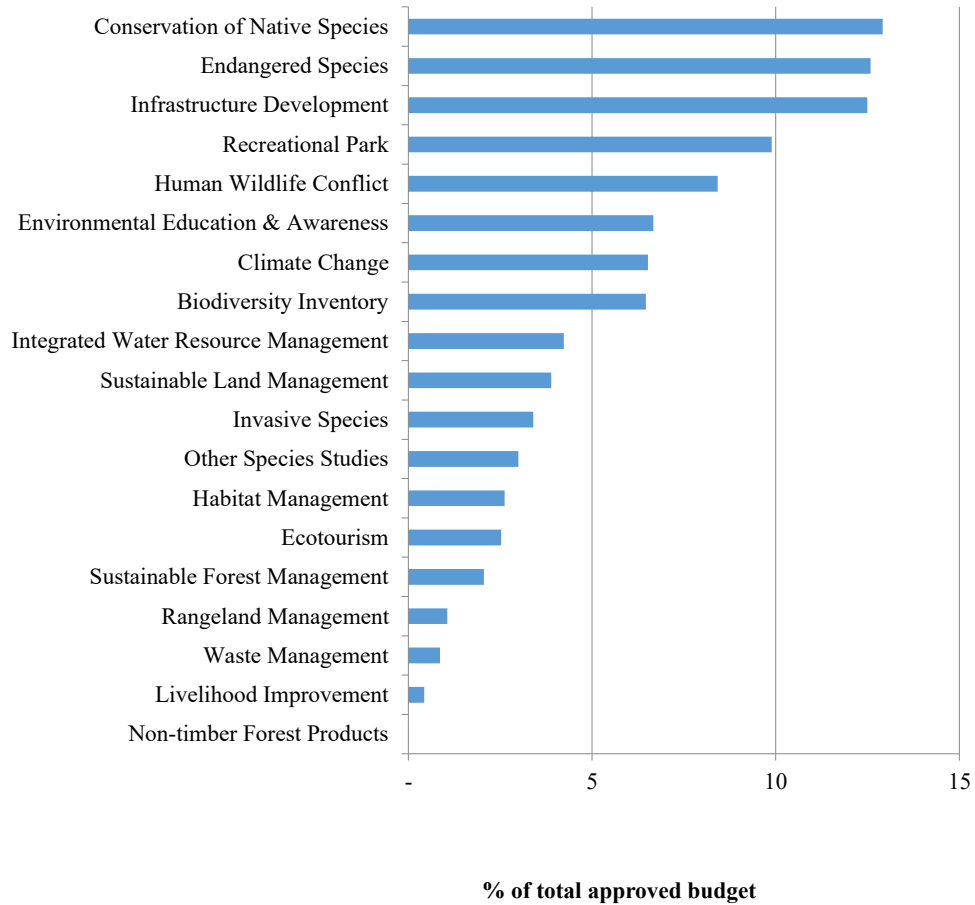


**Figure:** Categories of grantees with % of total allocated annual budget for 2017 to 2018

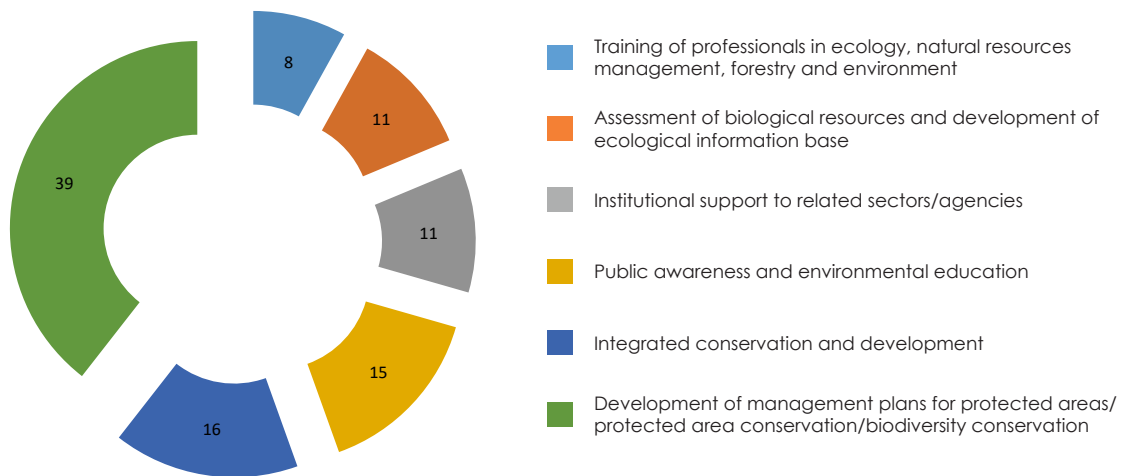


**Figure:** Detail Categories of grantees with % of total allocated annual budget for 2017 to 2018

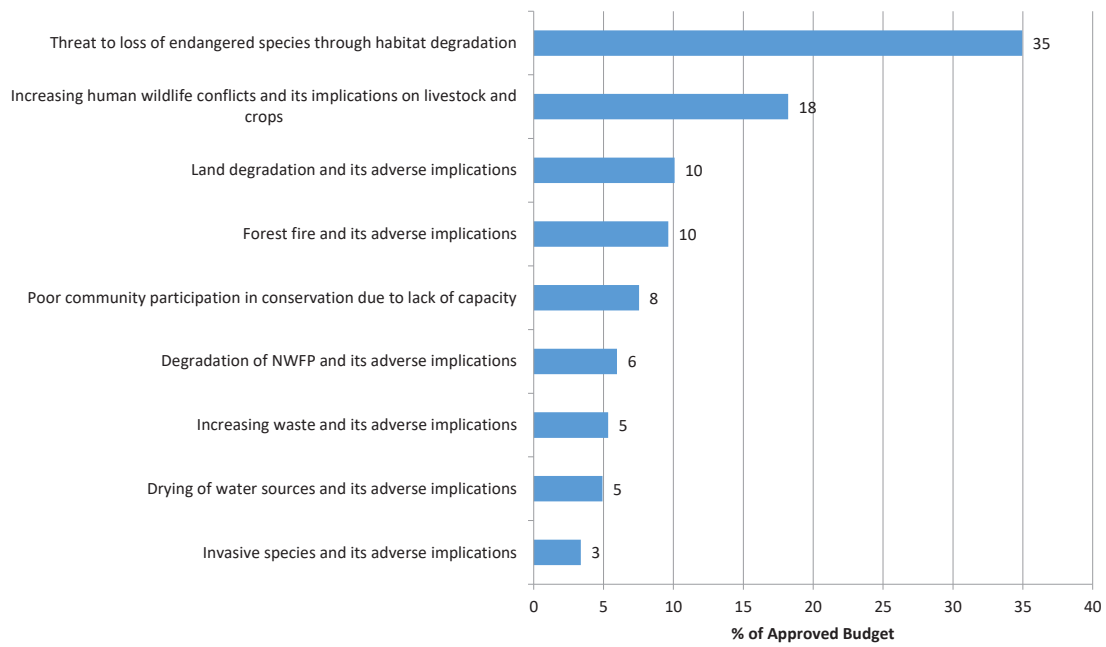
BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION



**Figure:** Percent of Annual Approved budget for 2017 to 2018 by thematic areas



**Figure:** Percent of Total Approved Annual Budget in 2017 to 2018 by the guidelines of Royal Charter of BTFEC



**Figure:** Percent of Total Approved Annual Budget in 2017 to 2018 by BTFEC Strategic Areas





## APPROVED PROJECTS 2017-18

The procedures by which Bhutan Trust Fund for Environmental Conservation (BT FEC) receives, approves and funds grant proposals are substantially redefined in Strategy Plan III. BT FEC annually issues a new Request for Proposal (RFP) to address a specific conservation threat. The RFP describes the threat based on research with subject experts, relevant stakeholders and interactions with target populations. It includes 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, final proposal review and approval, and funding terms and expectations. BT FEC advertise and distributes each RFP to interested and affected parties using a variety of media to reach beyond newspaper readers. Once grants are funded, BT FEC offers proactive and continuous support to grantees to help build their respective capacities and enhance the chances that projects will be successful. BT FEC conducts systematic and results based monitoring and evaluation during project implementation.

During the fiscal year 2017-18, four Management Board (MB) grant projects worth 28.956 million were granted. In the same period, six small grant projects worth about Nu 2.4 million were also granted.

## Management Board Approved Grants

No	Project Name	Implementing Agency/ Grant	Objective and Expected Outcome
	Building Socio-Ecological Resilience An Adaptation to Progressive Climate Change in Sakteng Wildlife Sanctuary	Sakteng Wildlife Sanctuary, DoFPS  Nu 7,013,250	This project intends to tackle the threats from long term climatic changes on the biodiversity, human livelihoods, and water resources in and around SWS through three major activity components: Climate Change Adaptation, Land Use Assessment and Natural Resource Management.
	Samazingkha Agroforestry Project	Thimphu Territorial Divisional Office, DoFPS  Nu 15,000,000	Under this project, the ridge with steep slope will be converted into two-foot width terrace along the contour lines, with five-meter spacing. In these terraces, saplings of forestry trees, horticultural fruit trees, and ornamental trees will be planted with spacing of four-metres. The space between the saplings will be used for agriculture crops. The area with gentle slope will be converted into paddy and horticulture crop fields.
	Zero Waste Project in Samdrupjongkhar and Trashigang	Samdrupjongkhar Initiative (SJI)  Nu 1,706,600	The SJI with collaboration with Samdrupcholing, Wamrong, and Jomotsangkha Dungkhangs aims at making waste management and the zero waste practices a model. The idea is to create model villages and towns for replication and scaling up of zero waste activities in other urban and rural places, which in turn will have wider impact in turning Samdrupjongkhar and Trashigang Dzungkhags into a zero waste Dzungkhags eventually.
	Introducing Environmental Science in Formal Education in Bhutan in Classes XI and XII	Royal Education Council  Nu 5,236,000	This project will strengthen the current effort of introduction of environmental science in class IX and X by further addressing the gaps in higher secondary schools and thereby contributing to a consistent, comprehensive and meaningful learning at the university level.

## Small Grants

### **Nursery Development and Landscaping and Education Programme for the Students of the Royal Academy at Pangbisa, Paro**

The project intends to restore nutrition and fertility of degraded land through plantation of native ornamental plants in the well-developed landscape. The restored eco system will enable students of the Royal Academy learn about the importance of nature and environment conservation.



### **School Environment Management Program, Changangkha Middle Secondary School (CMSS)**

CMSS is a focal point for learner of diverse category and a Teacher Resource Centre for the cluster of nine schools in the capital exclusive of private schools. The project intends to establish nature and environment based recreational facilities within the school and educate youth with special needs.



**Study and Display of Wild Orchid during Royal Bhutan Flower Exhibition for Awareness and Education, UWICER, Yusipang**

The project aims to carry out a full inventory of the orchids in western and central region of Bhutan in continuation to the previous studies and add new discoveries to the existing list. Awareness and education on some of the taxa under the orchid family will also be carried out.



**Reduced Waste and it's Implication through Waste Management System, Dorokha Drungkhag, Samtse**

The projects focuses to involve unemployed youth in waste management through segregation and marketing of solid waste, and recycling of degradable waste through composting. The project would benefit the public of Dorokha Drungkhag in reducing the waste and then create pristine environment to live through social awareness on waste management.

**Training of Focal Leaders for Scout Environment Program from all Dzongkhags and Thromdes, Department of Youth & Sports, MoE**

This project intends to enhance the capacity of Scout Leaders (train focal leaders for scout environment program from 20 Dzongkhags and 4 Thromdes orient other scout leaders in schools and communities on the New Framework for World Scout Environment Program (WSEP).

## ACCOMPLISHMENT DURING THE FISCAL YEAR 2017-18



### Celebration of Silver Jubilee

2017 was very exciting year for Bhutan Trust Fund for Environmental Conservation, as it, silently, celebrated its 25 years anniversary. Based on ancient principles of common resource stewardship, an innovative and sophisticated financing mechanism was conceived in the late 1980's in order to create an endowment to sustain the conservation of Bhutan's natural heritage. Subsequently in 1992, BTFEC was established. As Bhutan's first and leading conservation grant-making organisation, BTFEC in the past two and half decades has made a tremendous impact on Bhutan's scientific and management capability for conservation.

*Some of the clear achievements of BTFEC support have been in supporting 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, environmental science curriculum in education system, and conservation of black-necked cranes and white-bellied herons*





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

As part of the celebrations, BTFEC published a book highlighting our achievements over the past twenty-five years. Some of the clear achievements of BTFEC 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, environmental science curriculum in education system, and conservation of black-necked cranes and white-bellied herons.

## Accreditation to Adaptation Fund

Coinciding with the Earth Hour, 24 March 2018, BTFEC celebrated its accreditation to Adaptation Fund as its National Implementing Entity (NIE). The Chairperson of the Board, Honourable Lyonpo Yeshey Dorji, Minister for Agriculture and Forests, Members of the Board, Technical Advisory Panel, Asset Management Committee, Officials of Gross National Happiness Commission, Governance and Audit Committee, development partners, and other invitees attended the event.



***“This is great news not only for the BTFEC but for the nation as well, as it will go a long way in supporting the nation in its quest to combat climate change and its adaptation issues in the country.”***

***Dr Pema Choephyel,  
Director of BTFEC.***



The Adaptation Fund accredited Bhutan Trust Fund for Environment Conservation as Bhutan's first NIE under direct access on 25 January 2018. BTFEC is the Fund's 28th NIE to become accredited around the world with the capability to develop effective adaptation projects for the most vulnerable communities. The benefits for the country through this accreditation are but not limited to raise international donors' confidence and trust; leverage for raising funds; building national human capacity; and filling-up the financial resources gap for Climate

Change. This is great news not only for the BTFEC but for the nation as well, as it will go a long way in supporting the nation in its quest to combat climate change and its adaptation issues in the country. Dr Pema Choephyel, Director of BTFEC.

The NIE accreditation process often helps countries build their capacities to adapt to climate change over the long term, by enhancing local capabilities, to identify and manage effective, localized and country-led projects, as well as apply principles of the Adaptation Fund's environmental, social and gender policies – which foster human rights, gender equality, vulnerable and marginalized groups and biodiversity conservation in Fund's projects in a transparent manner.

**“We also see BTFEC as having potential to become a role model down the road through activities such as our NIE south-south cooperation program.”**

**Michael Kracht,  
Chair of the Adaptation Fund Board**

In Bhutan's case, the accreditation process was very fast and took less than 15 months from the time BTFEC submitted its application to the Adaptation Fund in November 2016. This was possible because BTFEC had good legal status and financial discipline alongside the safeguards such as risk mitigation, corruption & fraud, social and environmental, and gender safeguards.

In the context of Bhutan, GNHC is the National Designated Authority (NDA). The NDA shall confirm that the endorsed project/programme proposal is in accordance with the government's national or regional priorities in implementing adaptation activities to reduce adverse impacts of, and risks posed by, climate change in the country or region. The NIEs will bear the full responsibility for the overall management of the projects and programmes financed by the Adaptation Fund, and will bear all financial, monitoring and reporting responsibilities.

**“BTFEC have a history of being active in the climate and conservation fields with zero tolerance to corruption. It has successfully implemented more than 210 environmental projects in the past, and its mission is “to promote the socio-economic welfare of Bhutanese citizens by funding conservation of their flora, fauna, diverse eco-system and biodiversity; and addressing the adverse effects of development on Bhutan's natural environment.”**

**Michael Kracht,**

“Bhutan is already firmly committed to addressing climate change; 60 percent of its land is protected as forest and it sequesters more carbon than it emits. It also is very committed to adapting to the adverse effects of climate change. But as an LDC, international support is key for Bhutan, so we are very pleased with this result,” said Michael Kracht, Chair of the Adaptation Fund Board. “We also see BTFEC as having potential to become a role model down the road through activities such as our NIE south-south cooperation program.”

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*Appreciation acknowledged to the officials involved in the accreditation of Adaptation Fund*





## Change in the Management Board

We are fortunate to have many talented and passionate people serving on our Management Board – willing to share their time. Each person brings unique and valuable experience and expertise, as well as passion and set of skills that will help us achieve our goals as enshrined in the Royal Charter.

We enthusiastically and cordially welcomed four new Board members in the 2017-18 fiscal. Mr Tshering Dorji and Passang Tshering joined BTFEC as Member of the Management Board in September 2017, while Dr Sonam Phuntsho and Mr Dechen Dorji started serving as board member from June 2018.

Our Management Board consists of six members who have powers of the management of the Trust Fund. During their three-year term, their responsibilities involve adopting appropriate investment policies, regulations, as well as guidelines, and delegating investment authority and responsibilities to the Asset Management Committee for general investment matters and to the Secretariat for investment operations. The Royal Charter 1996 fully entrusts the Board with the fiduciary mandate over the Trust Fund's financial endowment.

## World Bank Mission visits BTFEC



The Resident Representative of World Bank to Bhutan Yochiro Ishihara accompanied the two-member WB mission –Kseniya Lvivsky, and Anupam Joshi – visited BTFEC, as part of World Bank Mission, to review overall progress of the sustainable financing for

biodiversity conservation and natural resource management project, including the agreed actions from mid-term review; to review towards achievement of the project results framework and determine if the project is on track to achieve meet the target; and to discuss plans for the completion of the project and the implementation completion report.

When BTFEC was implementing SP II, the government embarked on a programme to intensify its conservation efforts in the high altitude northern areas (HANAS). 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. From April 2013 through December 2018, BTFEC is implementing 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 are:

- 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



As of 30 June 2018, BTFEC has funded 14 HANAs sub-projects under GEF-WB project, SFBCNRM, to a tune of Nu 188,180,000. Of these 10 projects are complete and four are under implementation. The project will close by end of this year.

WB-GEF played a crucial role in the initial and formation years of BTFEC. Over the years, the BTFEC has improved substantially in terms of its governance; grant making, investment and financial management, and monitoring and evaluation practices. With the additional financing from GEF-World Bank Project, BTFEC's human resources have also been strengthened, which has enhanced the effectiveness of program management and business operation.

With support from WB, BTFEC's application to Adaptation Fund was fast-tracked and in January 2018, it was accredited as the National Implementing Entity.

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 under the same GEF-WB financing, the Management Board, AMC and TAP members and BTFEC staff has also participated in international conferences and study tours to learn the best practices of conservation management and strategic grant making processes

## BTFEC sensitizes potential project proponents on grant proposal writing

We organised two three-day Capacity Building Workshop for Result-Based Project Management in Conservation, covering the Western and the Eastern Dzongkhags. The workshop covered the main component of developing competitive proposals for BTFEC Grants, with emphasis on 'efficient & effective project formulation and grant implementation'.



The workshop was conducted to help aspiring conservationist learn how to design conservation project and convincingly articulate this concept within funding proposal. The training focused on how to align to BTFEC Grant proposal submission, for which the participants had hands-on training.

The workshop was aimed at developing the capacities of those perspective grantees, at the grassroots level, assisting them to become long-term stewards of the natural environment. In addition, BTFEC's Strategic Plan III highlights an immediate and increased need for meaningful engagement in conservation by rural populations, civil societies, local government, academia and the private sectors.

The participants for these workshops were Dzongkhag Planning Officers, Dzongkhag Environmental Officers, Gewog Administration Officers, and Representatives of CSOs, Private Sectors, and Academic Institutions. The participants commented that the workshop provided them with the skills on proposal writing, which they can apply in the future and in training their peers and junior officers. They commended the workshop organization, the competence and mentorship provided by the BTFEC. A major recommendation provided by the participants was the need of more of such workshops covering officers at grassroots especially the Gewog Administration Officer, and Gewog Extension Staff.

## Field Guide to Fishes of Western Bhutan launched

A book titled "Field Guide to Fishes of Western Bhutan" was launched on 15 November 2018. The book covers database of fishery resource of Bhutan's three major rivers basins. The book provides accounts of 104 species of fish belonging to 16 families and 47 genera. This comprehensive publication lists 104 freshwater fish species along with their detailed taxonomic position, quality photographs, distribution maps, present conservation status, etc.

Through our grant, the National Research Centre for Riverine and Lake Fisheries, Department of Livestock devised a project 'Fishes of Western Bhutan: Assessment of Species composition and distribution of fish in Bhutan's three major river basins (Amochhu, Punatsangchhu & Wangchhu)' to assess the fish fauna both in terms of species composition and distribution in Bhutan's major river systems.

The water bodies sampled covered nine dzongkhags: Thimphu, Paro, Haa, Chukha, Samtse, Punakha, Wangdue, Dagana, and Tsirang. A total of 104 species of fishes belonging to 16 families and 47 genera were recorded within the project timeframe. These include 57 new species records for Bhutan. Out of the 104 species, 11 are non-native species introduced in various parts of the country for commercial purpose.

BTFEC has always been a supporter of environmental studies that ultimately translates to better conservation and protection of the environment. This book, which is first of its kind in Bhutan will allow researchers and resource managers to learn about Bhutan's fishes and to gather even more information that can contribute to the informed management of all aquatic resources in the country.

With a lot of developmental activities coming up, fisheries will be impacted especially the native endemic fresh water fish in the wild. And when this happens we need to come up with management plans and conservation plans but first and the foremost requirement for such a management plan to be in place is that we need to know what fishes exist.

There has been growing pressure on the Bhutan's water bodies. Numbers of mega hydropower projects are currently being implemented; many are in the construction phase. Its impact on the aquatic and avian life has already been felt.

Bhutan has five major and two minor river basins. The total length of rivers and their tributaries is estimated to be about 7200 kilometres. There are over 590 natural lakes of various sizes, most of them located above an altitude of 2,200 metres. The Kingdom's rich resources have been used for different purpose starting from fishing to hydropower development. To ensure that aquatic resources are being used sustainably, it is important that management plans be developed based on sound scientific data. Because, currently there is no comprehensive database on the fisheries resources of Bhutan, and because there is growing pressure on the water bodies, it is crucial that documentation of Bhutan's aquatic biodiversity be undertaken.

We have yet to discover how our fishes will respond to hydropower dam construction, or what the long-term consequences of habitat alteration from stone and sand mining in our riverbeds will be on their spawning grounds. In this regard, it is important that there are sound aquatic resource management plans and effective mitigation measures in place to ensure that Bhutan's aquatic ecosystems remains healthy. That's where a fishery database is very important. You cannot have a management plan if you don't know what kind of fish you have in your river.

Through BTFEC grant, the National Centre for Riverine and Lake Fisheries is currently in the process of compiling a similar database of fish species found in the rivers of eastern region. Upon completion of this project Bhutan will have its first database on fish.





## BT FEC Commended



The Bhutan Trust Fund for Environmental Conservation was commended for its service to the environment, at the launch of Bhutan For Life. Coinciding with the birth anniversary of His Majesty the Fourth Druk Gyalpo on 11 November, Her Majesty The Gyaltshen launched the “Bhutan For Life” initiative.

At the Launch, Her Majesty The Gyaltshen, who is the Royal Patron of the Environment, presented a special recognition to the project and its partners. Bhutan for Life is the rescue mission, a funding solution that will fortify Bhutan's conservation efforts and allow the country to sustain its commitment to environmental protection for eternity.

Bhutan For Life initiative is a strategic and long-term project aimed at ensuring Bhutan remains economically and environmentally sustainable.

Baseline funding includes:

- \$2.9 million/year from the Royal Government of Bhutan's central budget (based on the Ministry of Finance's FY2016 allocation to the parks agency).
- \$0.5million/year from investment returns generated by the BT FEC endowment.
- A one-time in flow of \$0.2million in FY2017 from the existing BT FEC Global Environment Facility project.

The fund will be combined with annual contributions from the government and invested over a period of 14 years. It will not only cover the financial gap in the country's conservation efforts but also slowly intends to help the government become self-sufficient in these efforts.



## Glulam project: a success story

Bhutan Trust Fund for Environmental Conservation in partnership with Academy Project in Paro has carried out the Glulam Project in Bhutan. The three-year “Trial Introduction of Glue Laminated Timber Technology & Experimental Application of Glulam structures in Bhutan,” that was initiated in 2015 has been successfully completed.

The primary goal of the project was to contribute towards the conservation of forest resources by enhancing the prudent use of timber through adoption and promotion of appropriate wood engineering technology in the country.

Glued laminated timber or “Glulam” is an engineered timber product that consist of two or more layers of timber (planks/lamellas) of same species or similar physical properties glued together to form a structural timber product of any length, and sizes for construction purposes. Some of the advantages of Glulam over raw timber are:

- Higher tensile and structural strength;
- Improved fire resistance;
- Flexible span and width;
- More efficient use of timber; and
- Ease of construction.

In the context of Bhutan, Glulam has the potential to meet the demand for special sized timber required in our traditional buildings, which are increasingly become scarce and difficult to source. Glulam's application will only increase in

the country as the logging units transitions from natural sand forests to second generation forests in the logged over areas. This is premised on the fact that a viable plantation forests requires reduction in rotation period and thereby harvesting of trees at a much younger age and size. Therefore, glulam technology will offer steady production of bigger dimension beams in the future.

Releasing the potential application of glulam timber in the country, The Royal Academy Construction Project (TRACP) lent itself to the idea and strategy of introducing the technology in the country. TRACP designed few of its building incorporating glulam beams to provide an avenue for the trial. To enable future continuity and expansions of the technology beyond the TRACP, the Natural Resources Development Corporation Limited (NRDCL) was identified as the key partner in managing and the factory.

## Project Accomplishment

1. The engagement of expertise, had helped team at site to complete joineries and erections;
2. The total glulam produced by the factory for the period was about 10,772 cft and erection for Dining hall is completed;
3. The pilot project had helped to introduce and demonstrate the technology and showcase the potential use of glulam in Bhutan for huge infrastructures such as Dzongs, Lhakhangs, bridges and other special projects that require special size timber;
4. It provided an opportunity in creating employment, hands on training and skill development for the project team;





## ANNUAL STAKEHOLDERS' WORKSHOP

The BTFEC Annual Stakeholders' Workshop was held in Phuentsholing between 15 and 19 January 2018. Project focal persons and finance officers of the on-going projects supported by BTFEC attended it.

The participants represented the government agencies, CSOs, and members of BTFEC secretariat. The presentation covered 29 projects, and inputs from BTFEC on procurement rules and requirements, financial reporting, technical reporting, and other developments at the BTFEC.

The Workshop was conducted with a primary goal to establish common understanding on BTFEC project implementation process and procedures, gain knowledge through experience sharing among stakeholders, and bring improvements in the progress reporting and documentation.

The workshops provided space for face-to-face interaction with the grantees and grantor. Project focal persons and finance officers shared and exchanged their experiences. The workshops offered rich pool of lessons and experiences for



future improvements of the projects. New ideas were suggested to improve the implementation of on-going projects. The workshop provided space to clarify issues on technical as well as administrative matters for both BTFEC and its partners.

The huge response and attendance reflected the importance and usefulness that the participants saw in the content and format of the stakeholders' workshop. The workshop provided opportunity for the BTFEC to share and inform its partners on new development at BTFEC, where the project implementers received first hand information and clarifications.

It was agreed that BTFEC would support and provide further resources for such initiatives to enhance quality and sharpened impact of environmental conservation or climate adaptation projects.

Given the diversity of the participants' professional background and experience, there were mixed responses on the workshop, nonetheless, the overall observation was very positive. The participants appreciated organization of such kind of workshop by BTFEC, which according to many participants was very informative in their line of work and recommended for such workshops in the future.

Participants thanked the BTFEC for organizing the workshop. They shared that well prepared presentation from BTFEC enhanced their understanding of BTFEC grants and the requirements (financial reporting, technical reporting, and procurement procedures) to facilitate smooth management (timely report submissions and disbursement of funds) of the projects. The learning aspect was felt to be of high relevance and wished for more of such workshops so that their proposals are better planned, impact oriented and based on problem based priorities as per the BTFEC Strategy Plan III.



## CIF SLM STAKEHOLDERS' WORKSHOP

To share the findings of the above assessments, conducted on Sustainable Land Management and innovative financing, and to understand the grassroots realities, two regional workshops were conducted in Phuentsholing, between 21 and 23 January 2018, and Samdrupjongkhar between 26 and 28 January 2018. District Agriculture and Planning Officers of 20 dzongkhags, staff of Agriculture Research and Development Centres (ARDCs), SLM adopters, and potential SLM farmers of GEF/LDFC pilot districts attended the workshops.

The workshop provided forum for sharing field experiences on SLM and identified its major issues and challenges. Measures to address the challenges and mainstreaming SLM into government plans and policies were also discussed.

Upcoming plans for SLM and its linkage with nationally prioritized Sustainable Development Goals (SDGs) and UNFCCC's Land Degradation Neutrality (LDN) goals were discussed. The participants were also introduced to newly adopted Agriculture and Land Development (ALD) guidelines of Bhutan.

An independent consultant presented the research findings on impact of past SLM projects. Another consultant presented the findings of assessment study on objectives, legal feasibility, financial sustainability, institutional and human resource capacity, and potential source of funds for establishment of an endowment fund to support climate mitigation activities including SLM.

The outcome of the grassroots level stakeholder workshop was further deliberated during the national stakeholder workshop on 1 and 2 March 2018 in Punakha. The



consultative workshop was conducted in order to create awareness and sensitize policy makers, implementers, donors, and Civil Society Organizations, on SLM and agree on mechanism to mainstream into national policies; and agree on financing mechanism for scaling up SLM activities. Head of agencies from various departments of Royal Government of Bhutan attended it.

NSSC in the National Land Act needs to be done so that the new land use policy addresses all these policy gaps.

Need for continuous capacity building on SLM for both central agencies like NSSC and grassroots like Local Government (LG) staff was found crucial in scaling-up SLM activities. Such capacity building in the form of basic training or refresher course would serve as a SLM sensitization programme, which in long-run would be crucial for SLM mainstreaming.

Highlighting SLM linkages with land degradation, biodiversity and carbon sequestration would also assist in establishing linkages with key stakeholders. This was identified as another way of mainstreaming SLM. Linking SLM with loss of arable land, biodiversity loss, and food and nutritional security could be another way to emphasize the need to mainstream SLM into government plans and policies.

Need assessment pertaining to SLM at grassroots level has to be conducted. NSSC could also work on developing national SLM target through active participation of LG officials and head agencies. Through such activity, need for SLM intervention could be properly mapped and argument for need for SLM at national level would be convincingly justified.

## COMMUNICATION AND PUBLIC ADVOCACY

As decided by the management board, the BTFEC advocacy fund was instituted in 2000 to provide visibility and garner donor support to enhance the existing BTFEC endowment fund. The BTFEC advocacy program focuses on three thematic areas: Enhance visibility of BTFEC through publicity; promote institutional conservation efforts and its impacts; create awareness through environmental advocacy. BTFEC used, all the available means of communications to reach its message to the wider audience including the television, print media, social media and inflight magazine. In the fiscal year 2017-18, a sum of Nu1, 850,622 was spent on advocacy. The following are some areas of collaborations for communications and public advocacy.



### BTFEC honours Rangers on World Rangers' Day

The Bhutan Trust for Environmental Conservation joined the nation in celebrating World Rangers' Day on 31 July 2017 in Changlingmithang, Thimphu,

as part of its silver jubilee celebration. The celebration of the first World Ranger Day in Bhutan providentially coincided with the year Bhutan Trust Fund for Environmental Conservation turned 25 years since its inception in 1992. Established under Royal Charter of His Majesty Jigme Sigye Wangchuk, the Fourth King of Bhutan in 1996, BTFEC has been since been a strong conservation partner for the forest department.

The Prime Minister thanked Bhutan Trust Fund for Environmental Conservation in their continued efforts in protecting and conserving the forests.

### BTFEC supports 'Tree Hugger' competition

To Create awareness among the general public on the importance of Biodiversity and its values and the importance of trees and forests, a photo competition was conducted. The competition was organized by UNDP Bhutan in collaboration with BTFEC and other relevant stakeholders.





The competition was a social media campaign to remind the society to support conservation of forest resources and promote its protection. It saw more than 300 entries from across the country with participants as young as two-year-old to as old as 80-year-old.



## BTFEC supports Youth and Sports

BTFEC, along with other sponsors, supported the fourth international Kyorugi and third international Taekwondo Poomsae championship held in Thimphu. Some One hundred and eighty participants from Bhutan, Bangladesh, India and Nepal took part in the three-day

international sports event.

## BTFEC supports advocacy and sensitisation programme on wastage management

Royal Botanical Park, Lampelri with funding support from the Bhutan Trust Fund for Environmental Conservation (BTFEC) conducted advocacy cum sensitization program on waste management on 9 September, 2017 in effort to make the general public aware on negative impact of improper management of waste to the environment and people. A total of 619 vehicles were advocated on proper in-car waste management policy while travelling. It includes 27 buses and 101 Taxi's of the public carrier services. The travelers were also briefed not to feed the wildlife seen along the highways, especially monkeys. Public service transports were given more due importance for the program owing to its large number of travelers. Drivers registered during the program were asked to install a waste bag or bin to avoid dirtying the vehicles and the environment



## BT FEC supports mass marijuana-uprooting campaign

BT FEC supported CARE Bhutan Organise marijuana uprooting campaign and planting of trees across the capital. A total of 875 graduates, youths, officials of Thimphu Thromde and DoFPS staff took part in the event. The event-covered areas like Changzamtok, Olakha, Babesa, Taba, Motithang, Langophaka, Town, Lungtenphu, and Chubachu. This campaign also served as a means of mass public awareness through person-to-person advocacy and mass media.



## BT FEC supports “Sponsor a Tree” project

BT FEC supports Youth Development Fund on its Sponsor a Tree Project: A small fundraising scheme that attempts to educate young Bhutanese to preserve and protect our pristine forest. It is an effort to make young Bhutanese realize that the importance of our environment in which we live in which provides natural services for humans and all other species that are essential to our health, quality of life and survival. The goal of the Sponsor a tree Project is to raise funds through small and big giving for YDF programs: Youth Leadership and Child Care Services; Youth Empowerment; Drug Education and Rehabilitation Services; and Scholarship and Sponsor a monk.



## BT FEC supports youth environmental education program

With financial support Bhutan Trust Fund for Environmental Conservation (BT FEC) and College of Natural Resources 54 students from Ugyen Academy, Bajo Higher Secondary school and Dashiding Higher Secondary School were sensitized on the pressing environmental issues like waste management, forest fires, climate change and the threats to critically endangered species called White Bellied Heron in the Punakha-Wangdue valley. Final year students of B.Sc. Environment and Climate studies organized the program.



## BT FEC supports consultation workshop for highlanders

More than 353 members of the country's highland community spread across 11 dzongkhags came to the capital to discuss with the government their development priorities and challenges, and be updated on existing legislation on conservation and development programmes. The highlands of Bhutan are bestowed with rich biodiversity and home to four national parks, two wildlife sanctuaries and the country's only nature reserve. It hosts majority of the country's protected areas and many globally endangered flora and fauna. Some of the rare faunal species seen in the highlands of Bhutan are Tiger, Snow leopard, Takin, Blue sheep, Tibetan wolf and several species of birds. Almost all of the country's river systems originate from the highlands.



## FINANCIAL REPORTS

The total revenue generated and realized during FY2017-18 was \$3.272 million (previous years \$3.942 million), against which \$1.990 million was spent on Secretariat overhead expenses and program grant. While Secretariat expenses decreased to \$0.399 million (previous year \$0.418 million), program expenditure increased to \$1.552 million (previous year \$1.356 million).

As of 30 June 2018, net asset value at cost value increased to \$56.092 million (previous year \$52.552 million). The increase was attributed by excess revenue over expenditure, HWCF contribution and GEF-World Bank balances.

## AUDITED FINANCIAL REPORT 2017-18

### BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION

#### Statement of Revenue and Expenditure for the Fiscal Year Ending 30 June, 2018

USD (rounded)

	<u>Notes</u>	<u>2017-2018</u>	<u>2016-2017</u>
<b>REVENUE</b>			
Interest & Dividend	<b>I</b>	1,172,779	966,096
Net Capital Gain/(Loss) Realized		1,463,300	2,403,057
Grant from GEF-World Bank		633,722	572,716
Miscellaneous (Net)		<u>2,833</u>	<u>459</u>
<b>TOTAL REVENUE</b>		<b><u>3,272,634</u></b>	<b><u>3,942,328</u></b>
<b>EXPENDITURE</b>			
Secretariat	<b>II</b>	399,330	417,659
Program	<b>III</b>	1,551,929	1,355,840
Fund Management/Advisory	<b>IV</b>	12,913	18,101
Depreciation on Fixed Assets	<b>V</b>	26,187	27,821
<b>TOTAL EXPENDITURE</b>		<b><u>1,990,359</u></b>	<b><u>1,819,420</u></b>
<i>Excess Revenue over Expenditure</i>		<u>1,282,274</u>	<u>2,122,908</u>
Opening Accumulated Excess Revenue over Expenditure		32,694,511	30,571,602
<b>Closing Accumulated Excess over Revenue</b>		<b><u>33,976,785</u></b>	<b><u>32,694,511</u></b>

Director  
Secretariat

Chief Financial Officer  
Secretariat

**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**

**Balance Sheet as at 30 June 2018**

*USD (rounded)*

<b>ASSETS</b>	<b>Notes</b>	<b>2017-2018</b>	<b>2016-2017</b>
<i>Current assets</i>			
Cash in Hand & Bank	<b>VI</b>	380,418	416,161
Receivables and Prepayments	<b>VII</b>	169,933	87,234
Fund Balances	<b>VIII</b>	521,643	596,194
<i>Total current assets</i>		<u>1,071,994</u>	<u>1,099,589</u>
<i>Fixed Assets:</i>			
Fixed Assets (Net)	<b>V</b>	<u>111,153</u>	<u>142,882</u>
<i>Investments</i>			
Investment at cost	<b>IX</b>	53,891,132	52,851,631
Less: RSPN Endowment Fund		(1,598,137)	(1,542,023)
<i>Investment (Net)</i>		<u>52,292,995</u>	<u>51,309,608</u>
<b>TOTAL ASSETS</b>		<b><u>53,476,142</u></b>	<b><u>52,552,078</u></b>
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Expenses Payable	<b>X</b>	519,989	590,372
Recoveries/Remittances	<b>XI</b>	(5,128)	7,006
<i>Total current liabilities</i>		<u>514,860</u>	<u>597,378</u>
<i>Capital &amp; Reserves</i>			
Capital Contributions	<b>XII</b>	21,543,825	21,474,644
Accumulated excess of revenue		32,694,511	30,571,602
Excess of revenue for the Period		1,284,470	2,122,908
Reserves on valuation of Fixed Assets		2	2
Reserves for (Gain/Loss) FOREX Translation		(2,561,526)	(2,214,457)
<i>Total Capital &amp; Reserves</i>		<u>52,961,282</u>	<u>51,954,700</u>
<b>TOTAL LIABILITIES, CAPITAL &amp; RESERVES</b>		<b><u>53,476,142</u></b>	<b><u>52,552,078</u></b>

Director  
Secretariat

Chief Financial Officer  
Secretariat

**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**

**Notes to financial statement**

**30 June 2018**

USD (rounded)

**Schedule I:**

<b>A: Offshore Investment Income</b>	<b>2017-2018</b>	<b>2016-2017</b>
Interest Income Offshore	196,406	141,566
Money Market Income Offshore	3,586	2,679
Dividend Income Offshore	456,813	327,942
<i>Sub-total</i>	<u>656,805</u>	<u>472,186</u>
<b>B: Local Investment Income</b>		
Dividend Income Local	295,537	338,251
Interest Income Local	220,437	155,660
<i>Sub-total</i>	<u>515,974</u>	<u>493,910</u>
<b>Total (A+B)</b>	<b><u>1,172,779</u></b>	<b><u>966,096</u></b>
<b>C: Capital Gain Realized</b>		
Capital Gain Realized-Offshore	1,463,300	1,336,300
Capital Gain Realized-Local	-	1,066,757
<i>Sub-total</i>	<u>1,463,300</u>	<u>2,403,057</u>
<b>Total (A+B+C)</b>	<b><u>2,636,079</u></b>	<b><u>3,369,153</u></b>



**Schedule - II**

**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**  
**Notes to financial statement**  
**30 June 2018**

**Expenditure Statement of Secretariat For The Fiscal Year 2017-2018**

*USD (rounded)*

<b>Expenditure Head</b>	<b><u>2017-2018</u></b>	<b><u>2016-2017</u></b>
<i>Recurrent:</i>		
Personnel Emoluments	120,992	86,282
Other P. Emoluments	6,355	18,135
Medical Benefits	-	2,000
Travel (in-country)	12,499	10,329
Travel (abroad)	6,546	7,561
Utilities-Tele, Fax, etc.	10,629	9,023
Utilities-Postage/Bank Charges	282	272
Utilities- Electricity	1,242	1,133
Utilities- Water & Sewerage Charges	61	22
Rental of Others	109	96
S & M - Stationery, Printing, Office Supplies	4,010	3,592
S & M - Subscription to International Journals	884	531
S & M - Library	-	116
S & M - Uniform, Extn. Kits	3,850	2,161
Maintenance of Properties-Building	1,764	1,268
Maintenance of Properties-Vehicle	8,423	5,741
Maintenance of Properties-Equipment	68	800
Maintenance of Properties-Computers & Peripherals	366	1,981
Maintenance of Properties-Office Campus	6	595
Operating Expenses - Advertisement	1,071	1,229
Operating Expenses - BTF Publicity	-	3,697
Operating Expenses - Incountry Seminar/W-shop	4,086	-
Operating Expenses -Web Hosting	-	169
Hospitality & Entertainment	9,625	5,201
Subscription to International Organization	517	834
PF-Employers Contribution	9,771	7,572
Retirement Benefits	1,963	26,078
<i>Total Recurrent</i>	<u>205,118</u>	<u>196,418</u>

**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**  
**Notes to financial statement**  
**30 June 2018**

**Expenditure Statement of Secretariat For The Fiscal Year 2017-2018**

*USD (rounded)*

*Non-recurrent:*

BT FEC's Environmental Advocacy & Publicity	29,342	12,670
Training - Human Resources Development	-	17,097
Professional Fees	-	24,980
Silver Jubilee Celebration	12,392	-
<i>Total Non-recurrent</i>	<u>41,734</u>	<u>54,747</u>

**Enhancing the Operational Effectiveness of BT FEC**

Other P. Emoluments	5,437	4,079
Travel In-country)	623	717
Travel (abroad)	36,915	20,114
Travel (abroad)	-	31,324
Utilities-Telephone,Telex,Fax, Internet	-	516
Utilities-Postage/Bank Charges	3	1
S & M: Office Supplies	65	1,377
Operating Expenses - Advertisement	-	394
Operating Expenses - Incountry Seminar/W-shop	42,118	19,804
Hospitality & Entertainment	-	2,077
PF-Employers Contribution	431	268
Expenditure on Structure-Others	1,139	-
Training - Human Resources Development	34,134	16,887
Professional Fees	31,615	68,936
<i>Total Component 1 &amp; 3 of SFBC&amp;NRM</i>	<u>152,479</u>	<u>166,494</u>
<b>Total</b>	<u><b>399,330</b></u>	<u><b>417,659</b></u>





**Schedule - III**

**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**

**Program Expenses For The Year Ending 30 June, 2018**

*USD (rounded)*

<b>Grant Title</b>	<b>Grant No.</b>	<b>2017-2018</b>	<b>2016-2017</b>
Improved Fuelwood Cookstove	MB0101Y11	-	57,936
Fish Fauna Assessment-NCWFC, Haa	MB0126Y13	-	430
Enhancing Environmental Education in Formal Education of Bhutan	MB0129Y14	-	15,399
Conservation of Native Tree Species Through Nursery Devep.	MB0134Y14	5,214	-
Examine Dietry Pattern of Asiatic Elephant	MB0135Y14	-	5,082
Integrating PES & REDD+ in Bhutan	MB0136Y14	-	795
Implement Conservation Mgmt. Plan of Toorsa Strict Reserve	MB0142Y14	-	1,030
Protection & Preservation of Khurl Lake	SC0132Y15	-	4,709
Revision of Conservation Mgmt. Plan of SWS	MB0148Y15	-	4,774
Study of Knowledge-based Invertebrates in Bhutan	MB0149Y15	-	43,918
Conservation of Buli Tsho	MB0152Y15	-	7,593
Integrated Water Resources Mgmt. in Sarpang	MB0153Y15	-	4,946
Embracing Interior Zoning Paradigm	MB0154Y15	-	34,997
CBD in Dungmang Tshachu, Territorial Div., Zhemgang	MB0155Y15	-	134,984
WBH Recovery Plan. Royal Society for Protection of Nature, T	MB0156Y15	99,986	36,209
Rehabilitation of Luetshokha Tsho. Nyisho Gewog, Wangduephod	MB0157Y15	-	48,766
Up-scaling SLM to Combat Land Degradation and CC Mitigation	MB0159Y15	53,981	59,540
Improve Rural Livelihood from NWFP in Phulema,S/Jongkhar	MB0160Y15	-	5,230
Trial Intro of GLTT and EA of Glulam structures in BHT, R/A	MB0162Y15	32,112	28,420
ABC- Managing Our Own Waste- Mgar &Tgang Thromde. Clean Bhut	MB0163Y15	-	78,221
Dev of compact and appropriate onsite sanitation technology(CST)	MB0167Y16	37,248	38,412
Fish Fauna Assessment -Nyera Ama Chhu-NCWFC, Haa	MB0168Y16	55,182	32,442
Enhance the management effectiveness of JKSNR	MB0169Y16	47,623	36,353
Strengthening Environmental Auditing-RAA	MB0170Y16	49,738	31,254
Research and Development in Electric Fence Designs	MB0171Y17	24,708	-
Conservation and Sustainable Use of Indigenous Flora-Floriculture	MB0172Y17	17,576	10,179
Enhancing community capacity or Biodiversity Conservation-RDTC	MB0173Y17	23,015	21,713
Working towards achieving Land degradation neutral status- NSSC	MB0174Y17	30,614	3,184
Strengthening Natural and Biosecurity and Food Safety	MB0175Y17	41,770	39,275
Improving Rangeland Governance and Leveraging Yak Value Chains-DOL	MB0176Y17	44,812	13,685
Conservation and Promotion of Native Poultry Breeds of Bhutan	MB0177Y17	62,213	14,453
National Rollout for SMART Patrolling Program	MB0178Y17	13,279	48,434
Scientific Study on the ecology of small felids in RMNP	MB0179Y17	30,076	11,190
Study the ecology and Conservation of Spotted deer,PWS	MB0180Y17	13,038	64,702
Rehabilitation of degraded watershed-Eutok Gonpa and Dra karmo	MB0181Y17	11,459	5,289
Zero Wate in S/Jongkhar & Trashigang	MB0185Y17	8,964	-
Building Socio-Ecological Resilience in SWS	MB0186Y17	82,809	-
Introduction of ES in Class XI & XII	MB0187Y17	76,397	-
Samazingkha Agroforestry	MB0188Y17	185,728	-
Construction of 3Rs collection Center, Thimphu Thromde	SC0128Y14	2,244	-
Bamboo P, a bioengineering method for slope stab. at Rigzing	SC0136Y15	-	2,988
Development of Waste Disposal Facilities for Lamgong Town	SC0138Y17	3,121	-
Installation of fuel wood efficient stove,Pema Shedrup Choki Gatshelling Nu	SC0139Y16	-	2,569
Gomo Watershed conservation project,Punakha	SC0140Y16	-	6,201
Biodiversity assessment of aquatic and AntsSpecies in Bhutan	SC0141Y17	-	6,205
Discovering Bhutan's Environment and Culture by the youth	SC0142Y17	-	6,002
Conservation of Paris Polyphylla	SC0143Y17	-	6,127
Sustainbale NWFP Management of Sektana Gakiling Gewog	SC0145Y17	5,854	-
Prevention of Forest fire through Media Advocacy & Awarness	SC0146Y17	6,038	-
4th Annual Research Symposium(BES)	SC0147Y17	3,692	-
<i>Total Program Expenses (BT FEC)</i>		<u>1,068,490</u>	<u>973,637</u>

BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION

**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**

**Program Expenses For The Year Ending 30 June, 2018**

*USD (rounded)*

Strengthening Resource Monitoring, Patrolling & Service Delivery	MB0138Y14	32,866	4,533
Enhance Management Efficiency of BWS	MB0139Y14	-	24,583
Enhance Efficiency & Initiate Sustainability of WCP	MB0140Y14	-	6,181
Revive Degraded Rangelands in the Northern Frontiers	MB0141Y14	-	21,675
Sustainable Mgmt. of Res. Integrated Participation	MB0146Y15	58,999	-
Enhance Biodiversity Database in WCP-II	MB0147Y15	10,987	62,446
Integrated Community-based Eco-tourism in Khoma	MB0150Y15	-	75,308
Bio-diversity Conservation and Sustainable Use	MB0151Y15	22,144	50,197
Integrated Wildlife Management for Sustainable Biodiversity	MB0182Y17	129,195	-
Antipoaching of Musk Deer-Ensuring their conservation,WCPNP	MB0183Y17	158,434	10,858
Enhancing the conservation of Bhutan Takin, NCD	MB0184Y17	70,814	-
MS and SFNRF & NRM Approaches in national Policies, SPMC	MB0165Y15	-	114,071
Dev. of LCMP Snow Leopard( Panthera Unica ) in Bhutan, DoFPS	MB0166Y15	-	12,352
		<u>483,439</u>	<u>382,203</u>
<b>Total Program Expenses</b>		<b><u>1,551,929</u></b>	<b><u>1,355,840</u></b>

*Total Program Expenses (HANAs)*

**Schedule IV:**

**Fund Management Expenditure**

Custodian Fees

**Total Fund Management Expenditure**

**2017-18**

**2016-17**

12,913

18,101

12,913

18,101



**Schedule-V:**

**Depreciation Table for FY17-18 (Amount in US\$)**

Particulars of Assets	Gross Block as on 30.6.17	Addition during the Year	Ex. Rate Gain/(Loss)	Gross Block as on 30.6.18	Depreciation				RoE/\$		
					Accumulated as on 30.6.17	During the Year	Adjustments	Ex. Gain	Accumulated as on 30.6.18	Net Block as on 30.6.18	Net Block as on 30.6.17
					as on 30.6.17	Year			as on 30.6.18	as on 30.6.18	as on 30.6.17
Land	1.55	-	- 0.09	1.46	-	-	-	-	-	1.46	1.55
Building	71,801.06	-	(4,296.84)	67,504.22	5,392.56	1,215.08	-	(322.71)	6,284.93	61,219.29	66,408.50
Equipment	99,354.11	798.31	(5,981.36)	94,171.06	55,854.04	13,388.71	-	(3,342.51)	65,900.24	28,270.82	43,500.07
Computer Software	68,926.91	-	(4,124.84)	64,802.06	46,211.04	9,785.93	-	(2,765.44)	53,231.52	11,570.54	22,715.87
Furniture	17,939.81	2,404.83	(1,231.91)	19,112.73	13,771.66	1,797.39	-	(824.14)	14,744.91	4,367.82	4,168.14
Vehicle	60,873.93	-	(3,642.92)	57,231.01	54,786.54	-	-	(3,278.63)	51,507.91	5,723.10	6,087.39
<b>TOTAL</b>	<b>318,897.36</b>	<b>3,203.14</b>	<b>(19,277.97)</b>	<b>302,822.53</b>	<b>176,015.83</b>	<b>26,187.11</b>	<b>-</b>	<b>(10,533.44)</b>	<b>191,669.51</b>	<b>111,153.03</b>	<b>142,881.52</b>

BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION

**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**  
**Notes to Financial Statement**  
**30 June 2018**  
*USD (rounded)*

**Schedule VI:**

<b>Cash in Hand/Bank</b>	<b>2017-2018</b>	<b>2016-2017</b>
Petty Cash Account	147	157
Bank Account 17912011	15,864	17,294
Bank US\$ Account 17912003	4,161	4,161
Saving Account for Visa Credit Card 5000055735014	-	9,648
GEF CD0000066928016	360,246	384,902
<b>Total</b>	<b>380,418</b>	<b>416,161</b>

**Schedule VII:**

<b>Receivables and Prepayments</b>	<b>2017-2018</b>	<b>2016-2017</b>
Advance to Employees	86,670	10,393
Advance to Suppliers	618	657
Advance to Others	82,631	91,255
Prepaid Expenses	15	(15,071)
<b>Total</b>	<b>169,933</b>	<b>87,234</b>

**Schedule VIII:**

<b>Fund Balances with Implementing Agencies</b>	<b>2017-2018</b>	<b>2016-2017</b>
Ministry of Education	6,951	7,394
MB0178Y17 National Rollout of SMART Patrolling Program	-	1,200
Dept. of Forestry Services MoA	6,194	6,588
MB0179Y17 Scientific Study on Ecology of small field RMNP .	1,235	2,243
Gross National Happiness Secretariat	23,024	24,490
Royal Society for Protection of Nature	11	11
MB0180Y17 Scientific study of spotted Deer & others PWS .	2,966	1,436
MB0167Y16 Dev. of Wastewater Treatment Technology CST .	116,870	39,408
MB0168Y16 Fish Fauna Assessment Central & Western region .	27,560	19,282
MB0169Y16 To enhance Management effectiveness of JKSNR.	55,046	76,410
MB0170Y16 Strengthening Environmental Auditing RAA	14,845	25,755
MB0173Y17 Enhancing Community capacity for Biodiversity Cons	16,137	2
MB0175Y17 Strengthening National Bio Security & Food safety	-	8,033
MB177Y17 Conservation and Promotion of Native Poultry	2,261	45,883
MB176Y17 Improving Rangeland Governance and Leveraging Yak	44,958	44,155
MB174Y17 Working towards achieving land degradation neutral	2,373	213
SC138YR16 Development of Waste Disposal Site at lamgong Paro	-	2,482
MB172Y17 Cons. & Sustainable Use of Indigenous Flora.	8,201	14,127
MB182Y17 Integrated Wildlife Mgt. for Sus.Bio. Cons. BWS	52,084	-
Mb184Y17 Enhancing the Cons. of Bhutan Takin WCD	1,322	-
MB188Y17 Samazingkha Agroforestry project	34,308	-
MB185Y17 Zero Waste Project S/jongkhar & T/gang Lhomon Socie	1,852	-
MB187Y17 Introducing EVS in Cl. XI & XII REC	5	-
SC144Y17 Ensure health & Hygiene through conservation Beylang	4,418	-
SC151Y17 Study and display wild orchid during Flower Show	2,917	-
SC150Y17 School Environment Management Program	3,383	-
SC149Y17 Population status and Diet of Hoenbill in JWS	1,750	-
SC148Y17 Nursery Development and Landscaping Royal Academic	3,500	-
MB0127Y13 NFI Data Collection from Western Region FRMD	-	7,844
MB0129Y14 Introducing ES in formal education RSPN	-	245
MB0130Y14 Documentation of Takin migration UWICE	-	192
MB0132Y13 Estbl. of Rural Live stock Insurance Scheme WCD .	14,583	15,511
MB0134Y14 Conservation of Native tree species RPCO MoAF .	-	20,634
MB0135Y14 Examine dietary pattern of Asiatic elephants WCD .	-	4,149
MB0137Y14 Securing rangeland soil carbon yak herding DOL .	-	519

**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**

**Notes to Financial Statement**

**30 June 2018**

*USD (rounded)*

MB0136Y14 Integrating PES and REDD+ in Bhutan WMD .	-	10,970
MB0138Y14 SMART Patrolling & Service delivery of JDNP.	12,607	48,135
MB0139Y14 Improve Mgt. Efficcy of BWS throu. I & P Approach.	-	404
MB0140Y14 Enhance Efficcy. & Initiate Sustainability of WCP.	-	298
MB0141Y14 Reving. Degd. Rangelands in Northern Frontier DOL	-	2,577
MB0144Y14 Dev. of Biomass Equations for assessing NCS MoEA.	-	728
MB183Y17 Release of Anti poaching of Musk Deer WCNP	14,759	-
SC0128Y14 Const. of 3Rs collection Center Thimphu Thromde.	-	2,234
MB0146Y15 Release for Sustainable mangement	30,121	94,792
MB0147Y15 Release for Enhance Biodiversity database	-	15,689
MB0150Y15 Release for Integrated base Eco tourism	-	11
MB0149Y15 Estbl. of knowledge base for invertebrates in Bhut	0	2,779
MB0153Y15 Integrated water resource Mgt. in Khatey & Khamae.	-	180
MB0151Y15 Biodiversity Conservation & Sustainable use in HAN	-	10,225
MB/2015 16/05/0163 Advocating Behavioral Change Managing Our	-	543
MB/2015 16/05/0157 Rehabilitation of Luetschokha tsho	-	106
MB/2015 16/05/0155 Community Base Developmentin Dundmang Tsha	-	3,411
MB/2015 16/05/0162 Trial Introduction of Glue laminated timb	-	11,105
MB/2015 16/05/0160 Improve Rural Livelihood from NWFP in Phu	-	5,473
MB/2015 16/05/0159 Up Scaling Sustainable land mgt.to combat	15,408	17,668
MB/2015 16/05/0156 White Bellied Heron Recovery Plan	(5)	660
MB165Y16 Mainstreaming of Conservation and Sustainable Fores	-	2
<b>Total</b>	<b>521,643</b>	<b>596,194</b>

**Schedule IX:**

**BTF Portfolio**

**Foreign Investment**

	<b>2017-2018</b>	<b>2016-2017</b>
Money Market US Bank Money Market Mmda It&c	378,742	1,387,864
Fixed Income Vanguard Short Term Bond Index Inv	5,332,539	5,245,593
Fixed Income JP Morgan Short Duration Bond SI	8,723,953	8,603,247
Equity Mutual Funds Jensen Portfolio Inc Fund	3,614,258	3,456,285
Equity Mutual Funds Dodge & Cox Stock Fund	3,789,112	3,416,091
Equity Mutual Fund Matthews Asian Growth & Income Fund	5,301,713	5,052,770
Equity Mutual Fund Matthews Pacific Tiger Fund	5,043,706	4,962,945
Equity Mutual Fund Matthews China Fund	1,961,564	1,770,565
Equity Mutual Fund Voya Midcap Opportunitys W	5,877,505	5,176,944
Equity Mutual Fund Primecap Odyssey Growth Fd	4,244,341	4,153,320
Equity Mutual Fund Vanguard Health Care Adm	804,582	750,000
Equity Mutual Fund Red Oak Technology Select	805,461	750,000
Others Driehaus Emerging Mkts Growth Fund	575,987	571,368
U.S. Equities Vanguard Small Cap Indexed Fund	2,914,045	2,858,616
International Equities Dodge & Cox Stock Fund	614,416	597,729
<i>Total Offshore Portfolio</i>	<b>49,981,924</b>	<b>48,753,337</b>

**Local Investment**

Ngultrum Trading Account	951,572	750,912
Royal Insurance Corpn. of Bhutan Ltd.	74,342	79,074
Penden Cement Authority Ltd.	85,897	91,364
State Trading Corpn. of Bhutan Ltd	19,147	20,366
Bhutan Calcium Carbide Ltd.	236	251
Bhutan National Bank Ltd.	1,223,926	1,301,833
Dungsam Plymers Ltd.	77	82
Druk PNB Bank Limited	74	79
T Bank Limited	754	802
Fixed Income BDBL 5.5Y Fixed Deposit	-	232,661
Fixed Income D PNB Bank Bond 7yrs	291,650	310,215
Fixed Income RICBL Bond Series III 7 yrs Jan 14 2021	1,232,222	1,310,657
Fixed Income RICBL Bond Series IV 7 yrs May 27 2022	29,311	-
<i>Total Local Portfolio</i>	<b>3,909,208</b>	<b>4,098,294</b>
<b>Total BTF Investment Portfolio</b>	<b>53,891,132</b>	<b>52,851,631</b>

**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**  
**Notes to Financial Statement**  
**30 June 2018**  
*USD (rounded)*

**Schedule X:**

<b>Accrued Expenditure &amp; Other Payables:</b>	<b>2017-2018</b>	<b>2016-2017</b>
Accrued Expenses Paybles	20,813	20,655
GEF-WB Fund, GEF GRANT-SFBCNRM-COMPONENT-1	193,294	125,213
GEF-WB Fund, GEF GRANT-SFBCNRM-COMPONENT-2	317,410	456,033
GEF-WB Fund, GEF GRANT-SFBCNRM-COMPONENT-3	(11,529)	(11,529)
<b>Total</b>	<b>519,989</b>	<b>590,372</b>

**Schedule XI:**

<b>Recoveries/Remittances:</b>	<b>2017-2018</b>	<b>2016-2017</b>
Tax Deducted at Source	54	924
Personal Income Tax	-	3
Provident Fund Employees' Contribution	-	(31)
Earnest Money Deposits	22	23
Retention Money	2,820	2,999
NRED Fund	2,984	3,174
Sustainable Development Secretariat GNHC	(82)	(87)
Climate Investment Fund CIF	(10,926)	-
<b>Total</b>	<b>(5,128)</b>	<b>7,006</b>



**BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION**  
**Notes to financial statement**

**Schedule XII.**

**Statement of Capital Contribution as of 30 June 2017 (US\$ rounded)**

	<b>2017-2018</b>	<b>2016-2017</b>
The World Bank - GEF	10,000,000	10,000,000
Government of Norway	2,688,435	2,688,435
Government of Switzerland	2,586,207	2,586,207
Government of the Netherlands	2,454,500	2,454,500
Government of Denmark	2,334,418	2,334,418
World Wildlife Fund; Inc.	1,000,000	1,000,000
Government of Finland	66,312	66,312
HWCF Contribution	240,135	170,954
Royal Government of Bhutan	173,818	173,818
<b>Total</b>	<b>21,543,825</b>	<b>21,474,644</b>



<b>Schedule XIII</b>
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**1 SIGNIFICANT ACCOUNTING POLICIES****1.1 Accounting Conventions:**

These accounts are prepared on the basis of historical cost concept.

**1.2 Recognition of Revenue and Expenditure:***1.2.1 Revenue and Expenditure:*

Revenue and Expenditure are recognized on accrual basis except for leave encashment, Leave Travel Concession, and gratuity (refer notes 1.2.5 and 1.2.6 below).

*1.2.2 Investment Income:*

*1.2.2.1* Income earned from offshore investments are recognized as revenue in the Revenue and Operating Expenditure on the basis of statements received from the U.S. Bank (Custodian) based in Philadelphia, USA

*1.2.2.2* Dividend Income earned from local (Bhutanese Equities) are recognized based on receipt of dividend payment advices from respective companies and from the bank statement received from Bhutan National Bank in case of interest income from Ngultrum trading account.

*1.2.3 Capital Gain/(Losses):*

Realized Capital Gains/(Losses) arising on the actual sale of securities and capital gains distributed within the indexed/mutual funds are recognized as revenue/expenses in the Statement of Revenue and Operating Expenditure.

*1.2.4 Depreciation:*

*1.2.4.1* Depreciation on the fixed assets owned by the Bhutan Trust Fund for Environmental Conservation is charged under the straight-line method at the rates indicated below:

Asset	Annual Rate of Depreciation	Estimated Useful Life	Estimated Scrap Value
(i) Land	N/A	N/A	N/A
(ii) Buildings	2%	50 Years	10%
(iii) Computer Software	20%	5 Years	0%
(iv) Furniture & Equipment	20%	5 Years	5%
(v) Vehicles	20%	5 Years	10%

*1.2.4.2* Depreciation method has been changed from reducing balance to straight-line starting FY2011-12 as approved during the 31<sup>st</sup> meeting of the Management Board held on 18 May 2011.

*1.2.4.3* In respect of assets procured during the year full depreciation is provided in the year of acquisition and for the assets sold, no depreciation is charged in the year of disposal.



*1.2.5 Leave Travel Concession & Leave Encashment:*  
Leave Travel Concession and Leave encashment are recognized on cash basis.

*1.2.6 Gratuity:*  
Gratuity is recognized on cash basis as and when employees leave the organization.

*1.2.7 Fund Management/Advisory and Custodial Fees:*  
Custodial Fees are charged at predetermined rates provided in the Memorandum of Understanding between the Bhutan Trust Fund for Environmental Conservation and the Custodian (U.S. Bank, Pennsylvania).

**1.3 Fixed Assets:**

Fixed Assets owned by the Bhutan Trust Fund for Environmental Conservation are stated at the original cost including incidental expenses related to acquisition, less accumulated depreciation.

**1.4 Investment:**

Investments in the securities and money market instruments are stated at cost. For this purpose, aggregate cost of total portfolio has been considered.

**1.5 Program Expenditure:**

Fixed Assets under program expenditure are not the properties of the Bhutan Trust Fund for Environmental Conservation. As decided by the Management Board at its sixth meeting held on 9 September 1998, all program expenditure, whether capital or recurrent are charged to the Revenue and Expenditure Statement in the year in which the expenditure is incurred.

**1.6** Consumable items such as office supplies/stationery including spares, etc. are charged off in the accounts in the year of purchase.

**1.7 Conversion/Translation of Currency:**

*1.7.1* Investment in local equities in local currency has been translated into US\$ using the Royal Monetary Authority's year-end exchange rate.

*1.7.2* Amounts withdrawn from the U.S. Bank (Custodian), Philadelphia, USA, in US\$ are translated into local currency on Telegraphic Transfer rates of the Bhutan National Bank Limited prevailing at the time of crediting.

*1.7.3* All Secretariat transactions and program payments in local currency are translated into US\$ using Royal Monetary Authority's exchange rate on the date of payment. Year-end fund balances in the local currency are translated back to US\$ at Royal Monetary Authority's prevailing year-end exchange rate.

*1.7.4* Exchange Gain/Loss arising from translation of Local currency to US\$ are classified as "*Reserve for Gain/Loss from FOREX translation*" in the Balance Sheet under Capital and Reserves starting from FY2011-12.

*1.7.5* Net book values of fixed assets (at the year-end) recorded in local currency are translated to US\$ using year-end exchange rate and the differences are classified as reserve for gain/(loss) from FOREX translation in the Balance Sheet.

**2 NOTES TO THE ACCOUNTS:**

- 2.1 Income is derived from various Money Market and Mutual Funds, such as U.S. Equity, U.S. Fixed Income and International Equity Mutual Funds and recorded in as and when earned.
- 2.2 Diminution in the market value of individual securities below the cost in some cases (if exists) has not been provided for.
- 2.3 Previous year's figures are re-grouped and re-arranged wherever necessary.
- 2.4 The figures are rounded up/down to the nearest dollar.
- 2.5 In the Revenue and Expenditure Statement, the term "*Accumulated excess of revenue*" replaces past years' "*Statement of Operating Fund*". As decided by the Management Board at its eighth meeting held on 3 November 1999, the trust fund's principal is defined as the book value of the investment portfolio at the end of each financial year. In order to maintain the principal, accumulated excess of revenue is reinvested into the endowment. Annual spending ceiling for FY2017-18 was fixed at 4.5% (or \$2.295 million, a slight increase from previous year \$2.138 million) of the trust fund's total investment portfolio, within which all grant expenditures and secretariat overhead are met.
- 2.6 As per the Board's instruction to the Fund Manager vide letter No. F&A/10/01-02/109 of 14 November 2001, local equity investments in Bhutan are permitted up to 10 percent of the total investment portfolio, with asset allocation to be reviewed periodically by the Board. Bhutan Investment ceiling has been increased to 15% of the total investment portfolio as per the approved Investment Policy & Guidelines 2009.
- 2.7 A Land measuring 0.77 acres near Nazhoen Pelri, Genyen Lam, Thimphu, under Land Registration No.TT-883, Plot No. BTF(L)I, granted to Bhutan Trust Fund as a replacement to the building handed over to the Royal Government of Bhutan during FY2009-10 has been taken into account at a nominal value of Nu.100.00 (Ngultrum one hundred) only, in accordance with the International Accounting Standards-IAS20, paragraph 12 & 23: capital accounting approach and non-monetary government grants, respectively.
- 2.8 Exchange gain/loss arising from translating assets and liabilities held in Bhutanese currency to US\$ have been classified as equity in the Balance Sheet in pursuant to IAS21, paragraph 17: the effects of changes in foreign exchange rates.
- 2.9 The Schedules and Notes attached hereto form an integral part of these Financial Statements.