



ANNUAL REPORT 2023

July 2022-June 2023



Highlights

- Agroforestry as an Alternative Livelihood Option in the HWC Hotspots
- Program-related Investment: Bhutan Solar Initiative Project
- Watershed Protection and Conservation through Community Engagement
- Snowman Race: a Run for Climate Action

**BHUTAN TRUST FUND
FOR ENVIRONMENTAL CONSERVATION**



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OUR VISION

“Promote social welfare in Bhutan through environmental conservation”

Mission Statement

All citizens champion the preservation of biological diversity, resilience to climate change, co-existence with wildlife, and address adverse impacts of development on the environment through sustained financing.

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BTF Institutional Development

2022-2023

Grant of the Royal Charter

On the auspicious day of 08th September 2021, BTF was granted with the amended Royal Charter from the Golden Throne with enhanced mandate to take the lead role in promotion of environmental conservation by supporting technology driven projects, state of the art research, and climate finance projects.

Strengthening governance & internal control measures

As part of its effort to enhance organizational performance, the BTF has signed Annual Performance Compact with the Board. In keeping with the requirement of the ACC to strengthen organization's integrity and anti-corruption principles and measures, BTF has instituted the Organizational Integrity Plan (OIP) as part of the annual performance compact.

New BTF Secretariat Building

As an advocate of environmental conservation, the new BTF building aims to achieve nearly zero energy consumption and envisage to promote environment friendly (energy efficient) constructions in the country. The building also incorporates versatile facilities for the differently-abled people among various other state of the art amenities.

Human Resource strengthened

The BTF secretariat comprise of 21 staff. It recruited key functional positions to strengthen the program and financial services. Staff members are well-educated and those at officer level or above have post-graduate degrees in relevant disciplines with extensive experience in the areas they manage and operate. BTF places significant emphasis on maintaining a small and compact organization.

Our Network & Collaborations

To improve BTF's visibility on the global stage and establish strategic partnerships with like-minded agencies and associations, BTF collaborate/network with national and international partners for fund raising:

- ICIMOD
- Balipara Foundation and Conservation International
- At the local level, BTF has initiated annual stakeholder consultation with CSO Network of Bhutan.

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Established in 1991, the globally pioneering Bhutan Trust Fund for Environmental Conservation (BTF) promotes environmental conservation by supporting innovative projects across the country for sustainable development particularly in the communities. Since its inception the BTF has consistently endeavoured to harness innovation, establish partnerships and enhance financing for much needed projects in fulfilling its core mandate of promoting social welfare through environmental conservation. The Trust Fund has so far disbursed over USD 30 million in grants spread over more than 277 projects. These initiatives not only reflect Bhutan's commitment to conservation which is a tenet of GNH but a powerful demonstration of self-reliance. The proposal for the projects are rigorously screened by an Independent Technical Advisory Panel for approval by the Board.

MESSAGE FROM CHAIRPERSON

The Trust Fund is also the sole accredited entity in the country to the Green Climate Fund and the Adaptation Fund and currently implementing projects over USD 10 million through latter. Proposals are in pipeline for accessing additional USD 15 million from these donor partners during the next fiscal year.

During the FY2022-23, the investment portfolio of the BTF saw a total return of 10.27% taking the market value to \$75.974 million as of 30th June 2023 marking an increase of \$5.745 million over the previous fiscal year-end. While there was no withdrawal from the offshore portfolio, \$1.680 million was withdrawn from the onshore portfolio to meet program and Secretariat overhead expenses. Since inception corresponding with FY1997-98, the investment portfolio grew by 257% in net and 349% gross. The market volatility precipitated by the global pandemic and conflict in Europe, did not spare our realized investment return that dropped to USD 0.259 million from previous annual returns of USD 6.148 million.

In addition to the Secretariat overheads, programme spending was not interrupted with an total allocation of of USD 1.533 million.

This includes annual contribution of USD 392,000 to Bhutan for Life. Currently, the investments are showing healthy trends reflecting the market rebound from USD 62 million in March 2020 to USD 76 million at the end of the fiscal year. Investments are prudently managed by the reputed Arbor Group of Union Bank of Switzerland under the close supervision of the Board of Trustees and its Asset Management Committee.

His Royal Highness Prince Jigme Dorji Wangchuck graced the inauguration of the BTF Secretariat on 8th February, 2024. The Secretariat boasts of an architecture that is intrinsically Bhutanese blending well with its modern amenities. Reflecting the core beliefs of BTF in conservation and net-zero energy consumption, the building supplies electricity to the grid from its roof-top installation of solar panels. The building has features including motion sensors making it friendly to differently-able persons. The building will also be home to Bhutan Health Trust Fund and Bhutan for Life both of which share a social mandate with BTF. The overall layout of the building and landscaped surrounding makes for a conducive environment to promote healthy living and productivity. Following the grant of the Royal Charter 2021 the vacancies at the BTF Secretariat has been staffed with experienced professionals following a rigorous selection process. A qualified Managing Director now heads the Secretariat with a strength of 21 dedicated staff including the 9 new recruits.

Inspired by the by prescient vision of His Majesty the ‘the Great Fourth’ the Royal Charter 2021 was granted by His Majesty the King on 8th September 2021 with an enhanced mandate for “keeping present needs and ensure relevance and role of BTF to meet future challenges”. Accordingly, in addition to biodiversity preservation and environment protection, the Royal Charter bestows on BTF with expanded objectives to include climate action and enabling human-wildlife coexistence. Aside from the traditional grants, BTF is now empowered to offer zero to near-zero interest loans through its Program-Related Investments for sustainable projects with strong eco-social credentials. The new Sinking Fund window opens up a promising avenue of growth to complement the endowment reserves BTF holds. The Royal Charter also provides for a highly accountable Board of Trustees charged with faithful fulfillment of its mandate particularly with regard to operational efficiency and prudent management of its resources. As BTF is poised to meet new challenges and harness greater opportunities it remains indebted to the continued support and counsel of its partners, both domestic and international and the Office of the Gyalpoi Zimpon in its constant endeavour to the serve the Royal Vision of His Majesty the King in realizing sustainable development goals for GNH.

Kesang Wangdi
Bhutan Trust Fund for Environmental Conservation

MESSAGE FROM

MANAGING DIRECTOR

I am delighted to share our Annual Report 2023 in the form of e-magazine for our readers, well-wishers, supporters, and partner agencies in Bhutan and overseas.

As we venture into another promising fiscal year, we take this opportunity to highlight our mission, achievements, and knowledges from the project ventures that the Trust Fund has supported from July 2022 to June 2023 in this report.

Bhutan Trust Fund for Environmental Conservation, since its inception in 1991, has provided over USD 32 million for environmental conservation works in Bhutan spread over 277 projects. Over the years, the Trust Fund played a vital role in supporting the development of the revised Protected Areas network in Bhutan, which presently comprises over 52% of the total land size of the country, one of the largest for any country.



“Over the years, the Trust Fund played a vital role in supporting the development of the revised Protected Areas network in Bhutan, which presently comprises over 52% of the total land size of the country, one of the largest for any country.”

Our fundings largely contributed to overall environmental programs in Bhutan, upskilling of individuals, strengthening the existing and launching of new institutions, and carrying out research works to support environmental conservation. Disciplined investment management and timely decisions guided the growth of the original Trust Fund capital, which increased, from US\$20.3 million in 1992-97 to over US\$75 million today.

While we are able to provide grants annually through our investments the Trust Fund is also reaching out to our external partners and establishing partnerships to support environmental and conservation works in the country. As the only accredited agency in Bhutan to the Adaptation Fund and Green Climate Fund, the Trust Fund works closely with relevant agencies to tap significant funding opportunities.

We are blessed as there is also a strong political will and support of our Kings with the recent enhancement of the Royal Charter of the Trust giving it further impetus.

However, with changing times and new challenges from climate change and biodiversity degradation, the role of the Trust Fund is becoming ever more significant.

As the head of the secretariat, I believe, our most important work is always ahead of us. With the enhanced Royal Charter, blessings of our Kings, our development partners, and our motivated team with new perspective and energy, the Trust Fund is ready to spread our wings, and embrace strategic partnerships, ideas, and innovations to further enhance biodiversity conservation, and mobilize collective climate action for our country, and our planet.

Best wishes,
Dr. Karma Tshering
Managing Director

“As the only accredited agency in Bhutan to the Adaptation Fund and Green Climate Fund, the Trust Fund works closely with relevant agencies to tap significant funding opportunities.”

Bhutan Solar Initiative Project

Bhutan Solar Initiative Project (BSIP) aims towards achieving a sustainable energy supply for Bhutan through alternative renewable energy sources of solar grid integration.

About 60 De-suups have been actively involved in this six-month long project and have gained practical knowledge of installing solar PV systems through hands-on experience. The project included the installation of Rooftop Solar PV at Centenary Farmer's Market (CFM) and Ground Mounted Solar Panels at Dechencholing in Thimphu. The first phase of the project completed in May-June, last year.

In total, there are 393 panels at CFM and 784 solar panels at Dechencholing project site, generating approximately, 380000KW hour units in the last 7 months, generating an income of roughly Nu. 2.7 million.

Photo Courtesy: Sonam Dema

This is a special and also the first project supported by Program-related Investment (PRI) program under the BTF



According to the BSIP, the implementation of the solar project brings benefits to the energy sector of Bhutan by diversifying electricity generation sources, in addition to hydropower, and adding energy security to the country.

The implementation of solar PV systems, as a climate mitigation effort, have a significant positive impact on the environment, as it is a form of renewable energy generation with the least climate impact. Overall, the nation benefits from the Solar project by offsetting the need to import an equivalent amount of electricity at a higher price during the lean winter months.

According to the project team, on normal days, the solar modules (panels) start generating energy as early as from 5:45 am till 6:40 pm.

The space under the panels has also been used as greenhouse for vegetable plantation. The heated panels keep plants thriving in winter and the plants, in turn, help cool down the panels.

The implementation of this project has not only enhanced the capacity of the in-house engineers and De-suups involved but has also instilled confidence in them to venture into solar-related businesses. This will enable them to provide support and services to individuals and organizations interested in installing solar PV systems.

By establishing such an ecosystem, the foundation is laid for the development of the solar industry within the country. This is a special and also the first project supported by Program-related Investment (PRI) program under the BTF.

Program-related Investment is a new funding window initiated by BTF. PRI is a flexible financing tool allowing BTF to invest in solutions to social/environmental/climate problems resulting from conservation of ecosystem.

While the PRI is to make social impact through conservation, it is also recycling those monies for new investment either at below market interest or no interest. Thus, creating a win-win situation.



Photo by Nature Conservation Division, DoFPS

HUMAN-ELEPHANT COEXISTENCE

Human–Elephant Coexistence for Sustainable Community Livelihood

A project prioritizing hotspots mapping by relying on spatial data analysis, elephant radio collaring, and innovative solutions like enrichment plantation of palatable species, artificial waterholes, and bio-fence plantations to keep away elephants.



A

project called “Promoting Human-Elephant Coexistence for Sustainable Community Livelihood and Elephant Conservation in Samtse Forest Landscape” was implemented by the Department of Forests and Park Services from July 2020 to June, 2023.

This project is supported by Bhutan Trust Fund for Environmental Conservation.

In Samtse Dzongkhag, Tashicholing gewog has seen the highest cases of Human-Elephant Conflict (HEC) incidences. Cash crops like Areca nut, maize and paddy are damaged during the HEC.

The project has prioritized hotspots mapping by relying on spatial data analysis, elephant radio collaring, and innovative solutions like enrichment plantation of palatable species, artificial waterholes, and bio-fence plantations to keep away elephants.

Photo by: Sonam Dema



Photo by: Samtse Divisional Forest Office, DoFPS

A large herbivore such as elephant require extensive home range to satisfy their food demand. A rise in human population and developmental activities is contributing to a shrinking elephant corridors with only a few areas left in State Reserve Forest Land. Therefore, to safeguard the remaining corridor, it was necessary to study the current status of the corridor to protect their routes and foraging sites. A training was provided to staff of Tashicholing Range on elephant vegetation survey protocol. Followed by collection of datas and reports on habitats of wild Asian elephants. In total, 13 tree species belonging to 10 families and 11 species of shrubs, herbs, grasses belonging to 5 families were recorded as the plant species that are consumed by elephants within the landscape of Tashicholing Dungkhag.

The conservation of any species demand knowledge on habitat preferences. Changes in land use pattern may alter the provisioning services such as food, water and forage for wildlife. Anthropogenic pressures cause modification of elephant habitats. To create well informed decision by the planners and improvement of habitat of elephants, localized Land Use and Land Cover (LULC) map of Tashicholing Gewog was developed. LULC description used within the study area include agriculture, bare land/grass land, forest, water, and built-up areas. A field survey to collect LULC ground truth samples was completed in April of 2021 using Global Navigation Satellite System (GNSS) equipment supplied by the Department of Forests and Park Services.



Photo by: Samtse Divisional Forest Office

For sustainable management of resources, Local Forest Management Plan was developed at Namgaycholing Gewog. The LFMP is established to facilitate the sustainable use of rural timbers and NWFPs to fulfill the goals and objectives of the National Forest Policy and to reduce Human-Elephant Conflict through conservation of natural forest. The LFMP was approved in 2023 and started implementing at the site.

Enrichment plantation is the practice of growing a desirable plant species after clearing the invasive plant species in order to increase their richness to the degraded forest which would ultimately reduce the pressure of wild animals, especially, the elephants raiding the cultivated crops of the farmers since most of the forests are deforested or covered with the invasive species such as Lantana camara.

The enrichment plantation of desirable palatable species such as Ficus spp. fruit trees, banana and bamboos were used for the enriching the elephant habitats.

These plantations were carried out to reduce the conflict between elephants and human as it would increase the fodder for the elephants in their natural habitats.

HEC is a result of habitat loss from conversion of natural land to agriculture and the expansion of developmental activities.

Wildlife water holes are an important habitat component for a variety of wildlife. They provide drinking water for wildlife species including elephants. Natural water holes come in a variety of shapes, sizes and locations occurring at ridgetop pond, a depression in a field, etc.

There is no naturally occurring waterholes in Tashicholing especially to provide drinking water to animals in the dry season. Thus, provision of water to wildlife is crucial during dry season as an artificial water holes help alleviate the effects of water shortages

Thus, an artificial waterhole measuring 0.32 acres below Lower Peljoring in the State Reserved Forest Land was created with an aim to reduce HEC through the supplement of available water to the elephants in Tashicholing areas.

Human-Elephant Conflict is a result of habitat loss from conversion of natural land to agriculture and the expansion of developmental activities. HEC results in destruction of crops and properties including injury and death of humans.

To reduce the conflict and associated damages including human casualty, farmers practice many methods like loud noise, lights, electric or wall fencing to deter elephants entering settlement.

Bio-fence construction with plants such as Cactus and Agave species was initiated as a measure to reduce the conflict. During the fiscal year 2021-2022, 6 KM bio-fence as physical barrier for wild Asian Elephants was created at the strategic locations under Singyegang, Peljoring and Kangdhangphu villages under Tashicholing Gewog in consultation with the public and local officials. The species used for the live fence is comprised of Cactus saplings sourced locally for the barrier.



A team from BTF visited the Project Site in 2023

AGROFORESTRY

AN ALTERNATIVE LIVELIHOOD OPTION IN HUMAN-WILDLIFE CONFLICT HOTSPOTS OF BHUTAN

CHUKHA

Around 80 villagers of Darla gewog, Chukha, are happy that a variety of fruit trees they planted as part of a project targeting human-wildlife conflict areas are beginning to bear fruit.

The initiative, led by the Ugyen Wangchuck Institute for Forestry and Training (UWIFT), supplied seedlings to 21 households in Yagang village and 59 households in Gengu village.

According to the project manager from UWIFT, Karma said that compared to other areas, Gengu and Yagang are less developed and face challenges like a lack of road connectivity. Identified as human-wildlife conflict hotspots by the Gedu forest division, the project began in 2020 with a three-year plan.

A resident of Yagang village, Prem Bdr Chhetri said that his previous struggle relied solely on maize to sustain his family. He mentioned the necessity of taking a loan to support his daughter's education. "I feel like planting these seedlings will give us an opportunity to earn more," the 46-year-old farmer said.



Photo by: Namgay Wangchuk

Through training sessions, he learned essential skills such as planting coffee in shaded areas, nurturing various seedlings, assessing their quality, and marketing techniques. To protect them against wildlife, he wants to use the income generated to fence his area.

The villages altogether received 397 walnut seedlings, 272 cane seedlings, and 1,160 avocado seedlings.

Ganesh Bdr Bhujal, 41, from Gengu village said that fruits like avocados and walnuts were previously unavailable in their village that relied primarily on maize for sustenance.

The villagers opted to plant different fruit and nut seedlings after consultations with the UWIFT team.

"It has been a year since we planted the fruits and nuts, and they are growing well," said Ganesh.

The UWIFT team conducted a month-long training from December 2022 to January 2023. By June 2023, they established a wildlife-friendly farm using an agroforestry model in the human-wildlife conflict hotspot.

The villages plan to sell their coffee to Bhutan Mountain Coffee in Paro, which has signed an agreement with them.



Photo by: Namgay Wangchuk

The project began with a brief assessment of the villages' challenges, followed by the distribution of seedlings and training for villagers. Findings were shared with 79 beneficiaries from both villages to empower informed decision-making based on project impacts and insights.

The villages plan to sell their coffee to Bhutan Mountain Coffee in Paro, which has signed an agreement with them. Karma said, "After the tea plants are fully grown, we plan to give farmers training on how to prepare green tea." The project was funded by the Bhutan Trust Fund for Environmental Conservation.

This news story was reported by the national newspaper Kuensel on November 10, 2023.

Project's Achievement:

- Conducted social survey using semi-structured questionnaire to explore how wild edible plants can provide nutritional diversity, improve food security, and promote environmental sustainability for small holder farmers.
- 303 soil samples collected from the project areas to determine carbon sequestration potential from the agroforestry system to mitigate climate change.
- Distributed 1160, 397, and 272 number of Avocado, walnut, and cane seedlings to the project beneficiaries.
- Carried out maintenance of buffer plantations at Yagang and Gengu respectively.
- Maintenance of buffer plantations at Gengu and Yagang village
- The findings of the project were presented to 79 project beneficiaries.
- Developed videography on establishment of agroforestry model as an alternative livelihood option in the HWC hotspot.
- Conducted 2nd National Workshop to develop policy brief.



Protection of Drinking Water Sources

Protection and Conservation of Drinking Water Sources through Public Participation

The BTF supported project “Protection and Conservation of Drinking Water Sources for Orong and Deothang Gewogs in Samdrup Jongkhar through public participation” started in July 2020 and ended in June, 2023.

The communities of Samdrup Jongkhar district have been living with acute water shortage for decades. Degradation or drying up of water sources has been a major concern. The Samdrup Jongkhar Divisional Forest Office found that the communities of Dewathang and Orong gewogs experienced severe drinking water shortage due to drying up of water sources, particularly, in Dingshingar and Lemsorong areas.

A nature-based solution was developed to protect and conserve the drinking water sources in Dewathang and Orong. This initiative is called “Protection and Conservation of Drinking Water Sources for Orong and Deothang Gewog, Samdrup Jongkhar District through Public Participation” a project supported by Bhutan Trust Fund for Environmental Conservation, which started in July 2020 and ended in June, 2023.

A holistic approach was developed by the Samdrup Jongkhar Divisional Forest Office to manage water and timber resource within the carrying capacity of the watershed area, and implement immediate watershed intervention measures.

Primarily, the Lamsorong and Dingshingar watershed boundaries were properly demarcated and mapped in consultation with the communities of Dewathang and Orong Gewogs.

To study the quality of water from these watersheds, biological assessment was done through macro-invertebrate assemblage as a bio-indicator. The study indicated that both the water sources of Dingshingar watershed and Lemsorong watershed are of good quality. However, the watershed assessments which were done based on watershed classification guidelines, found these watersheds as “degraded”. The project helped clearly define the state of the Lamsorong and Dingshingar watersheds.

A watershed is an area of land that drains or “sheds” water into a specific waterbody. Every body of water has a watershed. Watersheds drain rainfall and snowmelt into streams and rivers.

Some of the issues causing degradation of Lamsorong and Dingshingar watersheds were identified as:

- developmental activities (like farm road construction)
- timber harvesting
- livestock pressure (felling of branches and trees for fodder)
- geographical instability
- extraction of forest resources, and
- waste management (including washing vehicles at streams)

This project has immensely helped in enhancing the

technical knowledge for the forestry officials and the local communities.

A total of 20 staff from the Divisional Forest Office were trained virtually on hydrogeology and springshed. This training helped in managing the watershed in more modern and scientific methods by incorporating the concept of springshed. A springshed is the area of land that contributes groundwater to a spring.

To improve the watersheds and aquifer recharge, 2 acres of the plantation were carried out in the watershed area, and 50 beneficiaries were taken on an exposure visit to Yakpugang Community Forest Mongar, to get real ideas on Payment of Environmental Services (PES) and concepts on managing watersheds. Besides these about 190 households were sensitized on watershed and impact of climate change.

Besides these, 51 farmers from Orong and Dewathang Gewog were trained in bio-engineering to construct the check dams and trenches to help in the infiltration and recharge of the aquifers. With the help of communities, 11 wooden check dams and 12 trenches were constructed at the Dingshingar watershed and similarly, 13 trenches were constructed in the Lamsorong watershed area to help in recharging the watershed area.

Community engagement played a vital role in this project. The Dingshingar and Lamsorong watershed interventions report was developed through a series of consultations with the Dewathang and Orong Gewog communities. A total of 104 households from Orong and 80 households from Deothang Gewog were consulted and engaged in the formation of the watershed management interventions report.



Photos by SamdrupJongkhar Divisional Forest Office

Activity: To conduct periodic measurements of existing water source discharge and water quality testing



Figure 1: Water Discharge measurement... Figure 2: In-situ Chemical testing of water at Dingshinggar Figure 2: Macro-invertebrate survey to determine Water quality (biological quality testing)



Photos by Samdrup Jongkhar Divisional Forest Office

The Dingshingar and Lamsorong watershed interventions report was developed through a series of consultations with the Dewathang and Orong Gewog communities. A total of 104 households from Orong and 80 households from Deothang Gewog were consulted and engaged in the formation of the watershed management interventions report. Besides these 12 households from Tokorong village under Orong Gewog were also consulted while developing the watershed management interventions report.

This engagement of local communities not only helped in sensitizing the watershed management concept but also honored the watershed management interventions report as it is developed with their consultation.

Through this project, integrated conservation knowledge of communities and science will help in the conservation of the watershed area for a long time to address the shortage of water for livelihoods.

To improve the watersheds and aquifer recharge, 2 acres of the plantation were carried out in the watershed area, and 50 beneficiaries were taken on an exposure visit to Yakpugang Community Forest Mongar, to get real ideas on Payment of Environmental Services (PES) and concepts on managing watersheds.

Besides these about 190 households were sensitized on watershed and impact of climate change. The main social component of the project was supplies of 210 rain-harvesting materials to watershed beneficiaries of Orong and Deothang Gewog to supplement the water during the lean season in addition to supplies of fodder species (746 no). Through the enhancement of various knowledge on watershed management, communities will be able to sustainability manage their watersheds.



Building Capacity for Climate Smart Agriculture

A project supported by BTF and implemented by the College of Natural Resources (CNR) from July 2020 to June 2023



With aims to enhance the capacity of the farmers to adapt to climate change and secure a resilient livelihood is enhanced, a total of 120 farmers were trained on Climate-Smart Agriculture (CSA).

In conjunction with the training in CSA, the immersive field visits, including a diverse range of stakeholders, have synergistically contributed to fortifying farmers' capacity to embrace climate change and achieve resilient livelihoods.

This achievement stems from imparting farmers with essential knowledge, practical skills, and exposure to innovative approaches.

Simultaneously, the collaborative atmosphere nurtured by various stakeholders encourages collective problem-solving and knowledge exchange, enriching the adaptation process.

The project's primary goal is to strengthen the institutional capacity for implementing climate change mitigation and adaptation measures.

This objective was successfully achieved by providing training to 19 staff members, surpassing the initial target of 15.

The faculty members were equipped with essential skills and knowledge to effectively advocate for and initiate climate change mitigation and adaptation measures.

Moreover, the training was extended to 18 officials from two Dzongkhags, Punakha and Wangdue Phodrang.

This initiative further bolstered institutional capabilities, facilitated broader dissemination of knowledge, promoted cross-sectoral collaboration spanning agriculture, livestock, and the environment, and ultimately empowered localized implementation efforts.

Climate-smart Agriculture (CSA) is piloted in these selected Gewogs:

Barp Gewog:

Sintex Water Storage Tanks:

Providing 18 Sintex water storage tanks with a total capacity of 2,000 litres each. These tanks will help in collecting and storing rainwater for various agricultural purposes, ensuring a consistent water supply for irrigation, drinking water, livestock, and other needs.

Biogas Systems: Installing two biogas systems in households.

Biogas will provide renewable energy source for cooking and heating, reducing the dependence on traditional fuel sources and contributing to sustainable practices.

Toepisa Gewog:

Greenhouse Implementation:

Provided 8 greenhouses to 8 households for winter vegetable production.

Greenhouses offer controlled environments for cultivating crops, extending the growing season and allowing for year-round cultivation, which enhances food security and income generation.

Nahi Gewog:

Water Reservoir Construction:

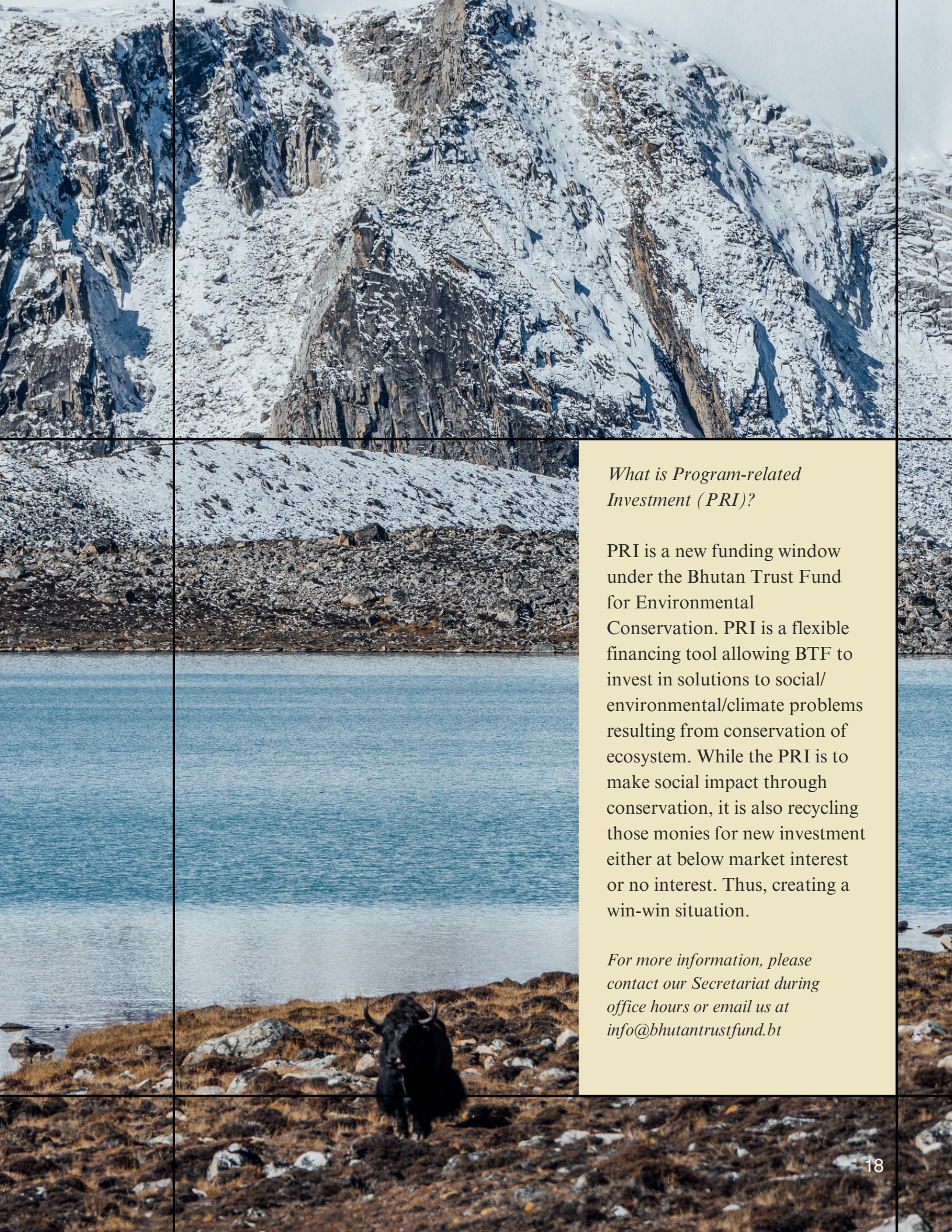
Constructed a water reservoir with a capacity of 120,000 litres. This reservoir benefits 16 households by providing a reliable water source for both drinking and irrigation which will help in vegetable production securing their livelihood. Access to water is crucial for agricultural activities and household needs.

Athang Gewog:

Greenhouse Support:

Supported 14 greenhouses for winter vegetable production, benefiting 14 households. Similar to the greenhouses in Toepisa Geog, these structures availability and income. mutual support in implementing climate- smart practices.

These activities in the above gewogs focus on diverse aspects of climate-smart agriculture, ranging from water storage and irrigation to renewable energy use and greenhouse cultivation. These varied approaches collectively contribute to enhancing mutual support in implementing climate- smart practices. Therefore, by implementing a variety of climate-smart practices, from water management to greenhouse cultivation and renewable energy adoption, the project addresses multiple dimensions of climate resilience and agricultural sustainability, ultimately achieving the desired project's outcome.



What is Program-related Investment (PRI)?

PRI is a new funding window under the Bhutan Trust Fund for Environmental Conservation. PRI is a flexible financing tool allowing BTF to invest in solutions to social/ environmental/climate problems resulting from conservation of ecosystem. While the PRI is to make social impact through conservation, it is also recycling those monies for new investment either at below market interest or no interest. Thus, creating a win-win situation.

For more information, please contact our Secretariat during office hours or email us at info@bhutantrustfund.bt



Photos by: Snowman Race

SNOWMAN RACE

A Run for Climate Action

Covering more than 203 kilometers (126 Miles) through the wild and challenging terrains with mountain passes as high as 5470M (17,946 feet) the Snowman Race is an ultra-marathon, challenging the world's fittest and most elite runners to help raise awareness of the impacts of Climate Change.



The snowman Race draws inspiration from the prescient wisdom of His Majesty the King on conservation of natural and cultural heritage. It aspires to bring the world's attention to climate change, one of the defining issues of our time, and its impacts, particularly on the lives of people living in fragile mountain ecosystems. The Race is considered to be one of the toughest races in the world and this has been attested to by the international athletes that participated in the first edition. The athletes also noted that the race course provides true snapshots of the effects of climate change, which are starkly felt in Bhutan as evident in the receding glaciers, ecosystem disruption and socio-economic impact on people in even the remotest places.



Photos by:
Snowman Race



The first edition of the snowman Race was conducted as a 5-day staged race. The trail covered 203km soaring to altitudes of 5,470 meters starting from Gasa Dzong and ending in Chamkhar, Bumthang via Lunana after traversing through the three dzongkhags of Gasa, Wangduephodrang and Bumthang.

Snowman Race follows a historic high-altitude trekking route of snowman trek which takes up to 14 days to complete and that has been conquered by fewer people than Mt. Everest.

There were 4 aid stations (night halt stations) and a total of 5 checkpoints set up. One checkpoint between every aid station as well as a checkpoint midway from the start day and the finish day of the racecourse to ensure the safety of the runners. Each aid station provided basic support services such as tented shelter, food, with health & safety personnel. Checkpoints between each aid station provided basic services such as first-aid, water and nutrition.

The officials at the checkpoints also provided sweeping service to ensure that all runners reach the aid stations safely. Professional trekking companies were hired to manage the aid-stations and provided all the required services.

In addition, the aid-stations were manned by one member of the international production team, army personnel, medical staff, a radio operator and an official time recorder. The checkpoints were solely operated by army personnel.



Photo by: Snowman Race

In an effort to attract top athletes for the race, invitations were sent to many of the top global runners clearly outlining the climate change messaging of the snowman race. The final selection was conducted based on their experience in ultra-marathons and their commitment towards climate actions.

A total of 29 participants, including 9 Bhutanese, took part in the Snowman Race 2023. Out of the 9, the 8 Bhutanese runners were shortlisted based on the results of a 2-day qualification run held in 2021 along the drukpath trekking trail. The additional female Bhutanese runner was invited as a representative from the highlands and also because of her record on standing first position in the women Race for climate action hosted by the Snowman Race secretariat in 2021.

Bhutan Trust Fund for Environmental Conservation has been a well-wisher and supporter of The Snowman Race: a run for climate action. The BTF has supported the Snowman Race with a total of Ngultrum 15 million.

PROJECTS SUPPORTED BY THE BTF LARGE GRANTS & PRI

JULY 2022 - JUNE 2023

	PROJECT TITLE	PROPONENT	LOCATION	AMOUNT	KEY OUTCOME
1.	LARGE GRANT: 250kW, Rooftop Solar PV at centenary farmer's market	His Majesty's Secretariat	Thimphu	Nu. 16,500,000	Achieve sustainable energy supply for Bhutan through alternative renewable energy sources of solar grid integration

	PROJECT TITLE	PROPONENT	LOCATION	AMOUNT	KEY OUTCOME
1.	Program-related Investments (PRI) 500 KW Ground mounted Solar Project in Dechencholing	His Majesty's Secretariat	Thimphu	Nu. 33.5 Million	Achieve sustainable energy supply for Bhutan through alternative renewable energy sources of solar grid integration

ADVOCACY INITIATIVES SUPPORTED BY THE BTF

JULY 2022 - JUNE 2023

	PROJECT TITLE	PROPONENT	LOCATION	AMOUNT	KEY OUTCOMES
1.	The Messenger - ride for Action	Gumar Films in partnership with NEC, BES, TCB, UNDP Bhutan, BOB & Shangreela	Thimphu	Nu. 100,000	Advocacy on Climate Change
2.	World Environment Day in collaboration with youth content creators	Denkars Gateway	Gyelposhing HSS	Nu. 230,000	Advocacy to Youth on Environment and Waste Management
3.	Art beyond horizon towards Greener Earth	Jungshina Pry School	Thimphu	Nu. 25,001	Students recognized for contribution in Art design and competition conveying environment messages
4.	Nurture A Tree	YDF	Thimphu	Nu. 230,000	Observed Social Forestry Day
5.	Mock summit on Social Forestry Day	Motithang HSS	Thimphu	Nu. 60,000	Awareness on importance of Environment Management
6.	Football for climate change	Bhutan Football Federation	Thimphu	Nu. 150,000	Advocacy on Climate Change to larger audience (Spectators)
7.	Believe Bhutan	Fashion Institute of Technology	Thimphu	Nu. 100,000	Empower woman in production of locally made products

ADVOCACY INITIATIVES SUPPORTED BY THE BTF

JULY 2022 - JUNE 2023

	PROJECT TITLE	PROPONENT	LOCATION	AMOUNT	KEY OUTCOMES
8.	Waste Management advocacy at Rangtse Nye, Gakiling	JKSNR, Haa	Haa	Nu. 40,000	Proper waste management instituted
9.	Research, Conservation and Tourism Promotion in Khaling Gewog through documentary Production	Bhutan Reality Pictures	Khaling	Nu. 200,000	Produced a documentary on Wildlife of Khaling with focus on Blyth Tragopan and Bhutanitis species of butterflies
10.	Refurbishment of signboards and panel for Ludrong Memorial Gaeben	Tashichhoe Dzong Garden Project	Thimphu	Nu. 49,550	Established proper signage
11.	BTF content in the Happiness Journal	Happiness Journal	Thimphu	Nu. 35,000	Advocacy of BTF's accomplishment
12.	Mark World Environment Day (Video Production)	Kuensel	Thimphu	Nu. 100,000	Video production
13.	Chubachu stream cleaning and advocacy program	RSPN	Thimphu	Nu. 10,000	Waste Management
14.	Karma- A tribute to the black necked Crane	Bezya Pictures	Thimphu	Nu. 102,000	Advocacy on conservation of natural habitat
15.	Full page BTF Advertisement	Business Bhutan	Thimphu	Nu. 40,000	Awareness on BTF accomplishments

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Reporting on Economy, Efficiency & Effectiveness in the use of Public



AIN: GCD-2024-4

**FINANCIAL AUDIT REPORT
OF
THE BHUTAN TRUST FUND FOR ENVIRONMENTAL
CONSERVATION**

PERIOD: 01/07/2022 TO 30/06/2023

MARCH 2024



"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder."

- His Majesty King Jigme Khesar Namgyel Wangchuck



རྒྱལ་ཁུངས་ཚུལ་ཞིབ་དབང་འཛིན།

ROYAL AUDIT AUTHORITY

Bhutan Integrity House

Reporting on Economy, Efficiency & Effectiveness in the use of Public Resources



AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2023

Opinion

We have audited the financial statements of the Bhutan Trust Fund for Environmental Conservation Thimphu (CD No.0000017912011) comprise of the Receipts and Payments Statement and schedules forming part of financial statements for the financial year ended 30th June 2023.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the International Accounting Standard (IAS).

Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of Bhutan Trust Fund for Environmental Conservation, and we have fulfilled our responsibilities in accordance with the requirement outlined in *RAA's Oath of Good Conduct, Ethics and Secrecy of Auditors*. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for preparation of the financial statements in accordance with the International Accounting Standard (IAS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the BTFEC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder."

- His Majesty King Jigme Khesar Namgyel Wangchuck

As part of an audit in accordance with ISSAIs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BTFEC's internal control.

We communicate with the management, among others, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.


(Cheki Dorji)
Assistant Auditor General

Date: 05/03/2024



FINANCIAL STATEMENTS

BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION

Balance Sheet as at 30 June 2023

USD (rounded)

ASSETS	<u>Notes</u>	<u>2022-23</u>	<u>2021-22</u>
<i>Current assets</i>			
Cash in Hand & Bank	VI	3,638,577	231,663
Receivables and Prepayments	VII	231,237	538,808
Fund Balances	VIII	188,871	233,553
<i>Total current assets</i>		4,058,685	1,004,024
<i>Fixed Assets:</i>			
Fixed Assets (Net)	V	1,179,497	540,620
<i>Investments</i>			
Investment at cost	IX	66,823,817	67,880,596
Less: RSPN Endowment Fund		(3,257,460)	(2,961,393)
<i>Investment (Net)</i>		63,566,357	64,919,203
TOTAL ASSETS		68,804,539	66,463,847
 LIABILITIES			
<i>Current liabilities</i>			
Expenses Payable	X	277,565	110,749
Recoveries/Remittances	XI	102,338	32,838
Non-Core Project Fund	XII	3,800,018	249,326
<i>Total current liabilities</i>		4,179,921	392,912
<i>Capital & Reserves</i>			
Capital Contributions	XIII	21,578,082	21,515,044
Accumulated excess of revenue		48,237,548	43,746,412
Excess of revenue for the Year		(1,273,715)	4,491,136
Reserves on valuation of Fixed Assets		2	2
Reserves for (Gain/Loss) FOREX Translation		(4,049,688)	(3,681,659)
<i>Total Capital & Reserves</i>		64,492,230	66,070,935
TOTAL LIABILITIES, CAPITAL & RESERVES		68,672,151	66,463,847


 Director
 Secretariat
Managing Director
 Bhutan Trust Fund for
 Environmental Conservation




 Chief Financial Officer
 Secretariat
Chief Finance Officer
 Bhutan Trust Fund for
 Environmental Conservation

WHAT IS PRI?

Program-related Investment

Program-related Investment (PRI) is a new funding window initiated by BTF.

PRI is a flexible financing tool allowing BTF to invest in solutions to social/environmental/climate problems resulting from conservation of ecosystem.



BHUTAN SOLAR INITIATIVE PROJECT (BSIP)

Bhutan Solar Initiative Project (BSIP) aims towards achieving a sustainable energy supply for Bhutan through alternative renewable energy sources of solar grid integration. The first phase of BSIP project completed in June 2023 at Dechencholing. BTF also supported solar PV at Centenary Farmer's Market through Large Grant program.

You can be a part of our success story by supporting conservation efforts in Bhutan through BTF.

To learn more about us & our projects, contact us at info@bhantrustfund.bt

12 Frequently Asked Questions (FAQs) about BTF:

1. When was BTF established?

The Bhutan Trust Fund for Environmental Conservation (BTF) was established in 1991 with a vision to secure a mechanism for sustainable financing for the preservation of the country's rich biodiversity, promote social welfare through conservation of environment, and address ecological impact of development and climate change.

2. What is the role of BTF in environmental conservation?

BTF provides leadership and funding for local communities, civil society organizations and government agencies to collectively strive to realize the vision of sustainable financing for environmental conservation in Bhutan.

3. Is BTF under the Royal Government of Bhutan?

BTF is an autonomous grant-making organization, independent of the government, that functions under the jurisdiction of the Royal Charter 2021.

4. How does BTF make Income?

BTF generates income in three categories (interest, dividend and : capital gain) from its endowment fund of over \$21 million initially raised from multilateral and bilateral networks. The endowment has grown to approximately \$72 million and around 80% is invested in global financial markets and remaining 20% in the Bhutanese financial market. In addition, BTF is accredited entity to Adaptation Fund and Green Climate Fund and is eligible to accessing project based financing upto \$10 million per project.

5. Is BTF a profit-making agency?

The Royal Charter 2021 defines BTF as a not-for-profit entity.

6. Who can apply for Advocacy Funds from BTF?

BTF belongs to all Bhutanese and therefore, all institutions, agencies, private entities and individuals can apply for Advocacy Grants from BTF. However, Advocacy Fund proposal must be submitted to the BTF Secretariat in Advocacy Fund template with forwarding letter addressed to the Managing Director. The templates can be downloaded from our website.

7. What are the categories of grants available from BTF?

BTF supports following two funding windows:

- Large Grant up to Nu. 15 million and the project duration should not exceed three years. Project feasibility and preparatory grant is also provided if required for potential large grants project proposals.
- Small Grant up to four hundred thousand ngultrum and the project duration must not exceed one year. Small grants are provided to address immediate environmental mitigation measures.

8. Who qualifies to apply for large and small grants from BTF?

BTF belongs to all Bhutanese and therefore, all Bhutanese (institutions, agencies, private entities and individuals) are eligible to access large and small grants from BTF.

9. What is the process for applying for grants?

To avail grants from BTF, interested proponents can submit their proposal to the BTF Secretariat after the call for proposal is announced (annually through mainstream media). All proposals must be submitted as per the BTF template.

For further assistance, the proponents can enquire BTF secretariat during office hours.

10. What is Program-related Investment (PRI)?

Program-related Investment (PRI) is a new funding window under the BTF. PRI is a flexible financing tool allowing BTF to invest in solutions to social/ environmental/climate problems resulting from conservation of ecosystem. While the PRI is to make social impact through conservation, it is also recycling those monies for new investment either at below market interest or no interest. Thus, creating a win-win situation. For more information, please enquire BTF secretariat during office hours.

11. Who qualifies to apply for PRI?

BTF belongs to all Bhutanese and therefore, all institutions, agencies, private entities and individuals are eligible to apply for PRI support of BTF.

12. What does BTF stand for?

BTF stands for Bhutan Trust Fund for Environmental Conservation.



*Scan to learn about the world's first Trust Fund
dedicated to Environmental Conservation*

