



TASHICHHODZONG
THIMPHU, BHUTAN

ROYAL CHARTER OF THE TRUST FUND FOR
ENVIRONMENTAL CONSERVATION,
1996.



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**ROYAL CHARTER OF THE TRUST FUND
FOR ENVIRONMENTAL
CONSERVATION,
1996.**

WHEREAS the Kingdom of Bhutan desiring to protect its pristine natural environment and the abundant biodiversity for the Bhutanese people and mankind at large has willed and desired to establish a Trust Fund for the conservation of environment and biodiversity;

WHEREAS enlightened donors, conscious of the environmental degradation and the consequent threat to sustainable development at the global level, have contributed to the Trust Fund;

WHEREAS for the purpose of governing the overall management of the Trust Fund programs needed for the promotion of social welfare through environmental conservation of the forests, flora, fauna, diverse ecosystems and biodiversity in Bhutan;

NOW, THEREFORE, I, Jigme Singye Wangchuck, King of Bhutan, issue this Royal Charter of the Trust Fund For Environmental Conservation, 1996;

ARTICLE I: PRELIMINARY

1.1 Title, Commencement and Extent

- 1.1.1 This Charter may be called the Royal Charter of the Trust Fund for Environmental Conservation.
- 1.1.2 It shall come into force with effect from the date of signature.



1.1.3 It reflects what has been agreed upon between the Kingdom of Bhutan and the donor organizations/donor countries of the Trust .Fund for Environmental Conservation.

1.2 Definitions

1.2.1 "Charter" means the Royal Charter of the Trust Fund For Environmental Conservation.

1.2.2 "Trust Fund" means the Trust Fund For Environmental Conservation.

1.2.3 "Board" means the Management Board of the Trust Fund formed in accordance with Article 5.1 of the Charter.

1.2.4 "Chairman" means the Chairman of the Board selected in accordance with Article 5.3 of the Charter.

1.2.5 "Member Secretary" means the Member Secretary of the Board selected in accordance with Article 5.3 of the Charter.

1.2.6 "Director" means the Director of the Trust Fund appointed by the Board in accordance with Article 7.2 of the Charter.

1.2.7 "Investment Manager" means the investment manager/managers, of the Trust Fund selected by the Board as per Article 7.3 of the Charter.

1.2.8 "RGOB" means the Royal Government of Bhutan.



1.2.9 "WWF" means World Wildlife Fund Inc..

1.2.10 "UNDP" means United Nations Development Programme.

ARTICLE II: PURPOSE

2.0 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.

2.1 Field programs shall include the following themes:

- (a) training professionals in ecology, natural resources management, forestry and environment;
- (b) assess biological resources and develop ecological information base;
- (c) develop management plans for protected areas and implement the plans;
- (d) public awareness and environmental education in the schools;
- (e) institutional support to related sectors/agencies;
- (f) projects integrating conservation and development;



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- 2.2 The Board may change or modify the themes of the field programs as and when required provided that all funding is used for conservation of the forests, flora, fauna, wildlife, diverse ecosystems, biodiversity and environment related activities of Bhutan.
- 2.3 The RGOB shall maintain Bhutan's forest cover at 60% of the country's area and set aside as protected areas the same percentage of the country's area as exists on the date of signature of the Charter.

ARTICLE III: CAPITAL

- 3.0 Capital of the Trust Fund shall be constituted by contributions/grants from donor countries/organizations, and shall consist of the principal and investment income.
- 3.1 The Trust Fund shall continue to mobilize contributions/grants from donors.
- 3.2 The programme activities will be funded by a portion of the investment income. In the event the income accrued is insufficient to fund the programme activities, the principal shall be utilized up to US\$ 500,000 as per Article 6.1 of the Charter.

ARTICLE IV: TAX EXEMPTION

- 4.0 The Trust Fund, a non-profit organization devoted to the conservation of the natural environment and biodiversity in Bhutan, will be exempted from income tax, payment of customs



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and import duties and excise taxes on equipment purchased for carrying out activities and programs of the Trust Fund in Bhutan approved by the Board.

- 4.1 The Trust Fund shall be organized and operated in a manner that its activities qualify for exemption from federal income tax under Section 501 (c) (4) of the United States Internal Revenue and similar tax exemption in any other country/countries in which the Trust Fund principal will be managed/invested.

ARTICLE V: MANAGEMENT BOARD

- 5.0 All powers of the management of the Trust Fund shall be vested in the Management Board.
- 5.1 The Board will consist of six members. The RGOB shall appoint five members and WWF shall appoint one member for a period of five years and thereafter all members shall be Bhutanese representatives from different agencies including the private sector and non-governmental organizations. The five-year period will begin at the date of the signature of the Charter.
- 5.2 UNDP will participate in the Board as an ex-officio member without voting power for a period of five years.
- 5.3 The Board shall have a Chairman and a Member Secretary. The Chairman shall be selected by consensus from among the members appointed by the RGOB. The Director will be the ex-officio Member Secretary of the Board.



ARTICLE VI: DECISION MAKING AND QUORUM

- 6.0 For the purposes of the meetings of the Board, four-sixth of the full membership shall constitute the quorum.
- 6.1 Agreement of at least five Board Members will be required for decisions relating to utilization of the Trust Fund principal.
- 6.2 On all other matters, decision of the Board will be based on the majority of the Board Members present at the meeting.
- 6.3 Members of the Board may participate in a meeting and arrive at a unanimous or majority decision through the use of conference telephone or similar communications equipment, so long as all members participating in such meeting can communicate effectively. Such participation shall constitute personal presence at the meeting.

ARTICLE VII: DUTIES AND POWERS OF MANAGEMENT BOARD

- 7.0 The Board shall be fully responsible for the management of the Trust Fund. The Board may, however, delegate authority to the Director for the day to day management of the Trust Fund.
- 7.1 The Board will select the Chairman from among the members of the RGOB.
- 7.2 The Board shall appoint the Director.



- 7.3 The Board shall select Investment Manager/Managers to manage the investments on behalf of the Trust Fund and provide investment guidelines.
- 7.4 The Board may, by unanimous agreement, recommend amendments of the Charter whenever necessary.
- 7.5 The Board shall establish the duties and powers of the Director.
- 7.6 Project activities, including the budget covering the estimated expenditures for their implementation, shall be approved on an annual basis by the Board at the regularly scheduled annual Board Meeting.
- 7.7 The Board shall also review the extent to which the purpose of the Charter is being met and other relevant matters.

ARTICLE VIII: PROGRAM AND INVESTMENT MANAGEMENT

- 8.0 The day to day management of the Trust Fund shall be carried out by the Director in accordance with the powers and duties established by the Board.
- 8.1 The Director shall hire and layoff the employees of the Trust Fund in keeping with the interest of the Trust Fund.
- 8.2 The Trust Fund shall enter into agreement with the selected Investment Manager/Managers on the investment of the Trust Fund.



- 8.3 The investment will be carried out by the Investment Manager/Managers, selected by the Board, in accordance with the investment guidelines provided by the Board.
- 8.4 The RGOB and other recipient agencies shall be responsible for the effective implementation of the project activities under the programme, as approved by the Board, and shall be accountable to the Board for the proper use of the funds allocated from the Trust Fund.

ARTICLE IX: FINANCIAL YEAR, DISBURSEMENT, AUDIT, ACCOUNTS AND PROGRESS REPORTING

- 9.0 The financial year of the Trust Fund begins on July 1st and ends on June 30th of the following year.
- 9.1 The Director, based on the work plan and budget approved by the Board, shall withdraw the funds from the Investment Manager/Managers and disburse it to the implementing agency/agencies.
- 9.2 The Director, in accordance with the powers and duties delegated by the Board, shall ensure that timely and correct records of the income and expenditure of the Trust Fund are kept in keeping with sound and established financial norms and practices of the RGOB.
- 9.3 The Director shall prepare financial statement and work progress reports of the Trust Fund every year within six months of the end of the financial year and submit to the Board and ~ distribute to donors upon review and approval by the Board.



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- 9.4 The Investment Manager/Managers shall furnish the accounts and other relevant information on the position of the investments on a regular basis to the Director.
- 9.5 The audit of the Trust Fund accounts shall be conducted by qualified auditors recognized by the Board. The Director shall provide the accounts on the expenditure and other relevant information to the audit.
- 9.6 The Director, in accordance with the duties and powers delegated by the Board, shall prepare an annual progress report of the Trust Fund. The report shall be published upon approval of the Board.
- 9.7 The Board shall co-ordinate with the Investment Manager/Managers of the Trust Fund to file all necessary documents required pursuant to such laws of any country where the investment of the Trust Fund will be made.
- 9.8 The implementing agencies shall submit periodic progress reports, both financial and technical, to the Director.
- 9.9 At the end of each financial year the implementing agency/agencies shall submit audited financial statement to the Director.
- 9.10 The Board may also engage the services of a qualified external auditor to carry out independent audit of the accounts of the Trust Fund.



ARTICLE X: MEETING

- 10.0 There shall be at least one annual meeting of the Board on a regularly scheduled date and place to be determined by the members of the Board.
- 10.1 Special meetings of the Board may be called by the Chairman or any Board Member through the Chairman.
- 10.2 The Chairman shall give at least thirty (30) days' notice about such special meetings by personal delivery, telephone or other electronic mail means. Such notice shall state the time and place where the meeting is to be held and the purpose for which the meeting is called.

ARTICLE XI: COMPETITIVE BIDDING AND PROCUREMENT

- 11.0 The Trust Fund shall observe the principle of competitive bidding in the procurement of goods or rental of supplies and equipment or in contracting for services.
- 11.1 All goods owned by the Trust Fund shall be insured against loss or damage whenever necessary.
- 11.2 Vehicles and other moveable equipment shall be insured against third party liability and other damages. The terms and conditions of such insurance shall be consistent with sound commercial practices and shall cover the full delivery value of the goods and equipment. Such terms and conditions shall provide for the proceeds of the insurance of imported goods and



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equipment to be payable in a fully convertible currency. Any insurance proceeds shall be credited to the Trust Fund.

ARTICLE XII: DISSOLUTION

- 12.0 Should the Trust Fund be terminated or dissolved, the donors of the Trust Fund shall be consulted to decide the use of the remaining assets of the Trust Fund for environmental programs in Bhutan.

ISSUED ON THE 10th Day of the fourth month of the Fire Male Rat Year of the Bhutanese calendar corresponding to 27th May, 1996.

Jigme Singye Wangchuck
King of Bhutan