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Manual for project formulation

THIRD EDITION

2009

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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO Manual for project formulation
Third Edition
General Information Series #13

The **International Tropical Timber Organization** (ITTO) is an intergovernmental organization promoting the conservation and sustainable management, use and trade of tropical forest resources. Its 60 members represent about 80% of the world's tropical forests and 90% of the global tropical timber trade. ITTO develops internationally agreed policy documents to promote sustainable forest management and forest conservation and assists tropical member countries to adapt such policies to local circumstances and to implement them in the field through projects. In addition, ITTO collects, analyses and disseminates data on the production and trade of tropical timber and funds projects and other actions aimed at developing industries at both community and industrial scales. All projects are funded by voluntary contributions, mostly from consumer member countries. Since it became operational in 1987, ITTO has funded more than 750 projects, pre-projects and activities valued at more than US$300 million. The major donors are the governments of Japan, Switzerland and the United States.

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Cover photo: E. Mueller

Foreword

This third edition of the ITTO Manual for Project Formulation will be an invaluable resource for member countries as they seek assistance, through ITTO-funded projects, in pursuing ITTO's objectives in general and the ITTO Objective 2000 in particular. It should be used to guide the design, content and format of project and pre-project proposals to be submitted to ITTO.

The second edition of the ITTO Project Formulation Manual was published in May 1999. This third edition takes into account the experiences gained in the formulation, appraisal, implementation and evaluation of over 500 projects and pre-projects submitted to ITTO by member countries in the period 1999–2007. It also accommodates the recommendations made in various decisions of the International Tropical Timber Council, reports of ITTO's Expert Panel for the Technical Appraisal of Project and Pre-project Proposals, ITTO project evaluation reports, and reports of ad hoc ITTO working groups and expert panels. It has been produced simultaneously with the ITTO Manual on Standard Operation Procedures, which constitutes the framework for the entire ITTO project cycle and contains procedural and organizational elements which are also relevant to project formulation.

This third edition of the ITTO Project Formulation Manual, which should be used in conjunction with the ITTO ProTool software, is simpler and more user-friendly than its two predecessors. I have no doubt that it will greatly assist ITTO member countries in preparing project proposals for submission to ITTO and, in the long run, help to increase the value of projects.

Emmanuel Ze Meka
Executive Director
Yokohama, December 2008

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Summary

Since its inception, ITTO projects have helped member countries to link policy development with action on the ground. Projects can lead to direct improvements in the forests sector and also help members to develop their human resources. This manual is a step-by-step guide to the preparation of project proposals suitable for submission to ITTO for funding.

ITTO uses the logical framework approach in project design. This rigorous, objectives-oriented methodology starts with a project idea and progresses with a stakeholder analysis, a needs assessment, and the identification of the key problem and its causes and effects. The diagnostic process leads to the definition of project objectives and interventions. The design is summarized in a logical framework matrix, which sets out, in tabular form, the intervention strategy, measurable indicators, means of verification, and the key assumptions. A monitoring and evaluation system must also be created. Project proposal formulation requires the involvement of stakeholders in the identification of needs, interests, conflicts, resources, potentials, capacities and responsibilities and the review of all issues that might influence project implementation.

Chapter I of the manual defines concepts such as project, project proposal, project cycle, the logical framework approach, inputs, activities and outcomes. It sets out the three types of ITTO proposals: project, small project and pre-project. It presents a conceptual model of an ITTO project and describes the process for preparing and submitting project proposals.

Chapters II explains how to prepare a full ITTO project proposal, guiding formulators through such aspects as conformity with ITTO's objectives and priorities, relevance to the submitting country's policies, the social, cultural, economic and environmental aspects of the target area, the project rationale, stakeholder analysis, problem analysis, the logical framework matrix, the objectives, outputs and activities, the work plan and budget, assumptions, risks and sustainability, and implementation arrangements.

Chapter III provides guidance for formulators of small project proposals. A small project has a duration that does not exceed two years and seeks funds from ITTO not exceeding US$150,000. As in the case of a full-sized project, the formulators must provide an adequate justification, indicating the needs that will be addressed. They must describe how those needs will be addressed through the choice of strategy, and present a work plan and budget. Chapter IV sets out requirements for the formulation of pre-project proposals. Appendix A provides additional guidelines for ensuring stakeholder participation in the project cycle, Appendix B guidelines to take account of the environmental impact of projects, and Appendix C an example of a completed logical framework matrix.

Acronyms and Abbreviations

EA	Executing Agency
ITTA	International Tropical Timber Agreement
ITTO	International Tropical Timber Organization
Logframe	Logical framework matrix
NTFP	Non-timber forest product
NGO	Non-governmental organization
SMART	Specific, measurable, appropriate, realistic, time-bound
US$	United States dollar

Chapter I: Introduction

The objectives of the International Tropical Timber Agreement (ITTA), 2006 are to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of timber producing forests. In order to achieve these two mutually reinforcing objectives, ITTO undertakes policy work and project activities in an integrated manner. ITTO's governing body, the International Tropical Timber Council, uses an action plan to guide policy activities and to identify priorities for project work.

Since its inception, ITTO projects have helped member countries to link policy development with action on the ground. Projects can lead to direct improvements in the forests sector and also help members to develop their human resources. They can, for example:

- Assist in national policy development (eg by helping to create a national standard for sustainable forest management or supporting a revision of forestry laws)
- Demonstrate good practice (eg through the establishment of a reduced impact logging demonstration site or a pilot wood-processing plant)
- Build capacity (eg by supporting training centres or assisting in the transfer of wood-processing technology)
- Carry out research (eg on the social impacts of mangrove forest protection or on export markets for high-value products).

This manual guides project proposal formulators through each step of project (or pre-project) identification and formulation. Chapter I provides an overview of the process, describing key concepts such as the logical framework approach and the project cycle, the types of proposals that can be formulated and submitted, and principles to guide the development of proposals.

Chapter II sets out the project identification and formulation process, describing in detail the steps that must be taken to prepare a high-quality project proposal. Examples are provided to help clarify concepts. The contents of project proposal annexes are also described. Chapter III sets out the requirements for small project proposals and Chapter IV the requirements for pre-project proposals. The appendices contain further guidance on stakeholder involvement in the project formulation process and on taking into account potential environmental impacts.

What is a project?

A project is a time-bound intervention consisting of a set of planned and interrelated activities executed to bring about a beneficial change. It has a start and a finish, involves a multidisciplinary team collaborating to implement activities within constraints of cost, time and quality, and has a scope of work that is unique and subject to uncertainty. Projects link policy initiatives at a higher level (eg national or sectoral) with a specific problem faced by a target group of local-level stakeholders or by institutions or organizations.

What is a project proposal?

If a project idea is to be funded and implemented, its formulator must communicate it in a clear and concise manner. To this end, a document known as a project proposal is written to summarize the project rationale and design. It contains four parts (Table 1):

- **project context** – comprising project origin, relevance, conformity with ITTO's objectives and priorities, relevance to the submitting country's policies, description of the target area, and expected outcomes at project completion

- **project rationale and objectives** – comprising rationale, stakeholder analysis, problem analysis, logical framework matrix, and objectives
- **description of project interventions** – comprising outputs and activities, implementation approaches and methods, work plan, budget, and assumptions, risks and sustainability
- **implementation arrangements** – comprising organization structure and stakeholder involvement mechanisms, reporting, review, monitoring and evaluation, and dissemination and mainstreaming of project learning.

ITTO recognizes three types of project proposals.

A **project proposal** is the most substantial document described in this manual and is required for any set of activities with a total ITTO budget of more than US$150,000; its formulation is set out in Chapter II. The preparation of a project proposal requires substantial work to communicate and coordinate with stakeholders, collect and analyse information, and draft an adequate document.

A **small project proposal** may be formulated for projects with a duration not exceeding two years and requiring funds from ITTO not exceeding US$150,000. Chapter III sets out the requirements for such proposals.

A **pre-project proposal**, described in Chapter IV, is designed to facilitate the set of preparatory and/or experimental activities necessary to formulate a project proposal. A pre-project might help to:

- Describe a problem situation in detail, highlighting issues or factors that might interfere with or facilitate the development of a full project
- Identify stakeholders and describe in detail the characteristics and needs of beneficiaries and the effect of the problem situation on them
- Collect baseline data against which to measure the effects and impacts of the project
- Design a project.

Pre-projects differ from small projects in that the main outputs are project proposals. A pre-project should assist in identifying the core problem to be addressed and the activities and outputs of the anticipated project. Besides the project proposal, other outputs of a pre-project might include: results of surveys and technical studies; and the identification of the anticipated project's executing agency and collaborating agencies. The relevance of the anticipated project proposal to ITTO will be crucial to the pre-project's acceptance. Therefore, the pre-project proposal should clearly explain the preliminary rationale and objectives of the anticipated project proposal.

Regional or global projects

If an ITTO member plans to submit a project proposal that involves activities that will take place in the territory of another member, it should formally seek the agreement of the latter. A proposal can also be developed that is regional or global in coverage. Global or regional proposals presented by a single member should show evidence of support by the other countries involved. Such proposals should include firm commitments from participating members to pursue common objectives and conduct joint activities. They should be backed by letters of support from all participating countries signed by the official ITTO contact point of each member (or a duly designated representative). Other documents showing how the project was conceived and designed should also be submitted.

The logical framework approach

ITTO uses the logical framework approach in project design. This is a rigorous, objectives-oriented methodology, also known as objectives-oriented project planning. It starts with a project idea and progresses with a stakeholder analysis, a needs assessment, and the identification of the key problem and its causes and effects. This diagnostic process leads to the definition of project objectives and interventions. The design is summarized in a logical framework matrix, or logframe, which sets out, in tabular form, the intervention strategy, measurable indicators, means of verification, and key assumptions. A monitoring and evaluation system must also be created. Project proposal formulation requires the involvement of stakeholders in the identification of needs, interests, conflicts, resources, potentials, capacities and responsibilities and the review of all issues that might influence project implementation.

Figure 1 presents a conceptual model for ITTO project design, showing the basic elements of a project's strategy of intervention – inputs, activities, outputs, outcomes and impacts – needed to achieve desired results.

- **Inputs** are the means for executing activities, such as human resources, equipment, facilities, expendables, spare parts, financial resources and time.
- **Activities** are the actions – such as training, mapping, surveys and extension – that transform inputs into outputs.
- **Outputs** are the goods and services that a project produces and delivers to beneficiaries.
- An **outcome** is the change that is brought about under the influence of the project.
- An **impact** is a longer-term effect of the project intervention.
- A **result** is a describable or measurable change that is derived from a cause-and-effect relationship: it can be an output, an outcome or an impact.

Working backwards, the project proposal formulator identifies the outcomes that are needed to achieve the desired impact, the outputs needed to achieve the desired outcomes, the activities that must be carried out to achieve the outputs, and the inputs needed to carry out the activities. With this model, the focus of the project management cycle is on intended outcomes and impacts. This is far preferable to focusing on outputs and activities, which tends to direct attention to the use of planned inputs and diminishes the potential for achieving the desired outcomes.

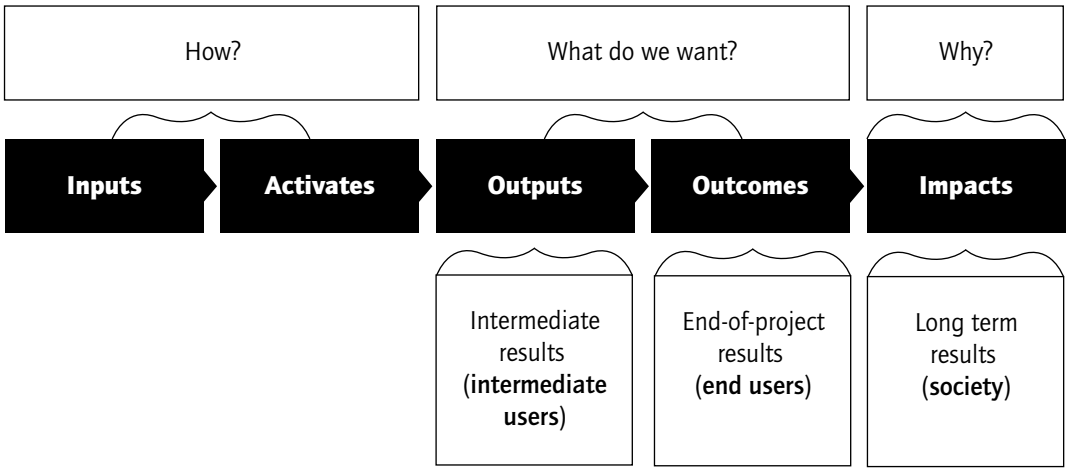
The formulation of all project proposals submitted to ITTO should follow this model. The proposal must describe which actions will be taken by the project at three levels – inputs, activities and outputs – in order to bring about change. The design of project interventions is based on these three elements. An intervention is therefore the strategic combination of inputs, activities and outputs.

If the project is executed as planned and if its assumptions are sound, its outputs should lead to outcomes. ITTO considers that a project proposal is of an acceptable quality if it has satisfied the assessment criteria of the ITTO Expert Panel for the Technical Appraisal of Project and Pre-project Proposals. In assessing proposals, this Expert Panel takes into account:

- Their relevance to the objectives of the ITTA and the requirement that projects and pre-projects should contribute to the achievement of one or more of the Agreement's objectives
- Their environmental and social effects
- Their economic effects
- Their cost-effectiveness
- The need to avoid duplication of efforts
- Where applicable, their relationship and integration with ITTO policy work and their consistency with the ITTO Objective 2000 and the ITTO guidelines series and other ITTO policy documents.[1]

[1] Including the ITTO Guidelines for Sustainable Management of Natural Tropical Forests, the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Production Forests, the ITTO Guidelines for the Conservation of Biological Diversity in Tropical Production Forests, and the ITTO Guidelines on Fire Management in Tropical Forests,

Figure 1: Project conceptual model



Principles of ITTO project proposals

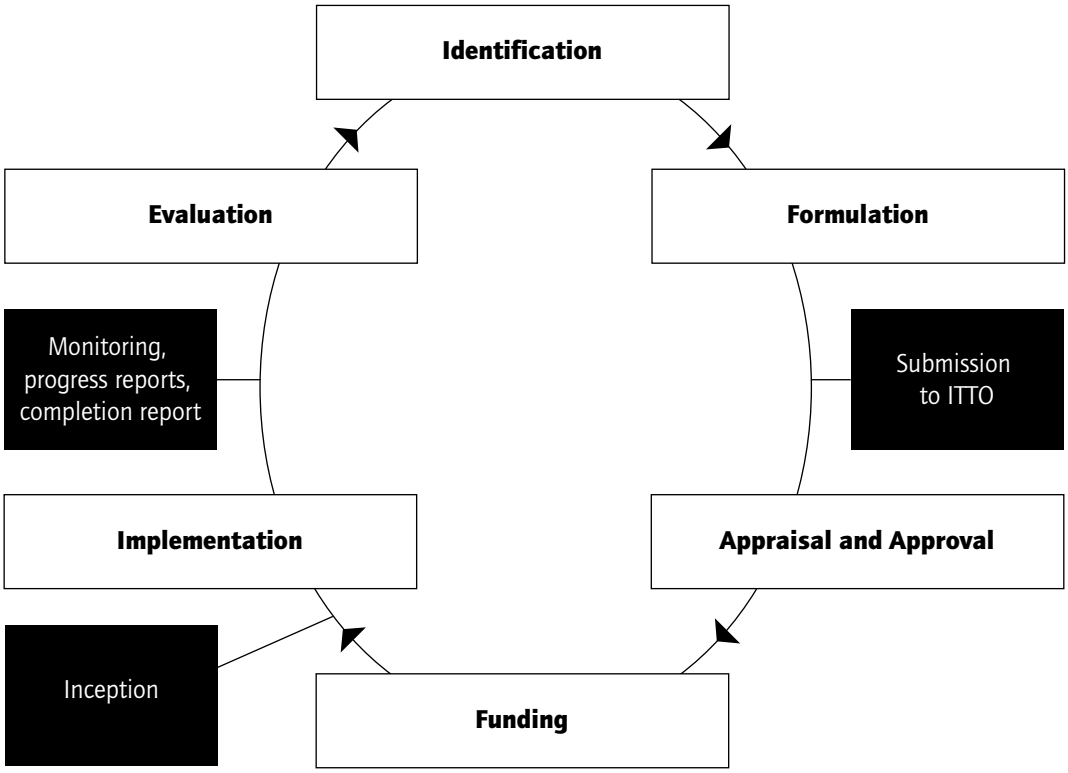
The following eleven principles should guide the development of project, small project, and pre-project proposals:

1) Focus on outcomes
2) Promote local ownership of the project and its results
3) Work in partnership with others, building alliances and partnerships
4) Ensure accountability by seeking ways in which executing agencies and their partners can be held accountable to stakeholders
5) Pay due attention to the social dimension of development projects
6) Promote empowerment of local communities to fully participate in the management of forest resources by supporting their rights, responsibilities and aspirations
7) Seek sustainable results by developing strategies and approaches to ensure lasting benefits for target groups, including sustainable incomes
8) To maximize the impact of the project in the country or region concerned, promote actions that have wider value
9) Promote innovation by supporting elements such as the application of new technologies, the testing of new scientific methods and policy reforms, and the design of methods of stakeholder participation
10) Demonstrate a sound scientific, technical and economic foundation
11) Develop mechanisms to ensure proper disclosure and the sharing of information.

The project cycle

Project formulation is one phase in the project cycle: it is the process by which solutions to the causes of a problem are identified and a structure created for their implementation. Its aim is to set out the most efficient and effective means for achieving a desired change. A project cycle has six stages: identification, formulation, appraisal and approval, funding, implementation, and evaluation (Figure 2).

Figure 2: Stages in an ITTO project



The management of these six stages is the responsibility of the executing agency, but it must also fit in with ITTO's 9-stage project cycle, which is the Organization's framework for identifying, formulating, appraising, approving, financing, implementing and evaluating projects and pre-projects. The nine stages are:

1) Identification
2) Formulation
3) Submission to ITTO
4) Appraisal and approval
5) Funding
6) Inception
7) Implementation

8) Monitoring (including progress and completion reports)

9) Evaluation.

Figure 3 shows how the formulation of an individual project fits into the ITTO project cycle.

Relationship to other manuals

This manual is complemented by a set of other project-related manuals and guidelines, comprising:

- The **ITTO Manual on Project Standard Operating Procedures**, which contains procedures that should be followed for the entire cycle of the project (see below)
- The **ITTO Manual on Project Monitoring, Review, Reporting and Evaluation** (third edition), which provides guidance to executing agencies and the ITTO Secretariat on the procedures for implementing, monitoring and evaluating projects. It also contains advice for executing agencies on setting up and implementing monitoring systems and producing reports.
- **ITTO Guidelines for the Selection and Employment of Consultants and Procurement of Goods and Services** (second edition), which governs the selection and employment of consultants, and the procurement of goods and services.
- The **ITTO ProTool** software and accompanying **ITTO ProTool User's Manual**, which greatly facilitate project proposal development, budgeting and monitoring.

Project proposal formulators and executing agencies should be fully aware of the requirements set out in these manuals and guidelines for project formulation, implementation, monitoring and evaluation. The use of ITTO ProTool for formulating project, small project, and pre-project proposals is strongly encouraged. All these documents and tools are available on the ITTO website.

Submitting project proposals

ITTO project and pre-project proposals are usually developed by a proponent in an ITTO member country in consultation with the ITTO official contact point.[2] Only ITTO member countries, through the official contact point, may submit project or pre-project proposals to ITTO for financing.[3] To be considered for funding, project proposals must show how they will contribute to the achievement of the objectives of the ITTA and one or more of the priority areas of work or thematic programs identified in the Organization's action plan. Each project and pre-project proposal is appraised by the ITTO Expert Panel for the Technical Appraisal of Project and Pre-project Proposals using the criteria and appraisal system approved by the Council. Based on this appraisal, the Expert Panel makes recommendations to the Council's technical committees about the relevance and suitability of proposals.

Project and pre-project proposals must be submitted in one of the ITTO working languages – English, French or Spanish. They should adhere to the correct format, the principles of good project design, and other guidance set out in this manual. No section or subsection of the format should be excluded; if the project formulator believes certain sections or subsections do not apply to a specific proposal, he or she should justify this belief in writing under the relevant heading. The project document should not exceed 33 pages and additional supporting information should be contained in annexes. Proposals should be presented in Arial font with a point size of 10. A hard copy of the proposal printed on A4-sized paper, and an electronic copy in Microsoft Word format saved on a compact disk or in another convenient format, should be submitted.

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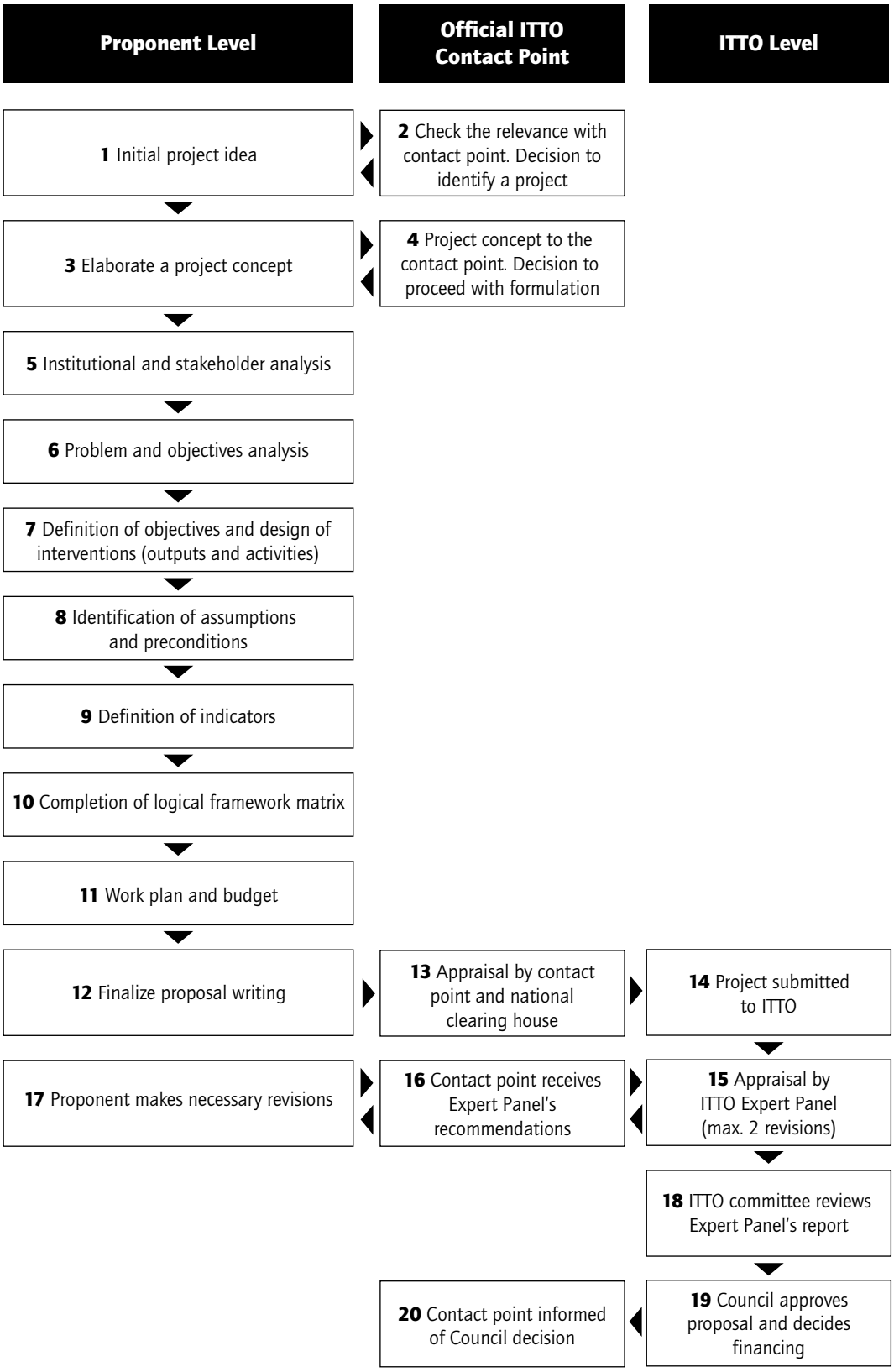
[2] The contact details of ITTO official contact points can be obtained from the ITTO Secretariat.

[3] Under the ITTA, 2006, the ITTO Executive Director is also able to formulate and submit project and pre-project proposals.

Figure 3: Steps in ITTO project formulation, appraisal and approval



Chapter II: Project Formulation

This chapter explains, step by step, the project formulation process that project formulators should follow in developing an ITTO project proposal. It should be used in conjunction with ITTO ProTool, a software package specifically designed to assist in the formulation of ITTO project proposals.

Project brief

The formulator should write a 2–3 page project brief that clearly sets out the key messages of the proposal. It should:

- Describe the existing situation and the problems to be addressed by the project
- State the development and specific objectives and show how their achievement will be measured
- Briefly describe the beneficiaries, expected outcomes and the main outputs that will lead to these outcomes
- Briefly describe how the project will be implemented, and indicate how it will influence the participation of stakeholders
- Indicate how the project's results will be sustained after its completion and state which organizational structures will sustain those results
- Describe the key assumptions and risks and how these risks will be mitigated
- Indicate the budget amount requested from ITTO, the contribution of the executing agency, and other funding sources. Of the ITTO budget, indicate the percentages allocated to personnel and capital items.

Cover page and table of contents

Cover page

Table 1 shows the required format of a project proposal's cover page. The project title should contain 20 words or less and reflect the project's specific objective, or its key outcome, in order to indicate what will be achieved at completion. Ideally, it will also refer to the project's location. The following is an example of an adequate project title:

> **The sustainable management of the timber production area in the Northern Hills Forest Reserve, Republic of Silvania**

The cover page contains an executive summary, which should consist of one paragraph of 10–15 lines. This summary should provide an overview of the proposal and be a compelling invitation to donors to read more. It should provide information on the following key questions:

- What problems will be addressed, and where?
- What are the development and specific objectives, and the main outcomes at the completion of the project?
- How will these objectives and outputs be met?
- How will the results be sustained when the project ends?

The cover page also includes:

- A serial number [*project formulators should leave this blank, as it will be provided by ITTO on submission of the proposal*]
- ITTO committee [*ITTO has three technical committees: Reforestation and Forest Management, Forest Industry, and Economic Information and Market Intelligence. If in doubt, formulators should leave this field blank to be assigned by the ITTO Secretariat*]
- Name of submitting country
- Original language
- Executing agency (and collaborating agencies, if any)
- Duration
- Approximate starting date
- Total project cost in US dollars, by potential funding source.

Table 1: Format of a project proposal cover page

International Tropical Timber Organization **ITTO** **Project Proposal**	
Title	[Reflect the specific objective of the project, or its key outcome]
Serial Number	[This will be provided by ITTO after submission of the proposal]
Committee	[ie Reforestation and Forest Management (F) and/or Forest Industry (I) and/or Economic Information and Market Intelligence (M). if in doubt, leave blank]
Submitted By	Government of [name of member country]
Original Language	[English, French or Spanish]
Summary [One paragraph of up to 15 lines providing a concise overview of the essential elements of the proposal]	
Executing Agency	[Full name of the proposed executing agency]
Duration	[Estimated length of the project in months]
Approx. Starting Date	[Upon approval and financing]
Proposed budget and other funding sources:	**Source** — **Contribution (in US$)** ITTO — –––– Government of [*name of submitting country*] — –––– **Total** — ––––

Table of contents

If the main text of the proposal is longer than ten pages, a table of contents (Table 2) should be included and placed immediately after the cover page. All proposals should contain a list of abbreviations and acronyms.

Map of project area

For project proposals in which the geographic location is significant, including all proposals for field-based projects, a map at an appropriate scale should be provided.

Table 2: Table of contents for ITTO project proposal		
Part	**Heading**	**Indicative no. of pages**
	Project Brief	**2–3**
	List of Abbreviations And Acronyms	**0.5–1**
	Map of Project Area	**1**
Part 1	**Project Context**	
1.1	Origin	1
1.2	Relevance	1
1.2.1	Conformity with ITTO's objectives and priorities	
1.2.2	Relevance to the submitting country's policies	
1.3	Target area	2 + map
1.3.1	Geographic location	
1.3.2	Social, cultural, economic and environmental aspects	
1.4	Expected outcomes at project completion	0.5
Part 2	**Project Rationale and Objectives**	
2.1	Rationale	3 + figures
2.1.1	Institutional set-up and organizational issues	
2.1.2	Stakeholder analysis	
2.1.3	Problem analysis	
2.1.4	Logical framework matrix	2
2.2	Objectives	1
2.2.1	Development objective and impact indicators	
2.2.2	Specific objective and outcome indicators	
Part 3	**Description of Project Interventions**	
3.1	Outputs and activities	3
3.1.1	Outputs	
3.1.2	Activities	
3.2	Implementation approaches and methods	1 + figures
3.3	Work plan	1
3.4	Budget	4
3.4.1	Master budget schedule	
3.4.2	Consolidated budget by component	
3.4.3	ITTO budget by component	
3.4.4	Executing agency budget by component	
3.5	Assumptions, risks, sustainability	1
3.5.1	Assumptions and risks	
3.5.2	Sustainability	
Part 4	**Implementation Arrangements**	
4.1	Organization structure and stakeholder involvement mechanisms	1.5 + figures
4.1.1	Executing agency and partners	
4.1.2	Project management team	
4.1.3	Project steering committee	
4.1.4	Stakeholder involvement mechanisms	
4.2	Reporting, review, monitoring and evaluation	1
4.3	Dissemination and mainstreaming of project learning	1
4.3.1	Dissemination of project results	
4.3.2	Mainstreaming project learning	
Annex 1	**Profiles of the executing and collaborating agencies**	
Annex 2	**Tasks and responsibilities of key experts provided by the executing agency**	
Annex 3	**Terms of reference of personnel and consultants and sub-contracts funded by ITTO**	
Annex 4	**Recommendations of ITTO expert panel**	

Part 1: Project Context

Part I of the proposal provides background information on the social, economic, cultural and environmental issues relevant to the project.

Part I: Project Context

1.1 Origin

1.2 Relevance
- 1.2.1 Conformity with ITTO's objectives and priorities
- 1.2.2 Relevance to the submitting country's policies

1.3 Target area
- 1.3.1 Geographic location
- 1.3.2 Social, cultural, economic and environmental aspects

1.4 Expected outcomes at project completion

Origin

Each project has an origin which may be:

- A recommendation from a pre-project
- An earlier project phase
- A particular study
- An ITTO diagnostic mission
- A conference or workshop
- An initiative from an interest group
- An idea stemming from an institution or individual, etc.

When the origin is an earlier ITTO pre-project or project activity, the proposal should identify the organizations that supported the implementation of that activity. It should also provide a short summary of the relevant findings and outcomes of the activity, show how the project will build on them, and discuss the lessons learned from past evaluations of similar projects and how they have been taken into account in the formulation of the project proposal.

Under **1.1: Origin**:

- Where applicable, describe how the proposal derives from a recommendation of an ITTO pre-project or a completed project phase, a particular study, etc.
- Identify the organizations that supported the implementation of the earlier activity that has led to the current proposal.
- If the proposal stems from an ITTO pre-project, provide a short summary of the relevant findings and show how the project will build on the outcomes.

Relevance

Conformity with ITTO's objectives and priorities

The proposal must be in compliance with the objectives of the ITTA, 2006 (available on the ITTO website); Article 1 of the Agreement indicates how these objectives can be met. The proposal should quote the relevant paragraphs of Article 1 and explain how and to what extent the project will contribute to these objectives. The proposal must also demonstrate conformity with the priorities and operational activities specified in the current ITTO Action Plan (also available on the ITTO website) by quoting the Action Plan's relevant actions and activities and providing a short explanation of how it conforms with them. Decisions made from time to time by the International Tropical Timber Council might also set policies and priorities, and these should also be considered.

Under **1.2.1: Conformity with ITTO's objectives and priorities:**

- Explain briefly how the project is related to the objectives of the ITTA, 2006, as defined in its Article 1.
- Explain how the proposal is related to the priorities and operational activities set out in the current ITTO Action Plan and in relevant ITTO decisions.

Relevance to the submitting country's policies

The proposal should conform with the host government's policies and strategies and complement other efforts towards their implementation. Where these policies and strategies are nonexistent or under formulation, the proposal should conform with stated government priorities. For national projects, the proposal should indicate clearly how it takes advantage of an opportunity to help solve a particular problem. The problem might, for example, be:

- A constraint (such as a lack of basic information)
- A failure to exploit apparent opportunities (such as a continuing low production level or low price for timber products)
- The sub-optimal management of resources (for instance wasting potentially valuable forest by-products).

The collection and analysis of information on the country's forest development policies and programs should therefore precede the formulation of a project proposal. For regional or global projects, the proposal should indicate clearly the project's wider values and benefits and the ways and extent to which it will contribute to the implementation or development of relevant national, regional or global policies and programs. Deliverables should be replicable, and there should be a strategy for reaching out to the national level and to other ITTO members.

Under **1.2.2: Relevance to the submitting country's policies:**

- Briefly describe how the project conforms to the host country's forest policies.
- Indicate other existing relevant sectoral policies.

Target area

Geographic location

Social, cultural, economic and environmental aspects

The proposal should include a map of the project area (see above) as well as descriptions of the location and its social, economic, cultural and environmental contexts, making use of relevant data from research or other reliable sources. As much as possible, key information should be presented in tabular form, with short comments in the text, and should give the reader an effective snapshot of the socioeconomic baseline and issues in the project area. The target population should be described in sufficient detail, including an estimate of the number of beneficiaries, by social category or group (defined with quantitative and qualitative data). The target population could, for example, be disaggregated into groups such as men, women, youth, forest-dependent, poor households, elites, etc.

One of the key criteria for a project proposal is compliance with the requirements of the host country's environmental legislation and relevant international conventions. The proposal should describe environmental aspects of the project area. Appendix B of this manual provides guidelines for taking into account the environmental impact of projects; this should be consulted at the stage of project identification.

Under **1.3.1: Geographic location:**

- Briefly describe the location of the proposed project, referring to the location map.
- If relevant, provide a short description of the area's major physical features and ecological characteristics as they pertain to the project.

Under **1.3.2: Social, cultural, economic and environmental aspects:**

- Describe the social, cultural, economic and environmental background of the project area at the time of project identification.
- Provide appropriate demographic and social data for the people living in the project area.

Expected outcomes at project completion

The project proposal should describe the intended changes (outcomes) that the project will bring about for the beneficiaries and other stakeholders – that is, the effect that will be gained by achieving the specific objective. The specific objective will be achieved if all the outputs have been realized and the assumptions about their effects have proved valid. The outcomes should be clearly described in terms of:

- Envisaged use of the outputs by the beneficiaries after the completion of the project
- Other consequences of project implementation: eg changes in awareness and attitudes, timber supply, markets, land use or the environment.

Section 1.4 of Part I should be written after the logical framework matrix has been completed based on the information provided in the indicators of the specific objective.

Under **1.4: Expected outcomes at project completion:**

Describe the main outcomes that the project will achieve at or before completion.
The description should address the following questions:

- What are the intended immediate effects of the project?
- What are the benefits, and for whom?
- What improvements or changes will the project bring about?
- What will the target groups be doing after project completion as a consequence of the project?
- Avoid describing here the outputs, activities or long-term impacts.

Part 2: Project Rationale and Objectives

Before proceeding to project formulation, the formulator should first confirm that the potential intervention is relevant to ITTO's objectives and priorities and to the host country's policies, programs and strategies. To do so, the formulator should send a 3–4 page note to the country's ITTO official contact point, describing the problem and its significance, the beneficiaries of the intended project, and an outline of the project identification process. An informed estimate of the project budget should also be provided. Once the relevance of the idea is confirmed, the project planning process, which should be participatory and objectives-driven, can commence.

This section presents all the information needed to justify the project and addresses the following questions:

- What are the needs and who has those needs?
- What changes will the project bring about?
- Why is it important to make those changes?
- How will the project verify whether the changes have taken place and the objectives reached?

Part II: Rationale and Objectives

2.1 Rationale
- 2.1.1 Institutional set-up and organizational issues
- 2.1.2 Stakeholder analysis
- 2.1.3 Problem analysis
- 2.1.4 Logical framework matrix

2.2 Objectives
- 2.2.1 Development objective and impact indicators
- 2.2.2 Specific objective and outcome indicators.

Rationale

Institutional set-up and organizational issues

Institutional capacity assessment is particularly important for projects that will rely on local partners for the implementation of activities. In particular, the project formulator must assess the adequacy of institutional capacity and organizational set-ups to ensure the success of project interventions. Relevant governance issues, including organizational adequacy, accountability and transparency, should also be assessed.

Since it influences the choice of partners with whom the project formulator will interact in proposal formulation, institutional capacity assessment should be done at an early stage. Attention should be paid to:

- Appropriate partners for project implementation and the degree of coordination between them
- The likely relevance of the project to institutional and organizational needs
- The specific roles and responsibilities of different agencies
- The capacities of different institutions and agencies to participate in project implementation
- The design of appropriate capacity-building elements in the project and thus the formulation of a feasible implementation strategy.

2.1.1: Institutional set-up and organizational issues (A hypothetical example)

There is no integrated coordination of forest management and industry development projects in the northern provinces of the Republic of Silvania. At present, the protected areas are under the control of a separate division within the Forest Department. The forest industry is under the Ministry of Industry and Mining, while timber exports are controlled by the Ministry of Commerce.

The Northern Region Forest Development Committee, which was set up to coordinate these various activities, does not have in-line operational control of forest interventions. Moreover, no management system or structure exists to coordinate forest activities on the ground. There is no system for the collection and dissemination of information or for learning. There has been no attempt to prioritize the use of human and financial resources. Regional development interventions and forestry development programs are uncoordinated. The absence of a harmonized strategy hinders the development of a sustainable forest industry.

Forestry personnel are insufficiently trained to adapt to the changing environment in which sustainable development and the contribution of forestry to export earnings are increasingly emphasized. As the Forest Department evolves from an institution identified with the unsustainable exploitation of natural forests to a modern agency striving to ensure sustainable use and to involve stakeholders in its activities, organizational inertia persists. In the past, the Forest Department was oriented towards law enforcement but increasingly a more people-oriented approach is required. The challenge for the Department is to develop the right mix of skills and knowledge to allow its staff to handle the sometimes conflicting roles of law enforcement and positive community engagement.

The use of transient logging personnel in the northern region is a threat to forest condition. Recent press reports have described the impact of unskilled workers without proper wages who sometimes engage in illegal activities.

Stakeholder analysis

A high-quality project proposal is the end-result of a participatory process that involves discussions, meetings and workshops with key stakeholders. Project design begins, therefore, with a systematic analysis of stakeholders. Stakeholders are the people, groups, organizations and institutions who might influence or be influenced by a problem or by the potential solution to a problem; stakeholder analysis clarifies their views and interests. The following key guiding questions should be addressed:

- What is the level of consensus for the project?
- Are the stakeholders convinced of the need for change?
- What steps are needed to ensure the participation of stakeholders, including local communities, in the implementation of the project?
- Who are the target and beneficiary groups and how will they benefit from the project?

The proposal should describe the characteristics and size of the target and beneficiary groups (eg by age, gender and ethnic composition).

Stakeholder identification offers an opportunity to encourage interested individuals and groups to participate in the project from its outset. Their participation at this stage allows the planning of participatory activities in subsequent stages.

The stakeholder analysis should include a gender analysis. This will help to:

- Identify gender-based differences in resource access
- Determine how different members of target communities will participate in and be affected by project interventions
- Incorporate gender equity and empowerment in the project design process
- 'Gendering' the logical framework by defining indicators relating to gender equity and empowerment.

The first step in stakeholder identification is to make a list of those who might be interested in or affected by the project. The second step involves classifying them, for the purposes of the project, into operational categories, such as:

- **Primary stakeholders:** those who are dependent on a resource or service that the project is concerned about and who will benefit from the project or could be adversely affected by it. Primary stakeholders could include local populations (individuals and community-based organizations) in the project area, or particularly poor and marginalized groups who in the past have been excluded from participating in development efforts. They might also include potential mainstream providers who are experiencing problems that the project can help address.
- **Secondary stakeholders:** intermediaries in the process of delivering services or aid to primary stakeholders. Secondary stakeholders provide the main support for the project and might be important partners in project implementation. They include government service providers, line ministries and project staff, government agencies, local governments, civil-society organizations, private-sector organizations, voluntary groups, and donors.
- **Tertiary stakeholders:** those stakeholders not directly involved or affected by the project but with the ability to influence opinion for or against it; they might include local opinion leaders, religious leaders, policymakers, business or trade union leaders, teachers, local celebrities, the media, universities and research institutes.

Not all projects will have stakeholders in all three categories.

Be aware that the primary stakeholders might not be a homogeneous group

One particular category of primary stakeholders is the target group: those people directly affected by the key problem that the project will address and who might benefit from the proposed solutions. They might, for example, be members of specific communities (target communities), or small wood-processing operators based in a specific geographic area (target area). Within the target communities or a target area there might be considerable differences between social groupings in terms of resource access and development opportunities. It is essential that information is obtained on how different groups within the target communities or area are affected by the key problem.

A common error in field projects is to consider the local community as a homogeneous group. To avoid this, the community should be divided into subgroups on the basis of how they might be affected by the project. Inevitably, some stakeholders will benefit more than others from a project; it is imperative, however, that project 'losers' are not decided on the basis of factors such as gender, age, wealth, power, ethnicity, small-scale/large-scale farmers, rural/urban dwellers, landowners/landless or farmers/traders.

The third step in stakeholder analysis is to analyse the primary, secondary and tertiary stakeholders. One way to do it is to identify their:

- characteristics: social and economic status, organizational structure, attitudes, etc
- problems: unsatisfied needs, interests, objectives
- potential: resource endowment, knowledge, experience
- involvement in the project: beneficiary, support, resistance, etc.

The involvement of stakeholders in the identification process is particularly important for creating a sense of ownership among them that will help ensure their full commitment to the project. This, in turn, will assist in the effective and smooth implementation of the project and the sustainability of activities after completion. Appendix A of this manual provides guidelines for ensuring stakeholder participation in the project cycle.

The required inputs from and actions by the various stakeholders during project implementation should be carefully identified. Special attention should be given to identifying possible conflicting interests among different stakeholders and the project proposal should describe how the project strategy will address such conflicts. Tables 3 and 4 provide examples, for two projects, on how the findings can be summarized. Such tables can potentially oversimplify complex situations; project formulators should ensure they are compiled using accurate information and resist an overreliance on assumptions or generalizations.

As far as needs assessment is concerned, the beneficiaries' perceptions of needs are likely to fall into three categories:

1) Felt needs: ie needs perceived within the community
2) Normative needs: those resulting from external (national and international) standards for acceptable conditions
3) Relative needs: the need within target communities compared to (for example) national standards.

Usually, the identification of needs involves a combination of these, making it difficult to choose a method for doing so. Felt needs can be assessed through participatory rural appraisal, but normative needs might be better determined through the collection of quantitative data on relevant standards. The methods for assessing stakeholders' needs, therefore, are complementary. This is why proposals must provide the sources of information used to assess needs.

Table 3: Example of stakeholder analysis table

East coast mangrove project, Republic of Silvania

Stakeholder group	Characteristics	Problems, needs, interests	Potentials	Involvement in the project
Primary stakeholders				
Local farmers	Derive income from mangrove-based activity; active group	Base for livelihoods threatened	Local knowledge	Primary project beneficiaries
Village administrations	Responsible for making and implementing village development plans	Lack of capacity for integrated planning	Authority and influence in the village	Main actors in micro-planning at village level
Secondary stakeholders				
Development NGOs	Actively involved in implementing rural development activities	Lack skills for village development micro-planning	Experienced in working with villages	Sub-contracting implementation of community development activities
Provincial forestry services	Lack enabling framework conditions for effectiveness (law enforcement, etc)	Insufficient financial means to implement yearly plans	Can mobilize staff for mangrove extension work	Directly involved in project implementation
Tertiary stakeholders				
Education and research institutions	Have education and research missions	Lack means to finance collaboration	Competence in research, studies and surveys	Might collaborate in implementing relevant activities
Finance institutions	Finance local development activities	Lack means to finance collaboration	Experience in providing development loans	Will be contacted for involvement in the local credit system

Table 4: Example of stakeholder analysis table

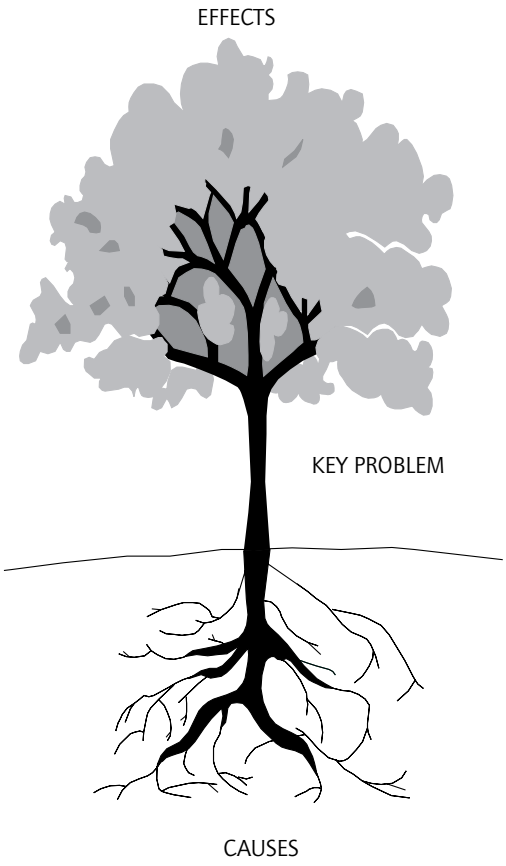
Project to strengthen timber-processing capacity, northern Silvania

Stakeholder group	Characteristics	Problems, needs, interests	Potentials	Involvement in project
Primary stakeholders				
Rural forest owners	Lack formal titles for their forests, which impedes management	Lands without title; insufficient economic options	Desire to receive assistance; belief in institutions	Primary project beneficiary
Loggers	Have logging equipment	Obsolete technology; lack of investment capital for suitable equipment; lack of training	Desire to receive assistance; belief in institutions	Primary project beneficiary
Sawmillers	Have sawmills	Insufficient and irregular supply of timber	Desire to receive assistance	Primary project beneficiary
Transport operators	Have mules or motor vehicles	Lack of training and organization for drying and storage	Belief in institutions	Primary project beneficiary
Secondary stakeholders				
Sawmillers Association	Provide service and advice to their members	Needs to improve capacity to serve its members	Desire to receive assistance	Can assist the project to reach sawmillers
Provincial forest agency	Services weakened by years of conflict	Needs support for land cadastre	Are close to forest industry operators; can implement forest development plans	Provincial forest personnel can cooperate with project

Problem analysis

Although the project formulator might already have identified a general problem or rationale, ITTO requires the use of a logical framework approach. Problem analysis follows stakeholder identification and analysis. It gives primary and secondary stakeholders an opportunity to identify the causes and effects of the key problems and to learn about potential opportunities and risks. It also allows them to express their expectations, identify their resources, and clarify their mandates. Problem analysis can be achieved through interviews, observations, tracing, questionnaires or workshops, or a combination of these.

Figure 4: The problem tree



Like a real tree, the problem tree has three parts: a trunk, roots, and branches. As Figure 4 illustrates, the trunk represents the key problem. The roots represent the causes of the key problem and the branches its effects. The causes of the key problem might not be immediately apparent; effort is required to understand the causes in order to address the problem. The project formulator should establish cause-and-effect relationships via the following steps (see also Figure 5):

1) Identify the key problem – the 'trunk' of the tree. If there is a strong need to look at more than one problem, draw one tree per problem.
2) Identify the immediate effects of the key problem: these become the branches of the problem tree. If required, list the secondary effects of each immediate effect as secondary branches (ie higher up the tree).
3) Identify the immediate causes of the key problem. For each cause, ask the question: 'How does this lead to (cause) the key problem?'
4) Identify the sub-causes that lead to each immediate cause. These sub-causes become the roots of the problem tree.

Figure 5: The four basic steps in problem tree analysis

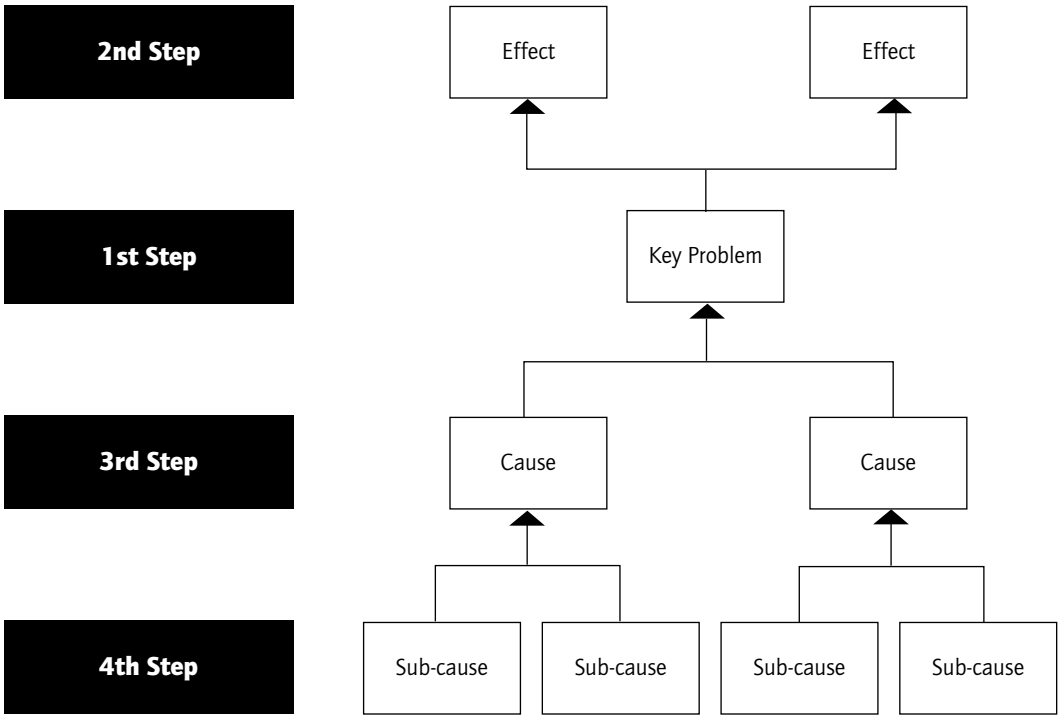
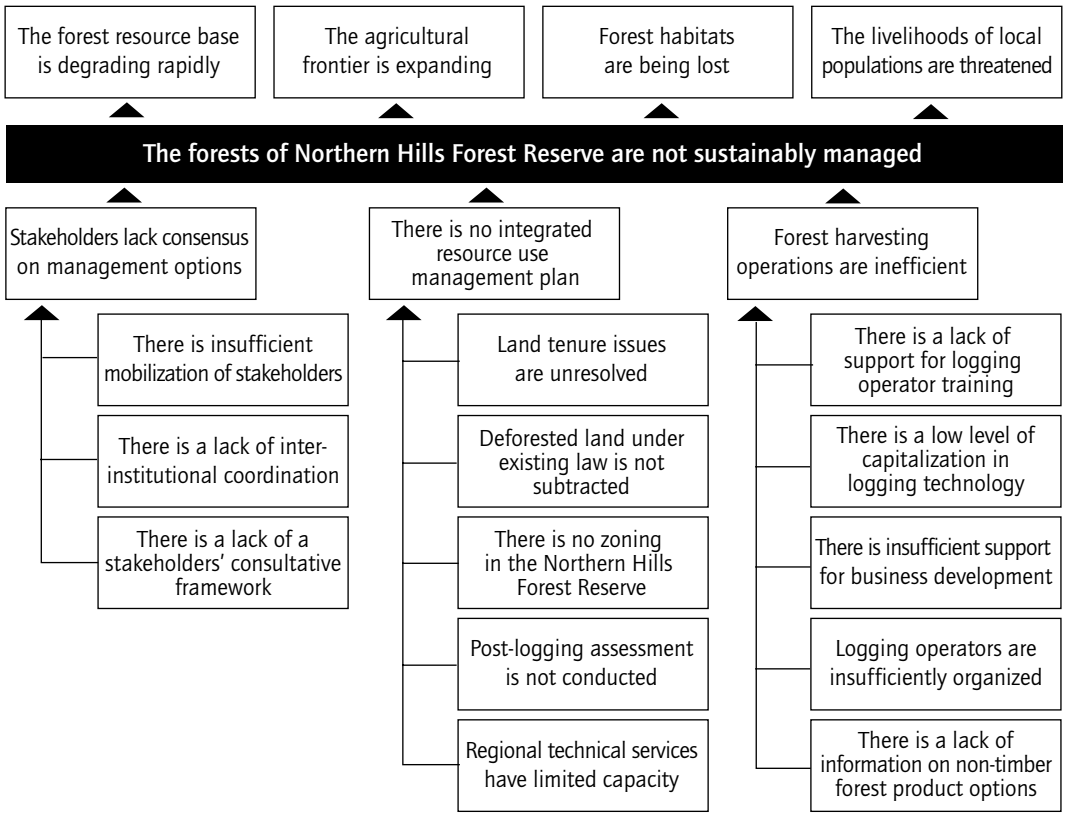


Figure 6 shows an example of a completed problem tree. Note the following:

- The problem is stated as a negative situation. For example, 'forests are degraded' is a problem.
- Each tree has only one key problem, which should be written as succinctly as possible.
- Put all primary causes in the first row below the key problem; usually there will be at least two causes for a key problem.
- Determine the sub-causes for each cause and make these the second row below the key problem; there should be at least two sub-causes per cause.

Figure 6: Example of problem tree, Northern Hills Forest Reserve project

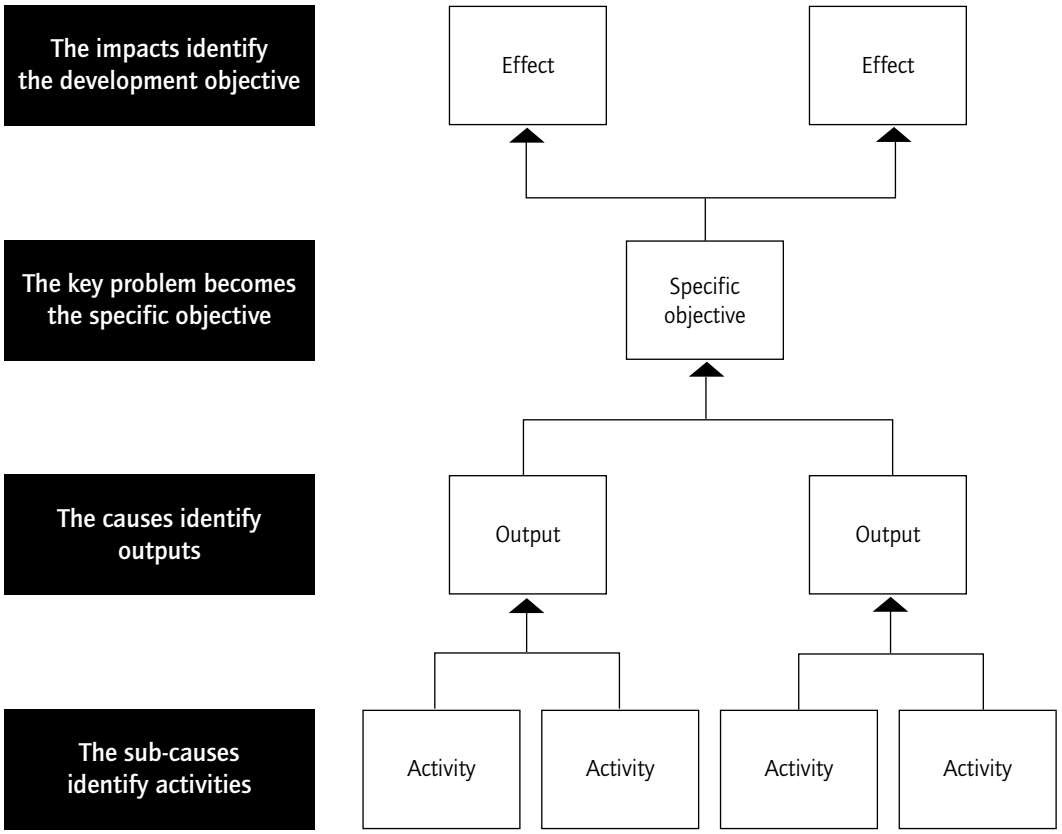


As shown in Figure 7, the problem tree can now be turned into a solution tree, using the following process:

- Label the solution to the key problem as the specific objective of the project, the solutions to the causes as the outputs, and the solutions to the sub-causes as the activities. The 'end' level above the specific objective is the development objective level.
- Identify vertical activity-output chains (possible interventions) which might already be implemented by another project, agency or organization identified earlier as a potential partner.
- Remove those possible interventions that are irrelevant to ITTO.
- Look carefully at the remaining possible interventions and consider those that can be combined as an ITTO project, taking into account the expected level of available resources and implementation capacity.

The selected interventions might be incapable of addressing all conditions to the extent necessary to achieve the development objective. In some cases, conditions that remain outside the scope of the project might be defined as key assumptions.

Figure 7: Turning problems into solutions



Under **2.1.3: Problem analysis:**

- Describe the key problem identified and its causes and effects.
- Show how these affect society and explain how the needs of the target group are a direct consequence of the key problem.
- Explain how addressing the causes will lead to the eradication of the key problem. The description should be clear, concise and convincing.

The use of stakeholder workshops for problem and objective analyses

Stakeholder workshops can be used to bring stakeholders together to help identify the key problem(s) to be addressed and to build coherence between project objectives, outcomes, outputs and activities. In the logical framework approach, the tools of the stakeholder workshop include teamwork, visualization, communication, and cooperation among stakeholders. Workshop participants can work as one group or be divided into smaller working groups of 5–8 participants. In each group, participants are invited by the group chairperson to write their problem ideas on 20x10 cm cards (one idea per card). Each group compiles the cards according to cause/effect relationships and proceeds in the following four steps (see also Figure 5):

1) **Agree on the key problem:** In each group the the the chairperson writes the key problem in the centre of a flip chart or board. This becomes the 'trunk' of the tree.
2) **Identify the major causes:** The group chairperson asks the participants to identify the causes of the key problem. For each cause, the chairperson asks: How does this (cause) lead to the key problem? The explanations provided by the group are written down.
3) **Identify the sub-causes:** the group chairperson solicits views on the sub-causes that lead to each major cause. These sub-causes become the roots of the problem tree.
4) *Identify the effects:* These become the branches of the problem tree.

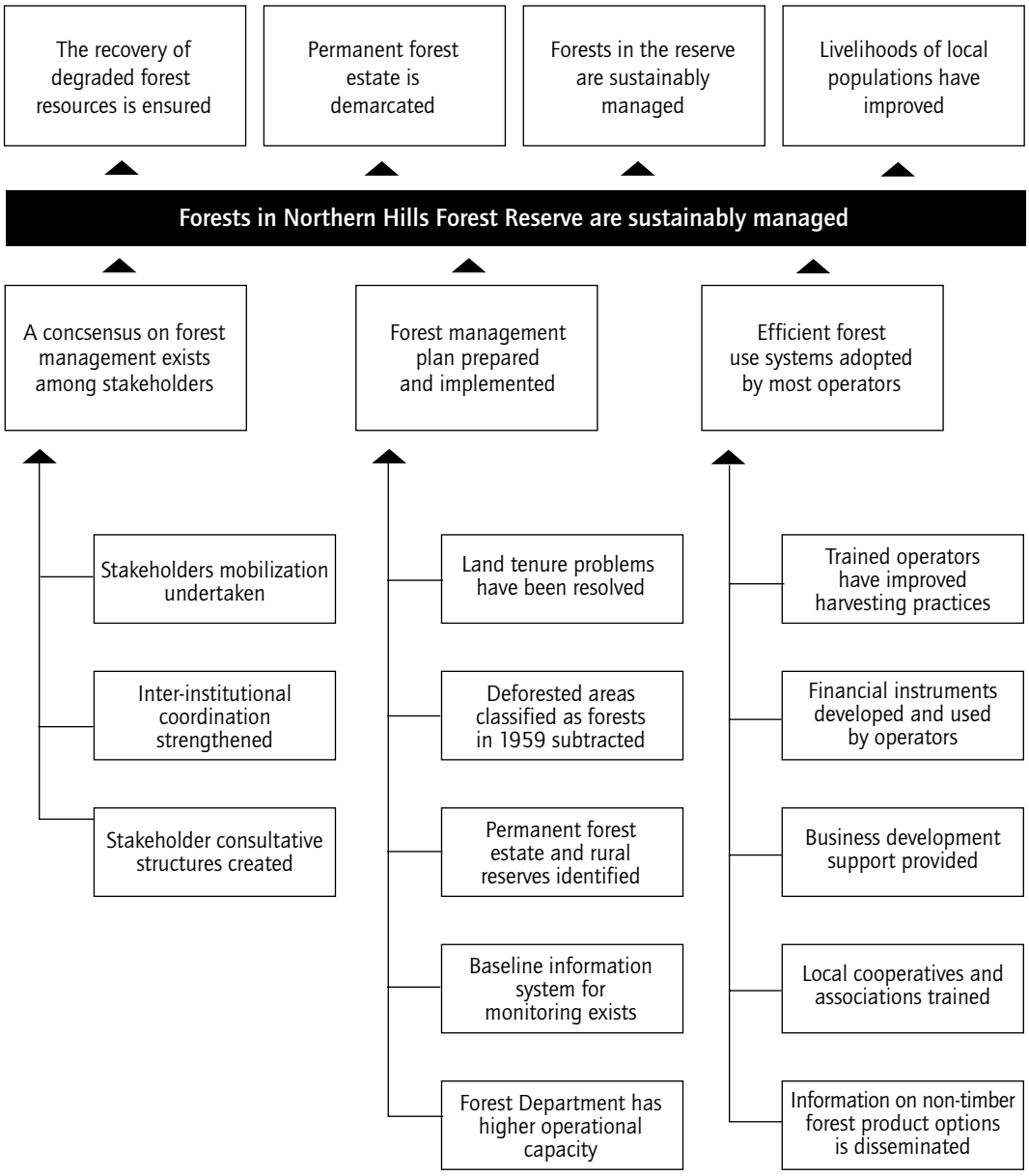
If the work is conducted in smaller groups, the formulator organizes presentations in a plenary session. The discussions aim to achieve a consensus view on a final cause/effect analysis. In the discussions, the project formulator might ask the group some of the following questions, depending on the context:

- Are all economic, social, cultural, political, technical, biological, environmental and market dimensions of the problem considered?
- Which causes/effects are getting better or worse or staying the same?
- Which causes are easier/more difficult to address?
- Where could a policy change help address a cause or effect, or create a solution?

Problem analysis compares the different viewpoints of stakeholders in order to identify the underlying causes of the key problem. This kind of workshop should be carried out during the project's identification stage. Its main output should be a logical framework matrix, which is a condensed 1–2 page summary of the project design.

Assuming there is consensus on the problem analysis, the next step is an objectives analysis, which is preferably conducted in plenary. While the problem analysis identifies problems in a cause/effect relationship, the objectives analysis organizes the solutions in direct relation to the problems. To ensure easy comparison, the exercise uses cards of a different colour than those used in the problem analysis and involves reformulating the problem on each card into a solution: that is, the desired future situation. The solution is formulated in a way that shows how things will be once the situation has improved. At the level of the main causes, potential solutions describe possible ways of solving the key problem. In this way, causes and effects are turned into solutions or objectives. The root causes become root solutions, which determine the project's entry points.

Figure 8: Example of an objectives tree, Northern Hills Forest Reserve project



Logical framework matrix

The logical framework is presented in tabular form as the logical framework matrix in Section 2.1.4 of the project proposal. It summarizes the scope and essential building blocks of the project and consists of:

- four columns ('strategy of intervention', 'measurable indicators', 'means of verification' and 'key assumptions')
- three rows ('development objective', 'specific objective' and 'outputs') (Table 5).

Table 5: The logical framework matrix

Strategy of intervention	Measurable indicators	Means of verification	Key assumptions
Development objective The higher objective to which the project will contribute and which is in line with ITTO's objectives and those of national sector programs	***Impact indicators*** Indicators that measure impacts: ie longer-term effects. They are often standardized as goals beyond the reach of a single project	Cost-effective methods and sources for collecting quantitative information on the indicators	***Sustainability assumptions*** The external conditions beyond the control of project management that must be realized for sustaining project results in the long term
Specific objective The major change that must take place in the practices, conditions, attitudes, performance, resource use or systems of primary stakeholders in order to solve the key problem. It results from the combined effect of the project's outputs and the realization of assumptions at the output level	***Outcome indicators*** Indicators that measure the immediate effects (ie outcomes) expected to be achieved by the project	Cost-effective methods and sources for collecting quantitative information on the indicators	***Development hypothesis, linking specific objective to development objective*** The external conditions that must be realized if the achievement of the specific objective is to contribute to the achievement of the development objective
Outputs The direct/tangible goods and services that the project delivers in order to bring about the above changes. They are under the control of project management	***Output indicators*** Indicators that describe the targets to be reached through the implementation of the project. They should specify the quantity and quality of goods and services and the time period for their delivery, the locations at which they will be delivered, and their expected users	Cost-effective methods and sources for collecting quantitative information on the indicators	***Implementation assumptions linking outputs to the specific objective*** The external conditions that, if unrealized, are liable to impede progress from outputs to specific objective

The logical framework matrix provides a baseline for the monitoring and evaluation of the project's achievements, and for reporting on progress. It is based on the vertical cause/effect logic and provides answers to the following questions:

- Where does the local, regional or national society want to be in the medium and long terms? (**specific objective, development objective**)

- How will the stakeholders get there? (**outputs, activities, inputs**)
- How will they know they have got there? (**measurable indicators**)
- What will provide the evidence they have reached there? (**means of verification**)
- What are the potential obstacles along the way? (**key assumptions**)
- What kinds of decisions or actions beyond the control of the project must be taken before the inception of the project? (**preconditions**).

Column 4 of the logical framework matrix, on key assumptions, should depict the conditions that must be fulfilled for the results of the project to be sustainable (ie to continue after project completion). Figure 9 shows the role that key assumptions play in project design and implementation. The logical framework matrix can be interpreted, from bottom to top, as follows:

- If certain preconditions are met, project activities can start.
- If the activities are executed successfully, and if management assumptions are realized, the outputs will be realized.
- If the outputs are realized and if the implementation assumptions are met, the outcomes of the project will be realized and the specific objective of the project will be reached.
- If the specific objective is reached, and if the development assumptions are met, then the project will have contributed to the development objective.
- If the project has successfully contributed to the development objective and if the sustainability assumptions are met, the impacts of the project will be sustainable.

The project formulator should now carry out a check by analysing the logical framework matrix in the order indicated in Figure 10, reformulating project elements as required. In steps 1–4, the vertical logic is checked. In step 5, the formulator checks whether there are preconditions that must be met before the activities can start. At the 6th step, the formulator checks whether there are managerial assumptions that must be fulfilled so that the activities can produce the outputs. In steps 7–9, the formulator checks the existence of external factors that could negatively influence the project work. In steps 10–12, the formulator checks the adequacy and precision of the indicators. The last step, step 13, allows any necessary adjustment of costs.

Under **2.1.4: Logical framework matrix:**

- Insert the logical framework matrix, which should indicate that: when the inputs are provided and activities of the project implemented, the outputs will be produced; the completion of outputs will lead to the achievement of outcomes and the reaching of the development objective; and this will lead to the achievement of the development objective.
- The logical framework matrix must also show the indicators, the means of verification, and the assumptions that must be met to ensure the success of the project.

Figure 9: The logical role of assumptions in the logical framework matrix

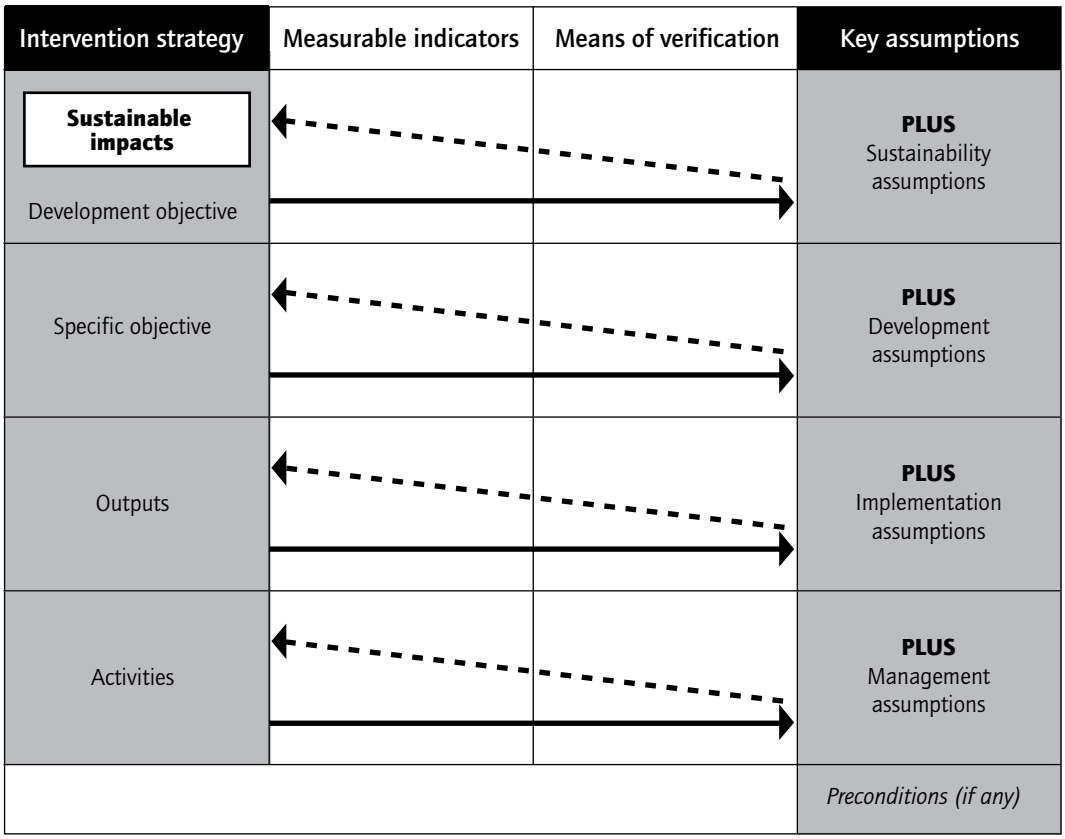
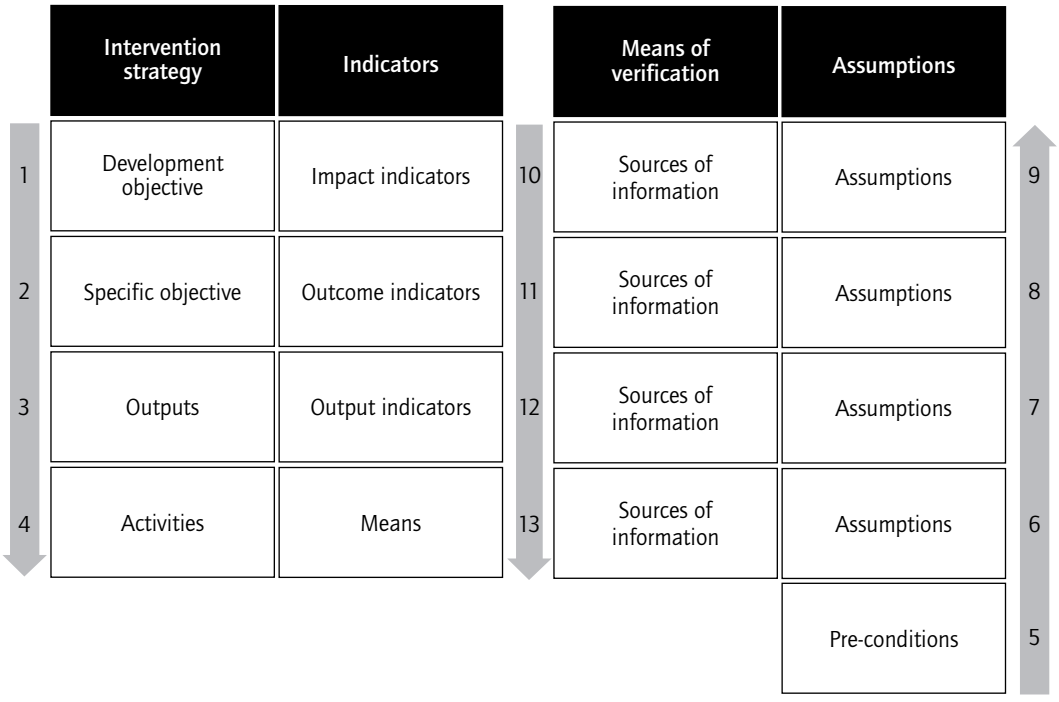


Figure 10: The order in which the logical framework matrix should be completed



Checklist to ensure project logic

1) The development objective is clearly defined and its achievement is beyond the responsibility of the project management team.
2) There is one specific objective which shows clearly the focus of the project and is not a reformulation of the project outputs.
3) The outputs are clearly defined.
4) All the outputs are necessary and sufficient to reach the specific objective.
5) The "If ... then" relationship between the specific objective and the development objective is logical.
6) The outputs plus their assumptions are necessary and sufficient conditions for reaching the specific objective.
7) The specific objective plus their assumptions are critical but insufficient conditions for reaching the development objective.
8) The activities for each output are sufficient for achieving that output.
9) The indicators at the level of the specific objective are independent of the outputs.
10) The indicators of the specific objective will measure the desired changes or outcomes.
11) The indicators for development objective, specific objective and outputs are SMART (see below).
12) The 'means of verification' column identifies the source of information needed to verify each indicator.
13) The assumptions are clearly spelled out and no assumptions at the output and activity levels are likely to be 'killer' assumptions.

Objectives

There should be one development objective and one specific objective and they should be described clearly and succinctly in one sentence each.

Development objective and impact indicators

The development objective is the broader or higher-level objective to which the project – along with other projects and initiatives – will contribute and which is in line with the objectives of ITTO and national sector programs. It can be derived from the top-level problem of the problem tree by converting it into a positive statement. It should be formulated in terms of a goal to be achieved rather than activities to be executed. The project, by achieving its specific objective, will contribute to the realization of the development objective. For an ITTO proposal:

- There should be only one development objective
- The development objective should be connected to a wider vision of sustainable development
- It should be possible to prove the project's contribution to the vision by means of verifiable indicators.

The project contributes to the development objective through impacts – the long-term effects of the project and the ultimate signs of its success. In order to ascertain these impacts, baseline data are needed on the social, economic and environmental contexts against which the changes induced by the project can be measured. If insufficient reliable information exists, a pre-project should be considered. The following is an example of a development objective and its indicators:

To contribute to integrated socioeconomic development and environmental protection in the Northern Hills Forest Reserve, Republic of Silvania.

The long-term impact indicators are:

- By 2018, deforestation has stopped.
- By 2015, the rate of logged timber waste has decreased from the current 60–70% to less than 40%, and the income levels of users have increased by 30–50%.
- By 2015, forest management in the Northern Hills Forest Reserve qualifies for certification.

Under **2.2.1: Development objective and impact indicators:**

- State clearly and concisely the development objective to which the project is intended to contribute.
- This objective should have a clear relationship to ITTO's mandate and objectives and comply with relevant developmental goals of the host country.
- List the indicators that will be used to measure how the project is contributing to the achievement of the development objective.

Specific objective and outcome indicators

The specific objective is a statement of the effects to be achieved in the short term as a result of the use of the project's outputs by its target group(s). In other words, it is a hypothesis for the changes that will take place as a result of producing and using project outputs. These are usually changes in practices, policies and laws, systems and services rather than in knowledge or attitudes. They should be clearly linked to target groups and should be achievable by the project in its planned duration. The definition of the specific objective should not be much larger than the sum of the results that are planned to achieve it. In short, the specific objective:

- should provide adequate justification: ie through its achievement, the project should solve the key problem through the benefits it provides to project beneficiaries
- should reflect the main change that is intended to take place by the end of the project
- should be formulated in terms of the change to take place rather than the activities to be executed
- is formulated by positively converting the negative statement of the key problem as it was identified and presented in the problem tree.

The specific objective statement should be specific and concrete and, whenever possible, quantifiable:

- Indefinite and weak terms such as *improve, support, promote* and *create awareness* should be avoided.
- Definite and stronger terms such as *install, establish, accomplish, reduce, increase* and *develop* should be used instead.
- Whenever the use of an indefinite term is unavoidable, its meaning should be made operational through the establishment of appropriate indicators.

The achievement of the specific objective should be quantitatively or qualitatively verifiable. A well-formulated specific objective identifies directly or implicitly WHO will be reached, WHAT change will occur, in WHAT time period and WHERE the change will take place. It should be **SMART**:

- **S**pecific: to avoid differing interpretations
- **M**easurable: to allow the monitoring and evaluation of implementation
- **A**ppropriate: to adequately address the problems
- **R**ealistic: achievable and meaningful
- **T**ime-bound: with a specific time for achieving it.

Below is an example of a poorly written specific objective, and how it can be corrected:

Example of poorly written specific objective

- To increase capacity in sustainable forest management.

Why is this specific objective poorly written?

- It does not refer to a key problem to be addressed. The formulator should ask: why is capacity in sustainable forest management important? What will happen if capacity is increased?
- It does not refer to the target area or target stakeholders, and is not time-bound.

A better formulation of the specific objective would be:

- To initiate a participatory process to bring about the sustainable forest management of the Northern Hills Forest Reserve, Republic of Silvania. In this formulation, initiate relates to a stage in time, participatory process refers to the role of target stakeholders, sustainable forest management refers to the key problem to be addressed, and Northern Hills Forest Reserve is the target area.

ITTO project proposals should have one specific objective, regardless of project size. It is possible that two key problems are identified, which would apparently justify two specific objectives. The greater management complexity that this would imply, however, would mean that the project would be less likely to achieve all its desired impacts. In such cases, the formulator should consider proposing two separate projects. If more than one specific objective is considered essential, they should be complementary and avoid overlap: i.e. each output should contribute to only one specific objective.

Outcome indicators are used to describe the targets to be reached through project implementation:

- They should specify the quantity and quality of goods and services and the time period for their delivery, the locations at which those goods and services are to be delivered, and their expected users.
- They provide the information that is used to write subsection 1.4 on expected outcomes at project completion.

Under **2.2.2: Specific objective and outcome indicators:**

- Clearly and concisely state the specific objective of the project.
- Avoid giving more than two specific objectives.
- List the outcome indicators that will serve as the quantitative measures or qualitative judgments by which the achievement of the specific objective will be judged.
- The indicators should be SMART.

Part 3: Description of Project Interventions

ITTO project proposals should include a description of outputs, activities, the implementation approach, work plan, budget, assumptions, risks, and sustainability. This section shows how these elements are presented in Part 3 of the proposal.

Part 3: Description of Project Interventions

3.1 Outputs and activities
- 3.1.1 Outputs
- 3.1.2 Activities

3.2 Implementation approaches and methods

3.3 Work plan

3.4 Budget
- 3.4.1 Master budget schedule
- 3.4.2 Consolidated budget by component
- 3.4.3 ITTO budget by component
- 3.4.4 Executing agency budget by component

3.5 Assumptions, risks and sustainability
- 3.5.1 Assumptions and risks
- 3.5.2 Sustainability

Outputs and activities

Outputs

Outputs should:

- address the direct causes of the key problem faced by project beneficiaries and be identified on the basis of real needs
- be produced and utilized in order to achieve the specific objective
- be the actual direct result of project implementation; their achievement is the responsibility of the project management team
- clearly relate to the specific objective and be stated in such a way that their achievement can be measured in quantity, quality, time and space
- be achievable with the available resources
- not be confused with activities.

In practice, there may be 3–6 outputs, depending on the number of main causes of the key problem. Outputs are broken down into activities, which are packages of work or tasks to be performed in order to obtain the outputs.

- The **output** of a training **activity** might be: *50 trained people are using their acquired skills*
- The **output** for research activity might be: *Research results have been published*
- *Research conducted on prevention of fungal damage* to timber is an activity, not an output.

The two most important questions to ask when selecting project outputs are:

1) Is the set of outputs sufficient to achieve the specific objective?

2) Is each output necessary or are there alternative outputs, requiring fewer inputs, that would yield the same result?

Project formulators should check that outputs and activities can be easily scheduled, organized and monitored. If not, they might be too general and should be deconstructed into more detailed tasks. On the other hand, too much deconstruction can be inefficient, consuming time and energy but producing no significant improvement in the accuracy of cost estimates or the task of preparing schedules.

The statement of outputs should:

- outline the finished or completed results in qualitative and quantitative terms
- be written in the present continuous tense (eg *50 trained people are using their acquired skills*) or the present perfect tense (eg *research results have been published*) in order to indicate the expected situation at project completion
- be as clear and definite as possible so as to leave no qualitative or quantitative uncertainty about what will be achieved
- be time-bound.

The results of support activities, such as setting up a management structure or a project office, and routine tasks carried out by the executing agency such as the recruitment of the project leader and other project personnel are not considered to be outputs.

To be efficient, formulators should specify outputs in ITTO ProTool, which will then automatically generate the following components of the proposal:

- logical framework matrix template
- work plan template
- budget tables
- the ITTO project proposal document template.

ITTO ProTool ensures that the generated document is in the correct format, thus eliminating the need to format it manually. It also helps ensures consistency in the information that is presented in different sections of the proposal.

Activities

The proposal must list activities under their respective outputs. Activities can include:

- those defined from the outputs in the logical framework matrix
- those related to general project management, which cannot be assigned to a logical framework matrix output
- those that originate from the analysis of assumptions aimed at reducing risks (which can be assigned to respective outputs)
- those that relate to the means of verification, such as surveys to obtain data on indicators to monitor the use of project outputs. They can also be assigned to respective outputs
- those involved in mainstreaming the lessons learnt from the project.

Example: Outputs and indicators, forest management project

Output 1: Groups interested in the Northern Hills Forest Reserve are contributing to the development of a consensus-based vision for the integrated management of natural resources

Indicators:

- By the end of the first year, recommendations have emerged from consultations
- By the end of the project, at least 80% of interested groups are satisfied with their involvement in the forest management process.

Output 2: Forest management plan developed and implemented

Indicators:

- By the end of the first year, zoning has been completed
- By the end of the first year, the executing agency has strengthened capacity to support technological changes in forest uses and to monitor management plans
- By the end of the second year, the executing agency has adopted a management plan
- In the third year, the management plan is put into implementation.

Output 3: Efficient forest harvesting practices adopted by most operators

Indicators:

- 150 users are trained in the first two years of the project and 50 in the third year and, by the end of the third year, they all indicate their satisfaction
- By the end of the project, 90% of users have adopted at least one new technology (eg tree-felling, transport, timber drying or storage)
- By the end of the project, at least ten beneficiaries per municipality have been assisted to gain access to credit facilities
- By the end of the project, 25 model farms have made progress with their production systems.

Project formulators should use reference numbers to help identify activities with regard to their respective outputs (which are also numbered). For example, if Output 4 of a project has three activities, they would be identified as Activity 4.1, Activity 4.2 and Activity 4.3.

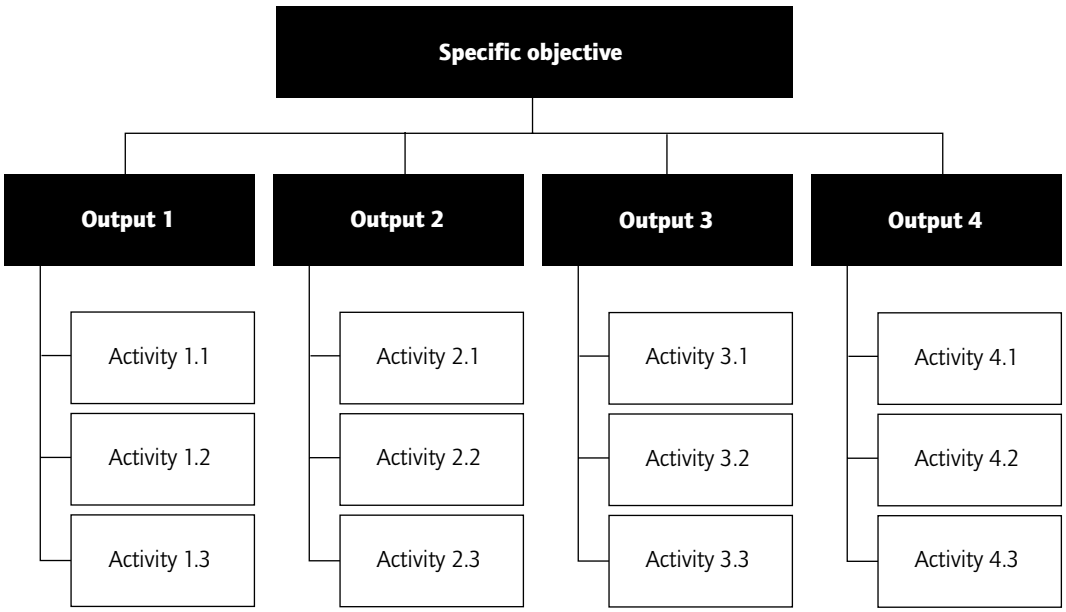
Activities should be broken down sufficiently to allow an accurate estimate of the resources required, but no further. They should be stated in such a way that they describe precisely the actions or tasks to be undertaken by project staff. Activities should indicate what will be done to transform inputs into outputs, thus providing a fundamental linkage with the project rationale. Each output will have a corresponding set of activities (no fewer than two per output). The four steps for developing activities are:

1) Examine each output listed in the logical framework matrix.
2) Establish the complete set of activities necessary to achieve each output.
3) Check the set of activities for a given output to verify that they are sufficient to achieve the output.
4) Check the level of detail given for each activity to verify that they allow an accurate estimate of the inputs necessary for implementation.

Tasks that are very general in scope often have a level of complexity that prohibits accurate budgeting and scheduling. In setting the project's activities, the aim should be to identify tasks of relatively low complexity, thereby allowing an accurate estimate of the human and material resources needed to carry out a successful project.

A good tool for establishing activities is the work breakdown structure, which identifies groups of activities related to each project output and presents them in a hierarchical structure. It is usually constructed as a simple block diagram showing each of the project's outputs and the related set of activities that will allow their achievement (Figure 11). Each set of activities, or work packages, provides the means for organizing the implementation of the activities and distributing their execution between the project staff in such a way that responsibilities are well established and manageable.

Figure 11: Work breakdown structure



Implementation approaches and methods

The intended project must be strategic – not a gap-filling budget support action. To demonstrate this, lists of outputs and activities are insufficient. The proposal must describe the approaches and methods to be used to address the key problem in order to bring about the intended changes and to meet the expectations of stakeholders. Attention could be paid, for example, to the chosen development models, such as the development of small-scale local wood industry, and to stakeholder participation approaches such as participatory monitoring and evaluation. The process and methods for implementing and operationalizing the chosen approaches should be outlined and illustrated in a chart, showing key milestones. The proposal also needs to show how it will resolve possible problems related to the participation of women in the project. In a thoughtful analysis of the most appropriate approaches and methods, the project formulator should:

- reflect the linkage between the problem and needs to be addressed, and the proposed solutions
- incorporate scientifically sound and holistic development approaches
- allow for the effective participation of stakeholders, including women, in all stages, and provide a participation plan
- include appropriate capacity building for the successful implementation of field activities.

Example of how to write section 3.2: Implementation approaches and methods

The project will work collaboratively with all stakeholders directly or indirectly interested in the resources of the Northern Hills Forest Reserve. Using a participatory approach it will help interested groups to participate in the development of a consensus-based vision for the sustainable use and management of forests in the region. The development of processes to mobilize and train beneficiaries will take into account the need to advance one step at a time, helping to raise awareness, change perceptions, analyse problems, and identify socioeconomic priorities. The following steps will be taken to implement this participatory development approach.

Organize consultations to review the current situation: Participatory workshops will be convened in each municipality to examine the status of forest use and management and to develop a common vision of the threats to forest resources, their potential, and solutions that will contribute to their rational use. In addition, workshops will help develop and validate a forest zoning proposal to serve as a basis for the development of a management plan.

Zoning for management: A participatory mapping exercise of actual forest areas will be undertaken and production, protection and conservation areas and rural reserves identified.

Management plan: A regional management plan will be prepared on the basis of biophysical and socioeconomic data and the outcomes of the consultations.

Forest management plans: In addition to the legal need to develop management plans, a pilot and demonstration scheme will encourage forest owners to plan the integrated utilization of their resources.

Strengthen local forest utilization and management organizations: The project will support existing cooperatives and associations and efforts to create a consultation space among interested groups on the management and use of forests in the region.

Participatory monitoring and evaluation: A participatory monitoring and evaluation system will be established to monitor progress in the implementation of the management plan.

Work plan

The work plan will be an important reference for project staff showing the expected timing of each activity and the party responsible for it. The work plan is also useful for project monitoring and reviews by both the executing agency and ITTO. Among other things, the work plan:

- ensures that efficient use is made of resources and time throughout the life of the project
- provides the basis for preparing the project budget and assists in estimating installment amounts and ITTO disbursements, taking into account the starting point and duration of each activity.

As it is important to show the sequence and dependence of each activity, the work plan is presented as a Gantt chart, which is a bar chart that plots the duration of project activities, as illustrated in Table 6. Black horizontal bars show when the activity starts and ends.

For projects that have a planned duration of more than two years, quarterly rather than monthly divisions of time may be used. The starting quarter of the first activities and the ending quarter of the last activities determine the total duration of the project.

In preparing the work plan, project formulators should:

- allocate responsibility for activity execution to staff
- identify, for each activity, a meaningful beginning, duration and end
- identify the linkage in time with other activities and the sequence in which they will occur.

Under **3.3: Work plan:**

- Use a Gantt chart to indicate, for each activity, the starting and end date, and responsibility for execution.
- In the Gantt chart, use a black horizontal bar to indicate the execution period of each activity.
- For each activity, indicate when it will be executed and which member of the team will be responsible for its execution.

Table 6: Example of work plan for project of 3-year duration

Outputs/activities	Responsible party	Year 1 Quarter				Year 2 Quarter				Year 3 Quarter			
		1	2	3	4	1	2	3	4	1	2	3	4
Output 1	Coordinator												
A1.1 Support inter-institutional coordination	Coordinator												
A1.2 Organize workshops for interested groups	Coordinator												
A1.3 Support the creation and operation of municipal and inter-municipal consultation spaces	Territorial unit offices												
Output 2													
A2.1 Support municipal operations to subtract non-forested areas classified as forests	Territorial unit offices												
A2.2 Support municipal operations to legalize private property	Territorial unit offices												
A2.3 Zoning of Northern Hills Forest Reserve and development of the management plan	Coordinator												
A2.4 Design a monitoring and evaluation system for management plan implementation	Coordinator												
A2.5 Establish the coordination of the project and increase operational capacity of the executing agency's territorial units	Executing agency												
Output 3													
A3.1 Organize the training of operators	Territorial unit offices												
A3.2 Design modalities to support the operators for access to credit	Coordinator												
A3.3 Provide support and advice on the management of 25 model farms	Territorial unit offices												
A3.4 Support the strengthening of organizational capacity of forest users	Coordinator												
A3.5 Conduct a study on potential uses for non-timber forest products and disseminate the information													

Budget

If ProTool has been used to create the objectives tree, specify outputs and activities and identify inputs it will automatically generate activity budget plan tables as excel files, with all the necessary formulas for the real-time computation of budgets. The user needs to enter the unit costs, the budget component categories and the year in which each budget line will be needed. Table 7 shows the budget categories and layout of the yearly budget.

Master budget schedule

The next step is to identify the inputs – human resources, equipment, facilities, expendables, spare parts, financial resources, time, etc – required to carry out each activity. Since the project budget will be derived directly from these inputs, their type, quality, quantity and unit cost should be clearly indicated for each activity in the master budget table. The degree of detail in the inputs should make it possible to draw up an accurate and transparent budget. Table 8 shows an example of a master budget table showing the inputs needed to carry out activities and the schedule by which funds will be spent.

The master budget shows the cost of activities and the budget schedule in the form of a resource plan for activity implementation. It is a useful tool for project management because it allows the planning and monitoring of expenditure by activity over time. It provides information on cost categories by activity and output and on disbursement needs over the course of implementation. ITTO budgets have two types of costs:

1) activity-based costs

2) non-activity-based costs.

Activity-based costs are those required for conducting the activities directly related to the achievement of specific outputs. Non-activity-based costs might include project infrastructure, the salaries of the project coordinator and administrative/finance staff, operational costs, monitoring and evaluation, steering and technical committee meetings, independent financial auditing, etc.

Independent financial audits are required for all projects and pre-projects. ITTO requires annual audits for projects with an ITTO budget of more than US$200,000 and a duration of more than two years.

Executing agency management costs are budgeted at a fixed percentage of 15% of the overall project budget, not including ITTO monitoring and support costs. The costs incurred by members of the project steering committee in attending committee meetings (ie transport to the venue and daily subsistence allowance) are excluded from the ITTO budget; they are usually met by their respective organizations or by the executing agency.

Certain project costs are not included in the activity budget plan because those budget lines are executed directly by ITTO. These include:

- *Project monitoring and review*: this budget item covers the costs of visits by the ITTO Secretariat to attend meetings of the project steering committee. The ITTO Secretariat project manager will usually carry out at least one monitoring visit per year.
- *Evaluation costs:* this budget item covers mid-term and ex-post evaluations of eligible projects (as set out in the ITTO Manual on Project Standard Operating Procedures). These evaluations are conducted on an as-needed basis.
- *ITTO program support costs:* this budget item covers the cost of ITTO project administration and is calculated as a fixed percentage (at the time of publication, 8%) of the total project funds requested from ITTO.
- *Refund of pre-project costs:* If a project proposal is the result of a pre-project, the ITTO budget of the pre-project is to be reimbursed to ITTO but does not appear in the activity budget plan.

Consolidated budget by component

The proposal should provide a consolidated budget table by component, showing the budget for all sources of project funds (Table 9).

Under **3.4.2: Consolidated budget by component:**

- Provide yearly summaries of the consolidated budget by component.
- Break down the categories into detailed sub-categories.

ITTO budget by component

The proposal should provide a consolidated yearly budget table, by component, for ITTO funding (Table 10). Remember to exclude from ITTO's budget items such as national experts, project offices and executing agency overheads, which are normally financed by the executing agency.

The presence of contingencies in a budget reflects poor budgeting and should be avoided. If an unexpected development with budget implications arises, the project manager, in consultation with the project steering committee and ITTO, should seek a solution within the existing budget.

Under **3.4.3: Yearly ITTO budget by component:**

- Provide yearly summaries of the project budget by component for ITTO funding.
- Break down the categories into detailed sub-categories.

Executing agency budget by component

Table 11 shows the executing agency budget using the categories listed in Table 7 and broken down into sub-categories as required. To complete each row, use Table 7 to compile information on each category and spending year. For category 10, for example, add up the costs of each sub-category given in Table 7 and insert the sum in the relevant row and year in Table 11.

Under **3.4.4: Executing agency budget by component:**

- Provide yearly summaries of the budget of the executing agency.
- Break down the categories into detailed sub-categories.

Table 7: Possible budget categories and layout of yearly budget by source

Category	Description	
10.	***Project personnel***	
	11.	National experts (long-term)
		11.1 Project coordinator
		11.2 Forester 1, etc
		11.3 Market/industry expert, etc
		11.4 Administrator
	12.	Other Personnel
		12.1 Assistant 1, etc
		12.2 Other labour
	13.	National consultants (long-term)
		13.1 Consultant on forest technology
		13.2 Consultant 2, etc
	14.	International consultant (long-term)
		14.1 Consultant in reduced impact logging training
		14.2 Consultant 2, etc
	15.	Fellowships and training
		15.1 Training 1 (specify beneficiaries)
		15.2 Training 2, etc
	19.	Component total:
20.	***Sub-contracts***	
	21.	Sub-contract (Topic 1; eg mapping, etc)
	22.	Sub-contract (Topic 2)
	29.	Component total:
30.	***Travel***	
	31.	Daily subsistence allowance
		31.1 National expert(s)/consultant(s)
		31.2 International consultant(s)
		31.3 Others
	32.	International travel
		32.1 National expert(s)/consultant(s)
		32.2 International consultant(s)
		32.3 Others
	33.	Local transport costs
		33.1 National expert(s)/consultant(s)
		33.2 International consultant(s)
		33.3 Others
	39.	Component total:

Category	Description	
40.	***Capital items***	
	41.	Premises
	42.	Land
	43.	Vehicles
	44.	Capital equipment
		44.1 Computer equipment (specify)
		44.2 Forestry equipment (specify)
		44.3 Others
	49.	Component total:
50.	***Consumable items***	
	51.	Raw materials
	52.	Spares
	53.	Utilities
	54.	Office supplies
	59.	Component total:
60.	***Miscellaneous***	
	61.	Sundry
	62.	Audit costs
	63.	Contingencies
	69.	Component total:
70.	***National management costs/executing agency management***	
	71.	Costs
	72.	Contact point monitoring
	79.	Component total:
	Sub-total	
80.	***Project monitoring & administration***	
	81.	ITTO monitoring and review
	82.	ITTO mid-term evaluation
		ITTO ex-post evaluation
		Sub-total
	83.	ITTO program support costs (8% on items 10–82 above)
	84.	Donor monitoring costs
	89.	Component total:
90.	***Refund of pre-project costs (pre-project budget)***	
		Subtotal:
100.	GRAND TOTAL	

Table 8: Example of master budget table, Northern Hills Forest Reserve project

Outputs/ activities	Description	Budget component	Quantity			Units	Unit cost US$	Total cost US$	ITTO			Executing agency
			Year 1	Year 2	Year 3				Year 1	Year 2	Year 3	
Output 1	***Groups interested in the Northern Hills Forest Reserve are contributing to the development of a consensus-based vision for the integrated management of natural resources***											
A1.1	**Support inter-institutional coordination**											
	3 x 2-day meetings; 15 participants per meeting	31	30	30	30	Participant-day	50	4500	1500	1500	1500	
A1.2	**Organize workshops for interested groups**											
	3 workshops; 25 participants per workshop:											
	Transport	605	25	25	25	Participant	25	1875	625	625	625	
	Daily subsistence allowance	605	25	25	25	Participant	40	3000	1000	1000	1000	
A1.3	**Support the creation and operation of municipal and inter-municipal consultation spaces**											
	6 x 2-day inter-municipal meetings; 15 participants per meeting:											
	Transport	606	30	30	30	Participant	25	2250	750	750	750	
	Daily subsistence allowance	606	30	30	30	Participant	40	3600	1200	1200	1200	
Output 2	***Forest management plan developed and implemented***											
A2.1	**Support municipal operations to subtract non-forested areas classified as forests**											
	1 technician per municipality for 6 months; 5 municipalities	608	30			Person-month	1000	30000	30000			
A2.2	**Support municipal operations to legalize private property**											
	1 technician per municipality for 6 months; 5 municipalities	608	30				1000	30000	30000			
A2.3	**Zoning of Northern Hills Forest Reserve and development of the management plan**											
	Mapping specialist (EA personnel*)	13	5			Person-month	2000	10000	10000			
	Sub-contracted forest management specialist	32	2			Person-month	2000	4000	4000			
	Specialist in digital satellite photo processing	25	4			Person-month	1200	4800	4800			
	satellite images	52	5			Image	3000	15000	15000			
	Production of maps at 1:5,000 scale	53	100			Copy	20	2000	2000			
	Management plan	55	300			Copy	10	3000	3000			
	One-day inter-institutional meeting for validation	32	15			Participant	50	750	750			
	Computer with 50 gigabyte hard drive and 2 GB RAM for EA's mapping unit	41	1			Unit	6100	6100	6100			
	HP-DESIGNJET 450 plotter	42	1			Unit	15600	15600	15600			

Outputs/ activities	Description	Budget component	Quantity			Units	Unit cost US$	Total cost US$	ITTO			Executing agency
			Year 1	Year 2	Year 3				Year 1	Year 2	Year 3	
	Paper and ink for plotter: total cost estimate: US$3,000	54						3000	3000			
A2.4	**Design a monitoring and evaluation system for management plan implementation**											
	3 specialists (1 forest engineer, 1 socio-economist, 1 systems engineer)	26		6		Person-month	2000	12000		12000		
A2.5	**Establish the coordination of the project and increase operational capacity of the executing agency's territorial units**											
	EA personnel at head-quarters, over 3 years: 1 coordinator, 1 forester and 1 accountant	11	6	6	6	Person-month	1600	28800				28800
	2 engineers (EA) in the field	12	24	24	24	Person-month	1600	115200				115200
	1 technical expert per municipalities; five municipalities in total	16	60	60	60	Person-month	800	144000				144000
	Computers and their peripherals	43	7			Unit	2000	14000	14000			
	Steering committee meeting (transport and organization)	609	1	1	1	Event	1500	4500	1500	1500	1500	
	Consultative committee meeting (transport and organization)	610	1	1	1	Event	1500	4500	1500	1500	1500	
	Information, media, various publications	611	1	1	1	Year	1000	3000	1000	1000	1000	
	Duty travel	31	1	1	1	Year	15000	45000				45000
	Offices at headquarters	41	1	1	1	Year	1200	3600				3600
	Offices in territorial units	42	1	1	1	Year	1200	3600				3600
	Offices in municipalities	43	1	1	1	Year	900	2700				2700
	Miscellaneous consumables	51	1	1	1	Year	1800	5400				5400
	Office supplies	52	1	1	1	Year	1200	3600				3600
	Annual audit	612	1	1	1	Year	2000	6000	2000	2000	2000	
Output 3	***Efficient forest harvesting systems adopted by most operators***											
A3.1	**Organize the training of operators**											
	Training in equipment maintenance, sharpening chainsaw chains, timber bucking, safety and ongoing follow-up:											
	3 experts for 2.5 years	11	18	36	36	Person-month	1500	135000	27000	54000	54000	
	200 beneficiaries	601	40	80	80	Participant	15	3000	600	1200	1200	
A3.2	**Design modalities to support the operators for access to credit**											
	Consultants	21	2			Person-month	1600	3200	3200			

Outputs/ activities	Description	Budget component	Quantity			Units	Unit cost US$	Total cost US$	ITTO			Executing agency
			Year 1	Year 2	Year 3				Year 1	Year 2	Year 3	
	Contribution to management costs of financial institutions Total cost of US$20,000	602						20000	20000			
A3.3	**Provide support and advice on the management of 25 model farms**											
	Regular support by experts	12	12	24	24	Person-month	1500	90000	18000	36000	36000	
	Miscellaneous support (study travel, etc): total cost US$1,000	603						10000	2000	4000	4000	
A3.4	**Support the strengthening of organizational capacity of forest users**											
	Consultancy to identify needs and design training	22	2			Person-month	1500	3000	3000			
	1 x 2-day training event per municipality, 5 municipalities	601	75			Participant	40	3000	3000			
A3.5	**Conduct a study on potential uses for non-timber forest products and disseminate the information**											
	Specialists	24		3		Person-month	2000	6000		6000		
	Information sheets	24		1000		Sheet	1	1000		1000		

* EA = executing agency

Table 9: Consolidated budget by component

Category	Description	Total	Year 1	Year 2	Year 3
10	*Personnel*				
111	3 experts for user training	135000	27000	54000	54000
112	Project coordinator	57600	19200	19200	19200
121	2 experts for property management	90000	15000	37500	37500
122	2 Officers in charge of land units	115200	38400	38400	38400
131	Mapping specialist	80000	80000		
141	1 x forest engineer (headquarters)	57600	19200	19200	19200
151	1 x accountant	57600	19200	19200	19200
161	5 x technicians in municipalities	144000	48000	48000	48000
19	**Subtotal**	**737000**	**266000**	**235500**	**235500**
20	*Sub-contracts*				
21	Consultations with financial institutions	3200	3200		
22	Consultant in organizational capacity	3000	3000		
23	Consultancy for certification process	12000	12000		
24	NTFP study	6000		6000	
25	Zoning and management plan	8800	8800		
26	Monitoring and evaluation system	6000		6000	
29	**Subtotal**	**39000**	**27000**	**12000**	

Category	Description	Total	Year 1	Year 2	Year 3
30	***Duty travel***				
311	Inter-institutional coordination support	4500	1500	1500	1500
312	Travel costs	45000	15000	15000	15000
320	Zoning and management plan	750	750		
39	**Subtotal**	**50250**	**17250**	**16500**	**16500**
40	***Capital items***				
411	1 x 50 GB computer	6100	6100		
412	Offices in main city	3600	1200	1200	1200
421	1 x plotter	15600	15600		
422	Offices in land units	3600	1200	1200	1200
431	7 x computers for project coordination	14000	14000		
432	Offices in municipal councils	2700	900	900	900
49	**Subtotal**	**45600**	**39000**	**3300**	**3300**
50	***Consumable items***				
511	NTFP information dissemination	1000		1000	
512	Miscellaneous consumables	5400	1800	1800	1800
521	5 satellite images	15000	15000		
522	Office supplies	3600	1200	1200	1200
53	Mapping	2000	2000		
54	Paper and ink	3000	3000		
55	Production of management plan	3000	3000		
59	**Subtotal**	**33000**	**26000**	**4000**	**3000**
60	***Miscellaneous***				
601	Training of 200 users	3000	1000	1000	1000
602	Financial institution costs	20000	4000	8000	8000
603	Miscellaneous support to property management	10000	3000	3500	3500
604	Support in organizational capacity	6000	6000		
605	Workshops for interested groups	4875	1625	1625	1625
606	Operation of consultation spaces	3900	1300	1300	1300
607	Support to municipalities / Law 2 of 1959	30000	30000		
608	Support to municipalities for land tenure legalization	30000	30000		
609	Steering committee meeting	4500	1500	1500	1500
610	Consultative committee meeting	4500	1500	1500	1500
611	Information, media, publications	3000	1000	1000	1000
69	**Subtotal**	**119775**	**80925**	**19425**	**19425**
70	***National management cost***	***153694***			
80	***Project monitoring and administration***				
81	ITTO monitoring & review	12000			
82	ITTO mid-term evaluation	–			
83	ITTO final evaluation	15000			
84	ITTO ex-post evaluation	–			
	Subtotal (11–82)	448725			
85	ITTO programme support (8% of 1–82)	35898			
89	**Subtotal**	**484623**			
100	***GRAND TOTAL***	***1241217***			

Table 10: Example of ITTO yearly budget

Category	Description	Total	Year 1	Year 2	Year 3
10	***Personnel***				
11	3 experts for user training	135000	27000	54000	54000
12	2 experts for property management	90000	15000	37500	37500
19	**Subtotal**	**225000**	**42000**	**91500**	**91500**
20	***Sub-contracts***				
21	Consultations with financial institutions	3200	3200		
22	Consultant in organizational capacity	3000	3000		
23	Consultancy for certification process	12000	12000		
24	Non-timber forest products study	6000		6000	
25	Zoning and management plan	8800	8800		
26	Monitoring and evaluation system	6000		6,000	
29	**Subtotal**	**39000**	**27000**	**12000**	
30	***Duty travel***				
31	Inter-institutional coordination support	4500	1500	1500	1500
32	Zoning and management plan	750	750		
39	**Subtotal**	**5250**	**2250**	**1500**	**1500**
40	***Capital items***				
41	1 x 50 GB computer	6100	6100		
42	1 x plotter	15600	15600		
43	7 x computers for project coordination	14000	14000		
49	**Subtotal**	**35700**	**35700**	-	-
50	***Consumable items***				
51	Non-timber forest products information dissemination	1000		1000	
52	5 satellite images	15000	15000		
53	Mapping	2000	2000		
54	Paper and ink	3000	3000		
55	Production of management plan	3000	3000		
59	**Subtotal**	**24000**	**23000**	**1000**	-
60	***Miscellaneous***				
601	Training of 200 users	3000	1000	1000	1000
602	Financial institution costs	20000	4000	8000	8000
603	Miscellaneous support to property management	10000	3000	3500	3500
604	Support in organizational capacity	6000	6000		
605	Workshops for interested groups	4875	1625	1625	1625
606	Operation of consultation spaces	3900	1300	1300	1300
607	Support to municipalities / Law 2 of 1959	30000	30000		
608	Support to municipalities for land tenure legalization	30000	30000		

Category	Description	Total	Year 1	Year 2	Year 3
609	Steering committee meeting	4500	1500	1500	1500
610	Consultative committee meeting	4500	1500	1500	1500
611	Information, media, publications	3000	1000	1000	1000
69	**Subtotal**	**119775**	**80925**	**19425**	**19425**
70	***National management cost***	***(see executing agency budget)***			
80	***Project monitoring and administration***				
81	ITTO monitoring & review	12000			
82	ITTO mid-term evaluation	–			
83	ITTO final evaluation	15000			
84	ITTO ex-post evaluation	–			
	Subtotal (11–82)	484623			
85	ITTO program support (8% of 11–84)	35898			
89	**Subtotal**	**484623**			
100	***GRAND TOTAL***	***511623***			

Table 11: Example of executing agency yearly budget

Category	Description	Total	Year 1	Year 2	Year 3
10	***Personnel***				
11	Project coordinator	57600	19200	19200	19200
12	2 x Officers in charge of land units	115200	38400	38400	38400
13	Mapping specialist	80000	80000		
14	1 x forest engineer (headquarters)	57600	19200	19200	19200
15	1 x accountant	57600	19200	19200	19200
16	5 x technicians in municipalities	144000	48000	48000	48000
19	**Subtotal**	**512000**	**224000**	**224000**	**224000**
30	***Duty travel***				
31	Travel costs	45000	15000	15000	15000
39	**Subtotal**	**45000**	**15000**	**15000**	**15000**
40	***Capital items***				
41	Offices in main city	3600	1200	1200	1200
42	Offices in land units	3600	1200	1200	1200
43	Offices in municipal councils	2700	900	900	900
49	**Subtotal**	**9900**	**3300**	**3300**	**3300**
50	***Consumable items***				
51	Miscellaneous consumables	5400	1800	1800	1800
52	Office supplies	3600	1200	1200	1200
59	**Subtotal**	**9000**	**3000**	**3000**	**3000**
	SUBTOTAL all categories	**575900**	**245300**	**245300**	**245300**
	Management cost (8%)	153694			
GRAND TOTAL		***729594***			

Assumptions, risks and sustainability

Assumptions and risks

Assumptions refer to the conditions that must exist for a project to succeed but that are external to it; the project team, therefore, has little or no control over them. A decision tree (Figure 12) can be used to decide how to deal with assumptions, along the following lines:

- Is the external factor important for the success of the project? If not, exclude it from the logical framework matrix.
- If yes, what is the probability that the external factor will jeopardize the project?
  - If improbable, exclude it from the logical framework matrix.
  - If probable, include it in the 4th column of the logical framework matrix ('assumptions').
  - If very probable, is it possible to redesign the project in order to diminish its influence?
    - If yes, the project should be redesigned: the specific objective might need to be modified or activities or outputs added.
    - If no, it is a 'killer assumption'; from a technical point of view, the project is unviable.

A risk is the probability that an assumption stated in the logical framework matrix will not be fulfilled. At any given level of the logical framework matrix, assumptions and risks are determined by asking the question: what conditions must be in place in order to achieve the next level (eg from output to specific objective)? Some risks can be mitigated through judicious project management. The proposal should clearly indicate the measures to be undertaken to mitigate the effects of identified risks.

The achievement of objectives and outputs and the implementation of activities depend on whether the assumptions hold true. In reality, the assumptions constitute hypotheses; they should be made explicit so they can be assessed. This is important because projects with unrealistic assumptions should be rejected or redesigned in order to eliminate the risks. Assumptions vary, depending on their level:

- At the development objective level, the assumptions are those conditions that must be in place for the development objective to be sustained in the long run.
- At the specific objective level, the assumptions are those conditions that must be in place to achieve the development objective.
- At the outputs level, the assumptions are those conditions that must be in place to achieve the specific objective.

Excluded from the above list are those assumptions linking activities to outputs (management assumptions). Risks associated with these, if present, should be reduced by internalizing them in project design. If this is not done, the project will lack accountability.

Assumptions are very important in the chain of project results. When an important assumption does not hold, the chain breaks. Assumptions might reflect:

- Unpredictable natural conditions, such as for successful plantation establishment: *There will be sufficient rainfall at the time of seedling establishment.*
- Unpredictable socio-political upheavals, such as those required before a project can start: *the negotiations to end the war will be successfully concluded by the end of 2009.* This is a 'killer' assumption because the project will not start if the conflict does not end.
- Favourable situations and factors needed for success, such as for a project on timber export promotion: *timber prices on the international market will remain stable.*

- Other actions that must be carried out in conjunction with the proposed project, such as for the management of a protected area: *The project on illegal settlers will be financed and will commence in April 2010.*

Assumptions should be formulated as positive statements of what is expected to happen. For example:

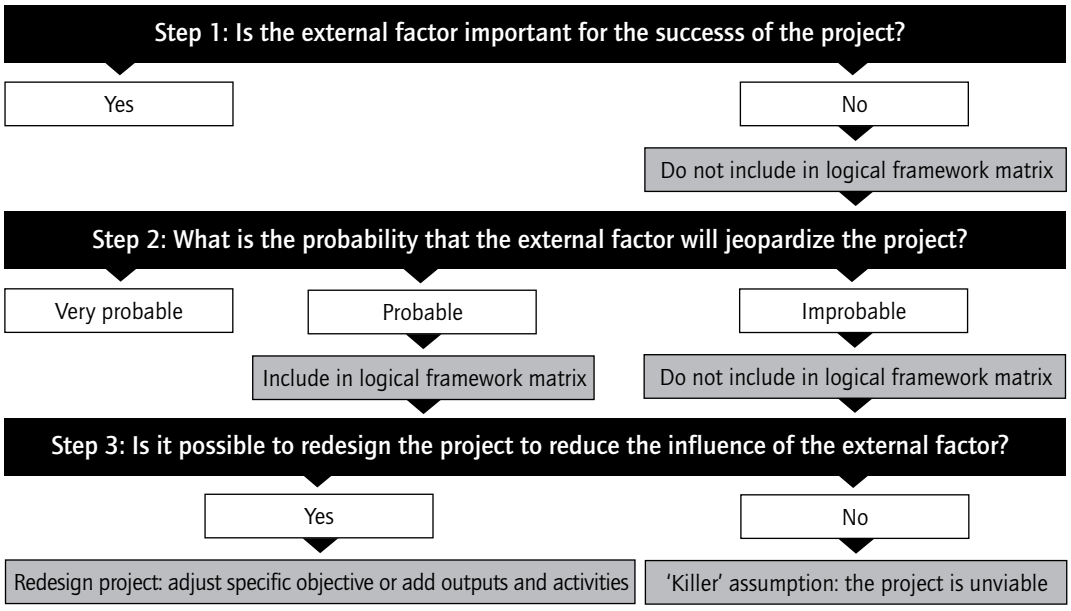
- If there is a risk that the Ministry of Forestry will not provide staff for the project, the assumption could be written: *The Ministry of Forestry will provide the staff for the project.*
- If there is a risk that the industry will not adapt equipment in order to use the project's research results, the assumption could be written: *The industry will update its equipment to be able to use the results of the project.*

All assumptions must be written in the logical framework matrix and assessed in the section on risks. An objective can have more than one assumption but not all objectives have assumptions. ITTO does not require descriptions of assumptions at the activity and input levels.

Under **3.5.1: Assumptions and risks:**

- Based on the assumptions in the logical framework matrix, describe the specific risks beyond the control of project management that could impede the achievement of project outputs or objectives. Show the risk mitigation measures to be employed and how they should be monitored in the course of project implementation.

Figure 12: Decision tree for the analysis of assumptions



Sustainability

The sustainability of a project can be assessed in terms of its ability to sustain results even after the withdrawal of donor support. Project sustainability depends on a number of factors, such as:

- Political support for the project

- The appropriate choice of technology
- The institutional and managerial capacity of the beneficiary
- Economic and financial considerations.

The project should therefore be designed to be sustainable in technical, financial, social, economic and institutional terms. Questions to address include:

- **Social sustainability:** Have local needs been considered? Are the approaches to involve local communities in project implementation adequate? Do the activities, including the planned changes in the target group's attitudes, take into account local traditions, beliefs and social practices? Will the target group feel a sense of ownership of the results? What is the strategy for promoting ownership? Have gender issues been adequately analyzed and taken into account? Will all stakeholders consider the project's strategy to be fair and equitable?
- **Technical sustainability:** Is the choice of methods and technologies appropriate given the resource needs for maintenance? Do the technologies maximize the use of local labour? Will planned capacity building allow the continued use of new technologies?
- **Institutional sustainability:** Do the implementing institutions have the technical and financial capacity to continue the activities after project completion? Does the proposal include activities to ensure that the capacities of institutions are developed to the required extent and will be in place at project completion?
- **Financial sustainability:** What guarantee is there that project results will be sustained at the end of ITTO's financial involvement? What level of operational costs will need to be met after project completion? What sustainable financing mechanisms are envisaged beyond project completion?
- **Economic sustainability:** If the project intends to promote activities for income generation, will there be an adequate framework for providing beneficiaries with adequate market access? Has thought been given to the impact of trade and market forces?
- **Political sustainability:** Has the policy environment been adequately assessed and taken into account? Is there sufficient political support and commitment to the objectives of the project? Will that commitment continue after project completion? Are supportive laws adequate and enforced?

For some projects, some of these questions will be irrelevant and can be ignored. Others will be considered to be external to the project and can be included in the logical framework matrix as assumptions. Others might require modifications to the project proposal. The thorough analysis of all these questions will assist the project formulator in developing an exit strategy; that is, the end-of-project strategy.

Under **3.5.2: Sustainability:**

- Specify whether institutional arrangements have been made to ensure the continuation and/or further development of the activities initiated by the project.
- Describe the ways in which local personnel will be equipped to assume responsibilities after project completion.
- Clarify whether other resources will be required to ensure the continuation and further development of activities initiated under the project.
- As much as possible, refer to specific decisions and commitments made by the authorities concerned and, in a few lines, present an exit strategy.
- Be aware that sustainability is not materially addressed in this section; it is built into the design of the project. The bottom line is: project activities and outcomes should be designed to be sustainable.

Part 4: Implementation Arrangements

This section shows how to present the institutional arrangements, partnerships and collaborations that will ensure the successful implementation of the project. It provides guidance on describing the management structure and on reporting, review, monitoring and evaluation. It also addresses the requirements for the section on the dissemination and mainstreaming of project results.

Part 4: Implementation Arrangements

4.1 Organization structure and stakeholder involvement mechanisms
- 4.1.1 Executing agency and partners
- 4.1.2 Project management team
- 4.1.3 Project steering committee
- 4.1.4 Stakeholder involvement mechanisms

4.2 Reporting, review, monitoring and evaluation

4.3 Dissemination and mainstreaming of project learning
- 4.3.1 Dissemination of project results
- 4.3.2 Mainstreaming project learning

Organizational structure and stakeholder involvement mechanisms

Projects should have a simple structure that fits within the existing structures of the beneficiary country, as illustrated by the example in Figure 13. In some cases, projects will be implemented almost entirely through sub-contracts and consultancies.

The project proposal should describe and illustrate in a chart the project's management and organizational structure; the chart should clearly show the functional and hierarchical relationships within the project structure. The project management team comprises the coordinator, project experts and project consultants; it is responsible for the coordination, management, implementation and monitoring of activities under the authority of the project coordinator. The project coordinator is under the line authority of the executing agency. The project management team directly supervises the execution of activities.

The proposal should describe the qualifications of the members of the project management team. Their tasks and responsibilities should be specified in an annex of the proposal.

Under **4.1: Organization structure and stakeholder involvement mechanisms:**

- Describe the organizational set-up of the project.
- Specify the executing agency and collaborating agencies (if any), the composition of the project management team, the mechanisms for stakeholder participation, and the roles and responsibilities of the different entities involved (eg project management team, project steering committee, consultative committee and user groups).
- Include, in the text or as an annex, an organizational chart.

Executing agency and partners

An important element for the sustainability of a project's results is their institutionalization in the host country. This has implications for the designation of executing agency and for the way the project is set up. Instead of establishing a separate organization, the project should seek to link up with agencies or services within the existing system in order to support and strengthen them.

Each project must have a single executing agency, which is the organization, agency or institution with overall responsibility for the project. It can be governmental or non-governmental; its role is to provide overall guidance and policy support for the project. The responsibilities of the executing agency for the implementation of the project are spelled out, in general terms, in the ITTO Manual on Project Standard Operation Procedures and, specifically, in the contract signed between ITTO and the executing agency. The executing agency is described in the proposal's Annex I.

The executing agency can use collaborating agencies for the co-execution of certain activities and it can sub-contract activities to other bodies. A research institute, for example, might undertake research specified in the project document, and a trade association might distribute information and promote the active participation of its members. ITTO approves the involvement of collaborating agencies in project execution on the basis of their experience and track records. Such agencies must have a demonstrated ability to provide inputs during the implementation phase. The responsibilities of the collaborating agencies are established in memoranda of understanding between them and the executing agency.

Under **4.1.1: Executing agency and partners:**

- Nominate an agency or organization as the project's executing agency. Describe its capabilities by referring to its previous record. Explain why it is an appropriate choice and describe its relationship with the target group, its constituency, and the kinds of expertise it can provide. If other partners are to be involved as collaborating agencies, describe their capacity. Set out the key obligations of the executing agency for the successful implementation of the project (eg 'nominating the coordinator and other team members', 'providing office facilities'). List the key project personnel, showing their roles in the implementation of the project. Curricula vitae and other additional information should be provided in annexes.

Project management team

The executing agency appoints an experienced and professional project coordinator for day-to-day project management and additional professional, administrative and financial staff to make up the project management team. The project coordinator is usually a full-time position. The names and curricula vitae of the project management team should appear in Annex II of the project proposal.

The executing agency also recruits the consultants specified in the proposal. The terms of reference of consultants and sub-contractors should appear in Annex III of the proposal.

Project steering committee

As part of its responsibilities, the executing agency must establish a project steering committee, the primary role of which is to oversee project implementation, approve expenditures within the budget, review the activities that have been carried out, and review and propose changes in budgets and activities. The project steering committee monitors the overall strategic management of the project

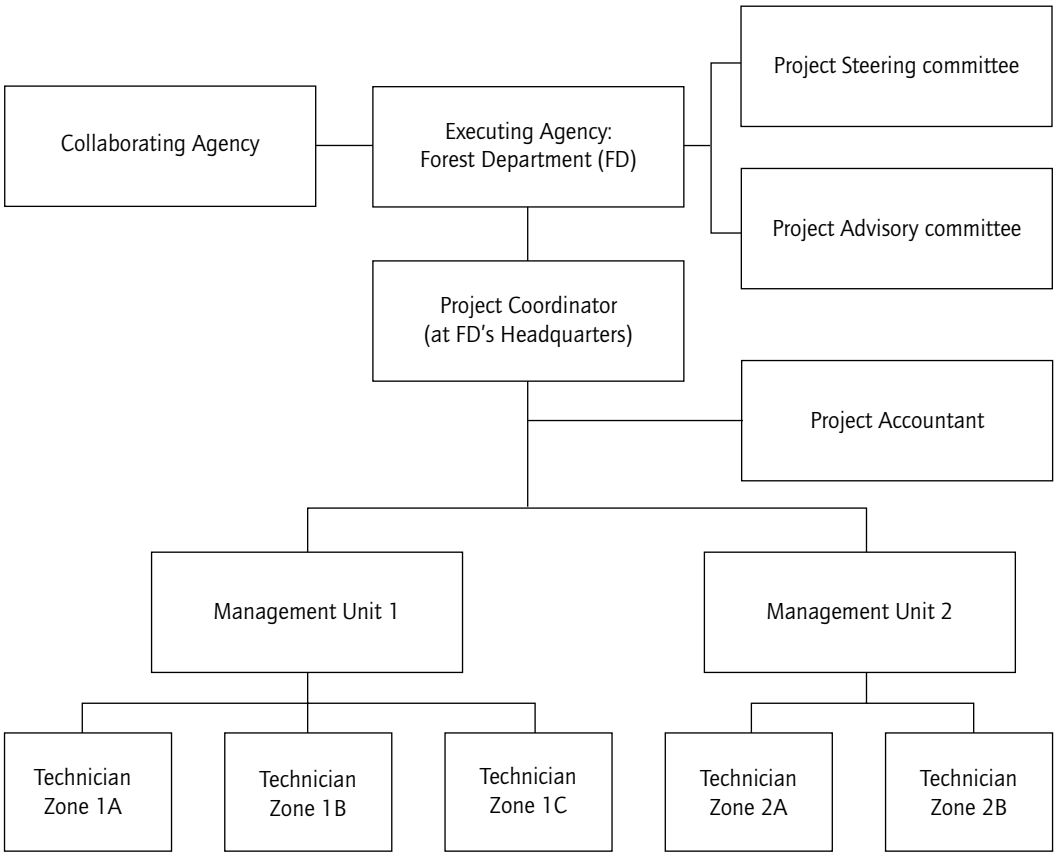
and ensures that it proceeds in a timely, efficient and effective manner in accordance with its logical framework matrix, work plan, and other aspects of the project document. Typically, the project steering committee comprises:

- A chairperson appointed by the executing agency
- A representative of ITTO
- Representatives of relevant ministries
- Representatives of research and educational institutions
- Representatives of relevant non-governmental organizations (NGOs)
- Representatives of donors
- The project coordinator (observer and secretary of the project steering committee).

Stakeholder involvement mechanisms

The executing agency can also establish a consultative committee comprising, for example, representatives of local and regional authorities and organizations, local communities, research and educational institutions, citizens' groups and NGOs, as well as independent experts, members of parliament and other stakeholders. The purpose of the consultative committee is to keep stakeholders informed about and involved in project implementation and to provide a platform by which stakeholders can provide input into the project. The consultative committee can request and receive information and give advice but has no formal responsibility for the project. Its recommendations are forwarded to the chairperson of the project steering committee.

Figure 13: Organizational structure, Northern Hills Forest Reserve project



Reporting, review, monitoring and evaluation

Monitoring helps ensure that the project is on schedule and is meeting its objectives. It targets not only the activities and outputs but also the outcomes, impacts and assumptions.

The project proposal should indicate the arrangements that will be made for project monitoring, reporting and evaluation. A preliminary monitoring and reporting schedule should be provided, indicating the dates of presentation for the project inception report, progress reports and technical reports. Dates for ITTO monitoring visits to the executing agency should be nominated. The proposal should also indicate how and when the project management team will monitor the progress of the project, and how and when internal participatory evaluations involving stakeholders will be conducted.

A project monitoring system should be designed and a baseline of data established that will serve as a reference for measuring the progress and impacts of the project. These activities should be budgeted for in the proposal. The project monitoring system should be compatible with the ITTO Manual on Project Monitoring, Review, Reporting and Evaluation and should include the following aspects:

- Baseline survey/study
- Identification of key indicators
- Schedules and monitoring timetables and responsibility for monitoring
- Formats and protocols for data collection and analysis
- Ways of obtaining feedback on project implementation from stakeholders
- Staff and skills required to implement the monitoring and evaluation system, including training needs.

Under **4.2: Reporting, review, monitoring and evaluation:**

- Provide a schedule for reporting on project progress and finances according to the ITTO Manual on Project Standard Operating Procedures.
- Indicate how, where and when the project team will conduct activities to monitor the progress of the project.
- Describe the role of stakeholders in the monitoring and evaluation process and how monitoring reports will be distributed.
- The monitoring design should be based on the indicators, and means of verification and assumptions and can be refined during the baseline study.

Dissemination and mainstreaming of project learning

Dissemination of project results

The project proposal should describe how the project management team will disseminate project results and learning, such as through workshops, conferences, newspaper and journal articles, radio broadcasts, books, guided visits of user groups, brochures and the internet. Specially designed activities for the dissemination of results can be included in the budget.

Under **4.3.1: Dissemination of project learning:**

- Describe the communication strategy and methods of the project team and how the project results and learning will be made useful to users through conferences, articles, use of the internet, books, guided visits, etc.

Mainstreaming project learning

The project should demonstrate innovation, such as the application of technologies or consultative methods that are new to the country or region or the testing of scientific methods or policy reforms. Setting up a forest inventory in a country that has little experience with such inventories might be considered to be an innovative action for that country.

Points to be considered in mainstreaming and project learning

For **mainstreaming:**

- Include as an assumption in the logical framework matrix the party responsible for adopting a policy or new practices that the project will develop or demonstrate.
- Include indicators showing how to measure the mainstreaming results and the sources of evidence that will show how the parties concerned are taking the decisions necessary for mainstreaming.
- Plan activities for outreach such as media and open-door events.
- Plan mechanisms to involve mainstream actors in the implementation of the project (such actors could, for example, chair the project steering committee, participate in a study tour in a country that has made relevant advances in policy or practice, or network with decision-makers).
- Plan visibility events for the launch and completion of the project, in which decision-makers can publicly make or renew commitments to the objectives pursued by the project.

For **project learning:**

- When designing the project, bear in mind the area of knowledge to be addressed, based on what needs to be changed.
- Develop a plan for information capture and sharing and assign the responsibility for project learning to a specific team member.
- Plan thematic monitoring events for the exchange of experiences.
- Ensure there is a dedicated budget for activities relating to project learning.
- Plan information dissemination (eg through brochures, media, technical publications, websites).

The project should also have wider value, which means that project benefits should reach beyond those institutions and people directly involved in a project. The country as a whole and other member countries should also benefit from a project. ITTO gives preference to projects with wider value and the potential for replicating results within and beyond the host country. The proposal should leave no doubt that the project can contribute to knowledge, the use of appropriate technology and best practice, etc. It should describe not only the ability of the project to mainstream what will be learnt but also provide information on the mainstreaming framework to be used. Projects could aim, for example, to bring about:

- Changes in policy and legislation
- The adoption of best practices
- Better forest law enforcement and governance.

Under **4.3.2: Mainstreaming of project learning:**

- Show convincingly how the project has wider value and describe how its results will be mainstreamed into national policies and plans.

Project Proposal Annexes

ITTO project proposals usually have three annexes: a profile of the executing agency, the terms of reference of personnel and consultants to be funded by ITTO, and the curricula vitae of the personnel to be appointed by the executing agency. For proposals that have been reviewed by the ITTO Expert Panel for the Technical Appraisal of Project and Pre-project Proposals and require amendment, the comments of the Expert Panel should be included as a fourth annex.

Annex 1: Profile of the executing agency

This annex provides the following information on the executing agency:

1) **Background**, including:
   – Name and location of Headquarters and a description of mission
   – Year of establishment
   – Fields of expertise
   – Organizational chart
   – List of the main projects or studies conducted in the previous three years, indicating, if applicable, donor agencies
   – List of projects and pre-projects submitted to ITTO, indicating whether they were funded and, if so, their status

2) **Infrastructure** (as far as relevant):
   – Facilities for carrying out the work related to the proposal, such as laboratories, experimental facilities, training facilities, etc

3) **Budget**:
   – To the extent that is relevant to the project, the financial status and resources and the overall budgets for the previous three years

4) **Personnel**:
   – Total number of personnel in relevant fields, showing:
      - number of personnel with postgraduate degrees
      - number of personnel with graduate degrees
      - number of middle-level technicians
      - number of administrative personnel.

Annex 2: Curricula vitae of personnel provided by executing agency

Curricula vitae of project management team personnel and project consultants should include:

- Personal data: name, age, gender
- Professional education: school, university, and field of specialization
- Position in the present organization
- Experience relevant to the project.

Annex 3: Terms of reference of key personnel and consultants to be funded by ITTO

- Provide a summary of the tasks to be executed by the individual and the number of work months involved.
- Describe the responsibilities of the individual(s) to be engaged. For what process, activity or output will the person be responsible? In cases of shared responsibility, name the person(s) with whom the responsibility is to be shared.
- Describe the required competence of the person(s) to be engaged in the fulfillment of the assignment.

Chapter III: Small Project Formulation

This chapter provides guidance to formulators of small project proposals. A small project has a duration that does not exceed two years and seeks funds from ITTO not exceeding US$150,000. As in the case of a full-sized project, the proposal must provide an adequate justification for the project, indicating the needs that will be addressed. It must describe the strategy by which those needs will be addressed, and present a work plan and budgets. For detailed information on the topics covered below, formulators should consult Chapter I of this manual. Small project proposals should be developed with the assistance of ITTO ProTool, a software package specifically designed to assist in the formulation of ITTO project proposals.

The size of the proposal should not exceed 20 pages.

Small project proposal writing

Table 12 shows the headings that should be followed in project formulation; it also shows that one of the main differences with a full proposal is that no logical framework matrix is required. If the main text of the proposal is longer than ten pages, a table of contents should be included. No section or subsection of the format should be excluded; if they do not apply to a specific proposal, the formulator should explain why the required information has not been provided.

Cover page

The format of the cover page is the same as for a full project proposal. The cover page should be drafted after all other sections of the proposal have been completed.

Origin

Explain the stimulus or process that has prompted the preparation and submission of the proposal to ITTO. It could be an ITTO pre-project, a feasibility study, technology assessment, research and development, policy implementation, workshop or conference recommendation, etc. In all such cases, give specific details so that the source is clearly identifiable.

Relevance

Conformity with ITTO's objectives and priorities

The proposal to be submitted to ITTO must be in compliance with the objectives of the ITTA, 2006 (available on the ITTO website); Article 1 of the Agreement indicates how these objectives can be met. The proposal should quote the relevant paragraphs of Article 1 and explain how and to what extent the project will contribute to these objectives. The proposal should also demonstrate conformity with the priorities and operational activities specified in the current ITTO action plan (also available on the ITTO website) by quoting the action plan's relevant actions and activities and providing a short explanation of how it conforms with them. Decisions made from time to time by the International Tropical Timber Council might also set policies and priorities, and these should also be considered.

Relevance to the submitting country's policies

Explain how the project is linked to national policies and priorities in the forestry sector and to relevant ongoing sectoral activities.

Target area

Describe the location of the project and its most relevant social, economic, cultural and environmental aspects. As required, divide this section into sub-headings such as: 1.3.1 Target area; 1.3.2 Socioeconomic and cultural contexts; 1.3.3: Environmental context.

Table 12: Contents of an ITTO small project		
Part	Heading	Indicative no. of pages
	LIST OF ABBREVIATIONS AND ACRONYMS	
PART 1	PROJECT CONTEXT	
1.1	Origin	0.5
1.2	Relevance	1.5
1.2.1	Conformity with ITTO's objectives and priorities	
1.2.2	Relevance to the submitting country's policies	
1.3	Target area	3
1.4	Outcomes at project completion	0.5
PART 2	PROJECT RATIONALE AND OBJECTIVES	
2.1	Stakeholders analysis	1
2.2	Problem analysis	1
2.3	Objectives	0.5
2.3.1	Development objective and impact indicators	
2.3.2	Specific objective and outcome indicators	
PART 3	DESCRIPTION OF PROJECT INTERVENTIONS	
3.1	Outputs	1
3.2	Activities and inputs	2
3.3	Strategic approach and methods	1
3.4	Work plan	1
3.5	Budget	3
PART 4	IMPLEMENTATION ARRANGEMENTS	
4.1	Executing agency and organizational structure	1
4.2	Project management	0.5
4.2	Monitoring and reporting	1
	ANNEXES	
ANNEX 1	PROFILE OF THE EXECUTING AGENCY	
ANNEX 2	TASKS AND RESPONSIBILITIES OF KEY EXPERTS PROVIDED BY THE EXECUTING AGENCY	
ANNEX 3	TERMS OF REFERENCE OF PERSONNEL AND CONSULTANTS FUNDED BY ITTO	
ANNEX 4	RECOMMENDATIONS OF ITTO'S EXPERT PANEL AND RESULTING MODIFICATIONS	

Outcomes at project completion

Describe how the stakeholders in general and the beneficiaries in particular will use the outputs of the project at its completion. There should be a clear relationship between the project's outcomes and objectives. The description of the outcomes should include how many people (men, women, families, communities, etc) will benefit from the project. How many will be directly involved in project activities and how many will benefit indirectly? The social change that the project will bring about (locally and beyond) should be described. Will the project receive public attention from media such as radio, TV and newspapers?

Stakeholder analysis

Provide a summary of the stakeholder analysis, showing the process followed in the formulation of the project. In particular, show the involvement of key national agencies, NGOs, community-based organizations, and other stakeholders in the identification of the project.

Problem analysis

Provide a clear statement of the key problem and its causes and effects. Show how these affect society and explain how the needs of stakeholders are a direct consequence of the key problem. Where applicable, describe complementary efforts to tackle the problem.

Objectives

Under *2.3.1: Development objective,* state the development objective to which the project will contribute. This objective must have a clear relationship to ITTO's mandate and to the development policies of the recipient country. Describe indicators of improvement in the conditions or situations to which the project is expected to contribute. Under *2.3.2 Specific objective*, state the specific objective in concise terms that express the major change that must take place in the primary stakeholders' practices, conditions, attitudes, performances, resource use or systems in order to solve the key problem or address stakeholder needs. Define indicators of improvement for the target population and other stakeholders that the project is expected to achieve. There should be only one specific objective.

Outputs

List the results (services, goods) to be produced or achieved by the project. For each output, provide concise, objectively verifiable indicators. Remember to check whether the outputs listed are necessary and sufficient for achieving the specific objective. There should be at least two outputs.

Activities and inputs

Provide a list of activities that the project plans to implement in order to realize the desired outputs. Here the formulator can use the same structure for presenting activities and inputs as for a full-sized project (Figure 11).

Work plan

Provide a work plan following the same guidance for project proposals. Using Table 6 as a model, indicate all the human resources, materials and financial inputs necessary to realize the activities, and respective unit costs. The Gantt chart should show the starting point of each activity and its expected duration.

Budget

The project budget should be organized according to the same standard budget categories as for full-sized proposals; budget tables should also have a similar format and be presented by source of funding. Three kinds of budget tables are presented: for the ITTO budget, by activity, for the ITTO yearly budget, and for budgets showing the contributions of other sources. ITTO's project administration costs should be included in the yearly budget as an additional 8% of the project subtotal.

Executing agency and organizational structure

Nominate an agency or organization as the project executing agency. Describe its capabilities by referring to its previous record. Explain why it is an appropriate choice and describe its relationship with the target group, its constituency, and the kinds of expertise it can provide. Describe the institutional set-up, responsibilities, and project organization. The project should be integrated into the existing structure of the executing agency.

Project management

Describe the composition of the team in charge of project implementation. Provide, in annexes, profiles of the key experts and the terms of reference of project personnel and consultants.

Monitoring and reporting

Given the limited duration and budget of small projects, the proposal should describe only simple monitoring systems.

Chapter IV: Pre-Project Formulation

This chapter provides guidance on the formulation of pre-project proposals. Usually, pre-projects are designed to assist in the identification and elaboration of full project proposals. Formulators should clarify the purpose of the ultimate project and the additional information the pre-project will gather to support project formulation. Clearly formulated pre-project objectives can adequately transmit the intent of the proposed full project intervention. A fundamental output of pre-project interventions is usually a full project proposal document. Proposals should be developed with the assistance of ITTO ProTool, a software package specifically designed to assist in the formulation of ITTO project proposals.

A pre-project proposal should not exceed 12 pages.

Cover page

Table 13 shows the required format of the cover page.

Pre-project proposal writing

Table 14 shows the headings that should be followed in pre-project formulation. If the main text of the proposal is longer than ten pages, a table of contents should be included. No section or subsection of the format should be excluded; if they do not apply to a specific proposal, the formulator should explain why the information has not been provided.

Origin and justification

Explain the stimulus or process that has prompted the preparation and submission of the pre-project proposal. It could be a feasibility study, technology assessment, research and development, policy implementation, workshop or conference recommendation, etc. In all such cases, give specific details so that the source is clearly identifiable. Indicate what additional information should be gathered to support project identification, design and/or the formulation of a full project document.

Relevance

Conformity with ITTO's objectives and priorities

Briefly and clearly show that the proposal is in compliance with the objectives of the ITTA, 2006 (available on the ITTO website) and in conformity with the priorities and operational activities specified in the current ITTO action plan (also available on the ITTO website).

Relevance to the submitting country's policies

Explain how the intended project (a proposal for which will be an output of the pre-project) is linked to national policies and priorities in the forests sector and to relevant on-going sectoral activities.

Objectives

Development objective

State the development objective to which the intended project (ie the project that will be developed as part of the pre-project proposal) will contribute. This should have a clear relationship to ITTO's mandate and objectives and should also comply with the host country's development objectives and plans in the forests sector.

Specific objective

State a concise, well-focused specific objective for the pre-project; usually, it will relate to the identification and formulation of a full project proposal. There should be only one specific objective and it should be achievable in the duration of the pre-project.

Table 13: Format of an ITTO pre-project proposal cover page

International Tropical Timber Organization ITTO Pre-Project Proposal	
Title	[Concisely state the main theme of the proposal and indicate its purpose]
Serial Number	[This will be provided by ITTO after submission of the proposal]
Committee	[Reforestation and Forest Management, Forest Industry and/or Economic Information and Market Intelligence. If in doubt, leave blank]
Submitted By	Government of [name of member country]
Original Language	[English, French or Spanish]
Summary [Briefly describe the pre-project, stating its objectives and major outputs]	
Executing Agency	[Full name of the proposed executing agency]
Collaborating Agencies	[Full names of proposed collaborating agencies]
Duration	[Estimated length of the project, in months]
Proposed budget and other funding sources:	**Source** — **Contribution (in US$)** ITTO — –––– Government of [*name of submitting country*] — –––– **Total** — ––––

Preliminary problem identification

Describe the key problem and its main causes and effects. A problem tree can be provided (but is optional). Describe the groups affected by the problem and show how they will benefit from the intended project. Where appropriate, provide a map indicating the location of the intended project. Describe the problems that hinder the elaboration of a full project proposal; these might be, for example, a lack of social, economic or market information about the project target area. Local needs might be poorly known, as might the interests of stakeholders.

Outputs

Outputs are the products that are necessary and sufficient to achieve the specific objective of the pre-project. There will be at least two outputs. Whenever possible, they are stated in qualitative and quantitative terms as finished or completed results: ie the past tense is used in order to indicate the expected situation at the completion of the pre-project. The statement of outputs should be sufficiently clear so as not to leave doubts on what will be achieved, qualitatively and quantitatively.

Table 14: Contents of an ITTO pre-project proposal		
Part	**Heading**	**Indicative no. of pages**
	List of Abbreviations and Acronyms	
Part 1	**Pre-Project Context**	
1.1	Origin and justification	0.5
1.2	Relevance	1.5
1.2.1	Conformity with ITTO's objectives and priorities	
1.2.2	Relevance to the submitting country's policies	
Part 2	**Justification of Pre-Project**	
2.1	Objectives	0.5
2.1.1	**Development objective**	
2.1.2	Specific objective	
2.2	Preliminary problem identification	1
Part 3	Pre-Project Interventions	
3.1	Outputs	1
3.2	Activities, inputs and unit costs	1
3.3	Approaches and methods	1
3.4	Work plan	1
3.5	Budget	3
Part 4	**Implementation Arrangements**	
4.1	Executing agency and organizational structure	1
4.2	Pre-project management	0.5
4.2	Monitoring and reporting	1
Annex 1	**Profile of the executing agency**	
Annex 2	**Tasks and responsibilities of key experts provided by the executing agency**	
Annex 3	**Terms of reference of personnel and consultants funded by ITTO**	
Annex 4	**Recommendations of ITTO's expert panel and resulting modifications**	

Activities, inputs and unit costs

Provide, in a table, the activities that will be carried out to achieve pre-project outputs. For each activity, describe the required inputs and corresponding unit costs.

Implementation strategy

Describe how stakeholders will be identified and consulted. Relevant stakeholders might include local communities, collaborating agencies, government, the private sector, NGOs and others. Explain how studies or surveys will be conducted and indicate the other sources of information that will be used during pre-project implementation. Set out the approaches and methods that will be applied to build ownership for and secure commitment to the intended project.

Work plan

Elaborate a work plan, in the form of a Gantt chart, containing all the information needed to implement the pre-project. It should show the starting point of each activity and its expected duration.

Budget

On the basis of the accurate costing of required inputs, provide tables (one per funding source) showing the pre-project budget by activity. The budget categories used for full project budgets should also be used for pre-projects. Pre-projects do not require ITTO monitoring visits. ITTO project administration costs should be included in the budget as an additional 8% of the pre-project subtotal.

Pre-project implementation

Nominate an agency or organization as the pre-project executing agency and describe the structure under which implementation will take place. Identify partner agencies, if any, and their intended roles. Describe any specific arrangement for the implementation of the pre-project, such as a pre-project management team or a steering or coordination committee. Include an organizational chart showing the general management structure of the project and the line of authority.

Monitoring and reporting

Describe an arrangement for monitoring and reporting on pre-project implementation in conformity with ITTO's requirements.

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Glossary

Activity	An action – such as training, mapping, surveys and extension – that transforms inputs into outputs
Assumption	A condition that must exist if a project is to succeed but which is external to it and therefore the project team can exercise little or no control over it
Collaborating agency	Agency/organization responsible for the implementation of specified blocks of activities and which is accountable to the executing agency
Completion report	On project completion, the final formal account summarizing all planned project elements versus their actual implementation, establishing the impact and expected sustainability of the project in the post-project period and presenting lessons learned
Consultant	Professional or expert person or firm contracted to perform relevant services for a project *National consultant*: a consultant from the country in which the project is executed with experience pertaining to the relevant project limited to that country *International consultant*: a consultant with proven global or multi-country experience pertaining to the relevant project
Council	See *International Tropical Timber Council*
Development objective	A broader or higher-level objective to which the project (along with others) will contribute and which is in line with ITTO objectives and national sector programs
Evaluation	The collection of information and the assessment and analysis of the performance and impact of a project. The process is systematic and as objective as possible *Mid-term evaluation*: the collection of information, on-the-spot assessment and in-depth analysis of the performance and impact of a project during its implementation stage, with the purpose of guiding or advising the project management team on all factors relevant to the further implementation of the project, including any necessary revision of project design *Ex-post evaluation*: the collection of information, on-the-spot assessment and in-depth analysis of the performance and impact of a project after completion with the aim of establishing the extent to which it served its purposes, its degree of effectiveness and efficiency, and its sustainability
Executing agency	Agency with overall responsibility for the implementation of a project. It is directly accountable to ITTO for project implementation
Expert	Qualified professional person from an ITTO member country engaged by ITTO to provide services and assistance to its work such as the appraisal of projects and evaluation of contracted work
Ex-post evaluation	See *evaluation*

Financial report	A bi-annual report showing a project's opening and closing balance, the expenditure incurred against each heading of the project budget, and any income earned or accruing
Gantt chart	A bar chart that shows project activities as blocks over time. The beginning and end of the block correspond to the beginning and end of the activity
Gender analysis	The identification and understanding, in a target group, of gender roles, rights and responsibilities in relation to, for example, production, resource access, the management of households and the community, and decisions on resource management and use
Impact	A longer-term effect of the project intervention
Implementation strategy	The choice of project elements (ie objectives and outputs) and the means (ie activities, applied technologies and methods) for achieving them. The justification of the rationale of the chosen route versus alternative routes should be based on criteria of effectiveness and efficiency
Inception report	The formal notification that the project is about to commence. It comprises confirmation that all conditions have been met, provisions are in place, and formalities have been concluded for a smooth start to project implementation
Indicator	Quantitative or qualitative parameter that can be assessed and that indicates the level of achievement of a project objective or output
Inputs	The means for executing an activity, such as human resources, equipment, facilities, expendables, spare parts, financial resources and time
International consultant	See *consultant*
International Tropical Timber Agreement (ITTA)	An agreement established under the auspices of the United Nations Conference on Trade and Development which establishes ITTO's objectives and modes of operation. Three such agreements have been negotiated: the ITTA, 1983, the ITTA, 1994, and the ITTA, 2006
International Tropical Timber Council	ITTO's governing body
International Tropical Timber Organization	An intergovernmental organization, established under the International Tropical Timber Agreement, promoting the conservation and sustainable management, use and trade of tropical forest resources
ITTO action plan	The translation of ITTA objectives into priority areas and possible actions for policy and project work to be undertaken by ITTO over a designated period
ITTO ProTool	A user-friendly package of computerized tools to assist project formulation based on the ITTO Manual for Project Formulation. Downloadable from the ITTO website, it helps proponents to structure problem trees and to produce budget tables
Key problem	The central issue that a project aims to address and can feasibly resolve
Logframe	See *logical framework matrix*

Logical framework matrix	A dynamic planning and management tool that summarizes the results of the project planning process and communicates the key features of a project in terms of interventions, indicators, means of verification and key assumptions. It provides the basis for monitoring progress achieved and for evaluating the project. Also referred to as a logframe
Means of verification	The sources of information for checking the values of an indicator
Mid-term evaluation	See *evaluation*
Monitoring	The collection and analysis of data (indicators) with a view to identifying the need (or otherwise) for corrective actions to ensure that a project is executed according to plan
National clearing house	In-country mechanism responsible for screening project and pre-project proposals, taking into account national priorities and relevance to ITTO goals, prior to submission
National consultant	See *consultant*
Official ITTO contact point	Person and/or institution designated by a member country and registered by the ITTO Secretariat to handle ITTO matters (also referred to as focal point)
Outcome	The change brought about due to the influence of a project. Project outcomes are achieved from the utilization of delivered outputs
Outputs	The immediate results or deliverables of a project
Post-project strategy	Facilitating conditions which enable participating groups to continue the work autonomously after project completion. The strategy should be based on an analysis of the human resources and financial and institutional provisions needed to guarantee sustainability
Pre-project	A set of preparatory and/or experimental activities undertaken with the aim of formulating a project proposal. The main output is a project proposal
Problem tree	A cause/effect diagram of problems placed below (causes) and above (effects) the key problem, which is the trunk of the tree
Progress report	A bi-annual formal and objective report prepared by the executing agency for higher levels of administration on a project's executed activities, expenditures and achieved outputs in the period covered by the report. Progress reports present essentially managerial information
Project	A concerted effort directed at the achievement of a well-articulated specific objective and related to a wider development objective, with clearly identified performance time and cost characteristics
Project agreement	Agreement on project implementation between ITTO and the executing agency, signed after the project has been approved by the International Tropical Timber Council and fully funded. It specifies the roles and responsibilities of the member government, the executing agency, and ITTO in implementing a project (or pre-project)

Project cycle	The various phases through which a project moves from first conception to completion, including: project identification and formulation; submission; appraisal; approval; funding; inception; implementation; monitoring and evaluation; completion and closure
Project closure	The closure of the account of a project in the financial records of ITTO after: (i) approval of the completed project by the relevant technical committee of the International Tropical Timber Council ; (ii) acceptance by the ITTO Executive Director of the final audit; and (iii) receipt of any unused funds by ITTO and disposal of capital goods by the executing agency
Project completion	Official acceptance of the completion report by the relevant technical committee of the International Tropical Timber Council
Project design	One phase in the project cycle: the process by which solutions to the causes of a problem are identified and a structure created for their implementation
Project document	Project proposal that has been approved by the International Tropical Timber Council
Project elements	The development objective, the specific objective, the outputs and activities
Project formulation	The process of developing a project proposal including: check of relevance to ITTO; project identification, including the description of the formulation process; project design; project outcome and impact; and project management
Project identification	The process of identifying a constraint or problem impeding a desired developmental change and of actions to remove such constraints
Project intervention	The actual activities 'in the field' and the results of those activities
Project proposal	Project description submitted to ITTO for appraisal and approval. The description contains all the relevant information for the implementation of a project, including clearly identified performance, time and cost characteristics, usually with a request for funding
Project steering committee	A group of representatives of key stakeholders responsible for providing guidance on the overall strategic direction of a project. It is composed of one representative of ITTO, at least one representative of the government or government(s) in the country or countries in which the project is being implemented, and, optionally, representatives of the governments providing funds to ITTO's Special Account through which the project is financed
Proponent	Agency or institution that is the legal entity that submits and has responsibility for the project
Result	A describable or measurable change that is derived from a cause/effect relationship. It might be an output, outcome or impact
Review	Formal examination of work plan progress and of the factors influencing it. A part of project monitoring control activities

Risk	External factor that might jeopardize the project's expected results. Risks are related to assumptions at each level of the logical framework matrix
Small project	A project with a duration not exceeding two years and requiring from ITTO no more than US$150,000
Specific objective	The outcome which, if all outputs are produced by the project and used by the stakeholders, will be achieved by the end of the project
Stakeholder	An individual, group, organization, institution or company who will help to implement and sustain the project and/or will likely be affected by it
Standard operating procedures	Practices associated with the project cycle that have evolved as norms of ITTO based on decisions of the International Tropical Timber Council and the Organization's guidelines/procedures
Sub-contract	The engagement by the executing agency of consultants or any other contractors to undertake an aspect of project implementation with approval from ITTO
Sustainability	The availability of sufficient means, funds and human resources to continue the work after project completion
Targets	The quantitative descriptions of desired changes in indicators that reflect the intended project results
Target beneficiaries	The individuals, groups, or organizations who are the intended direct beneficiaries of the project intervention
Technical report	The means to record and transmit the results of work carried out under ITTO research, development and demonstration projects. Technical reports usually contain technical and scientific data, analyses of the data, and project results
Wider value	The concept that benefits of the project should reach beyond those institutions and people directly involved in the project (such as the executing agency, collaborating agencies and immediate stakeholders). The country as a whole and other member countries should somehow benefit from project outcomes
Work breakdown structure	A tool which assists in the identification of groups of activities related to each project output and their presentation in a hierarchical structure. It is usually presented as a simple block diagram showing each of the project's outputs and the related set of activities that will enable their achievement
Work plan	Table showing the start and duration of each activity and the responsible agency

Many of these terms and concepts are further elaborated in the main text of this document and in other manuals, including the ITTO Manual on Project Standard Operating Procedures.

Appendix A

Guidelines for ensuring stakeholder participation in the project cycle

(Government, Private Sector and Civil Society, Emphasizing Local Communities)

Introduction

The aim of these guidelines is to help in the identification and involvement of stakeholders in ITTO projects, including those from government, the private sector, and civil society, and to show how to best incorporate social – including cultural – concerns in project formulation and implementation.

Section I addresses all stakeholders. Section II provides specific and additional guidance on the procedures to be adopted regarding local community participation in project formulation, implementation, monitoring and evaluation.

Section I: Stakeholders

Stakeholder analysis

Stakeholder analysis is the identification of a project's key stakeholders and the assessment of their interests and the way in which those interests are likely to affect the process of change, project risks and viability. Stakeholder analysis also helps in designing a project so that it is adaptable in the face of change and in identifying the most appropriate forms of stakeholder participation. Stakeholder analysis is a tool used to identify the primary and secondary and, where relevant, tertiary stakeholders and the relationships between them.

Why do a stakeholder analysis?

A stakeholder analysis can help to:

- draw out the interests of stakeholders in relation to the problems that the project is seeking to address (at the identification stage) or the purpose of the project (once it has started)
- before funds are committed, identify conflicts of interests between stakeholders that might influence the assessment of a project's risks
- identify relationships between stakeholders that can be built upon. This might enable the development of coalitions of project sponsorship, ownership and cooperation
- assess the appropriate type of participation by different stakeholders at successive stages of the project cycle.

A four-step approach to stakeholder analysis

Stakeholder analysis can be conducted in many different ways, but essentially it involves the following four steps:

Step 1: Identifying and listing major stakeholder groups. Groups can be divided into smaller units (eg men and women, ethnic groups, localities, organizational departments). Often it is better to do this with the help of knowledgeable resource persons who are familiar with the socioeconomic and geographical contexts.

Step 2: Determining interests. Draw out the key interests of each stakeholder group in the initial list. Whether they are primary, secondary or tertiary stakeholders, it is critical that their interest in the project and the potential impact of the project on their interests are assessed. This assessment will help to identify the aspects of the project in which each group will need to participate, and any potential or actual conflicts of interest between stakeholders.

Step 3: Determining importance and influence. The influence and importance of each stakeholder is assessed. *Influence* refers to how powerful stakeholders are: i.e. the ability to shape and control decisions that may help or hinder the project; *importance* is the extent to which the problems, needs and interests of stakeholders coincide with the aims and priorities of the project.

Step 4: Establishing strategies for involvement. Strategies should be devised for approaching and involving each stakeholder in the project. How to do this, and the extent to which each stakeholder should be involved, will usually depend on the results of the previous analysis. There is no need to involve reluctant stakeholders and, for those that are involved, the extent of their involvement might change as the process continues.

Section II: Additional Considerations for Community Participation

Past experience

The lessons learnt by many international and national agencies show that, all too often, project interventions designed to improve the economic and social conditions of communities living in or near forest areas have instead harmed them and, over time, have helped to destroy their relatively independent way of life. In addition, projects have often had unexpected, harmful side-effects, or the benefits have been insufficiently enduring to create lasting improvements in the lives of beneficiaries.

Principles of local community participation

Local communities can contribute towards success by a firm belief in the need for change, by contributing their special knowledge and experiences, and, in appropriate cases, by accepting responsibility for certain elements essential for project implementation and monitoring. In particular, apart from their unique sociocultural heritage, forest-dwelling communities are often a valuable source of knowledge on tropical plant and animal species and on proven technologies for the management of fragile ecosystems. When this knowledge is procured, understood and used, forest-dwelling communities will make a substantial contribution to solving problems which might adversely affect the environment.

Projects should avoid any encroachment on territories used or occupied by Indigenous forest-dwelling groups unless:

- the affected communities are fully informed about and in agreement with the objectives of the proposal
- the intended executing agency is fully committed to, and capable of, implementing effective measures to safeguard those communities against harmful side-effects (in health, for example), to protect their territorial security, and to enable them to gradually adapt to the changes affecting their culture as a result of increasing contact with the rest of society.

Baseline data

In general, the minimum aim should be that, at project completion, no local communities affected by the project should be worse off. Their situation should be at least as good as, and preferably better than, before the project was launched. To assess the achievement of this aim, baseline data are needed.

As a basis for the design of projects, it is necessary to:

- identify all forest users and the nature of their claims on the forest resources
- analyse the extent to which forest users depend on those resources for their livelihoods
- map the territories claimed by different users (which might vary seasonally), showing areas of overlap and conflict
- describe systems of land tenure or customary rights
- identify those people who makes decisions over the use of the resources and how the decisions are taken (eg through formal or informal decision-making structures)
- describe the traditional ways of regulating resource use and resolving conflicts between users
- determine how far the project can and should build on traditional social institutions or, alternatively, if it will need to create new structures to ensure its sustainability. In conducting this study, sociologists should pay particular attention to the roles and needs of women.

Consultation procedures

The consultation process is designed to facilitate the exchange of information so that a final consensus among the various interested parties on the appropriate objectives and, in some cases, methodologies can be developed. When consultation starts, information on the intended proposal and what it is meant to achieve should be presented in a clear form with the aim of stimulating a dialogue and eliciting verbal or written reactions to the proposal and its possible impacts.

Proposal originators should bear in mind that, for some groups, open meetings might not be a customary means of public dialogue and that large public meetings in particular are often dominated by local elites, who do not necessarily express the views of the majority. Men and women might need to be consulted at different times because of cultural practices or differing work patterns. In all cases, three essential elements of the consultation process are:

1) the establishment of a trusting relationship, in which communities or their representatives can speak frankly and usefully
2) steps for overcoming language barriers through skilled interpretation
3) encouragement and explanation to help communities understand and envisage the changes (including potential negative ones) that a project might bring about.

The consultation process should identify and discuss the risks of negative effects and should also be used to identify and discuss possible countermeasures, which could be incorporated in the project proposal.

Possible measures for tackling the problems raised include:

- Steps to clarify the interests and legal rights of affected local communities, including their rights to land. The absence of a legal title to land, for example, should not be a bar to compensation for disturbances or disruptions that adversely affect the community's way of life.
- Steps to set aside and demarcate areas traditionally used and inhabited by communities within or adjacent to intended project areas.
- Steps to involve the chosen representatives of local communities in bodies concerned with the day-to-day implementation of the proposed project.

- Steps to ensure that the pace of change and the rate of introduction of the intended development will not be disruptive to the local community's way of life.
- Measures in health and education and support for the production and marketing of agricultural, fishery or forest products by local communities.
- Steps to create permanent structures to facilitate open communication, interactive problem-solving and social learning by strengthening the institutions that will deal with local communities throughout the project cycle. Among other things, such institutional strengthening should include the development of an explicit plan of operation for the project consultative committee to ensure regular, on-going interaction with local communities and clear two-way communication about community concerns, project goals, project activities and project outputs.
- Where relocation or resettlement is involved, preparation of a detailed resettlement plan, including timetable and budget. The plan should include steps to ensure social and cultural homogeneity among the relocated groups and to provide adequate land assignments, housing solutions, basic infrastructure and support, training and, if necessary, technical assistance to help ensure the longer-term economic and financial viability of the new communities. Host communities that accept settlers should be considered during the planning process and. where necessary, assisted.
- Where members of a local community affected by the proposal are to be relocated, steps to ensure prompt payment of fair and adequate compensation. In this regard, cash compensation alone is usually inadequate and often counterproductive. Preference should therefore be given to land-based resettlement strategies that focus on restoring the economic base of the relocated community.

Project cycle phases

Project identification and formulation. Local communities might have more immediate or pressing interests in the provision of income or improved social facilities than in the objectives of the project itself. Thus, as set out above, local communities likely to be affected by the project should be fully consulted after the initial collection and analysis of baseline data, as well as beforehand.

Project implementation. Wherever possible, local communities should play an active role in project implementation. In addition, their chosen representatives should participate in the local project consultative committee (or similar body) that oversees project implementation.

Project monitoring and evaluation. Monitoring by executing agencies should involve a check on whether the ongoing participation achieved with local communities, and their resulting cooperation, are as originally foreseen. If not, this might signal that the impact of the project on local communities and any measures to deal with them are unexpectedly negative or inadequate.

Appendix B

Guidelines to take account of the environmental impact of projects

Aim

The aim of these guidelines is to ensure that all projects directly funded by ITTO identify and takes steps to prevent, control or mitigate any negative environmental impacts that might arise from their implementation and, where possible, to improve the environmental quality of such projects.

Approach

Environmental factors should be taken into account at the earliest stage of a proposal and in all stages of the project cycle, from design to ex-post evaluation.

Environmental aspects of a proposal should be considered as part of a multidisciplinary approach that examines economic, technical and social issues.

Project identification, formulation and design

I. Baseline data

Proposals should include:

- a description of the physical environment to be affected
- the environmental factors that will affect the project's sustainability as well as the demographic, cultural and socioeconomic contexts (especially those aspects related to potentially direct and indirect environmental impacts)
- the institutions and national laws involved in or related to the potential impacts, and the requirements they impose on the design and operation of the project.

If the originator of a project idea has insufficient data with which to make an initial assessment of environmental impacts, a pre-project proposal can be prepared and submitted to ITTO. When insufficient facts are available on which to judge whether a full environmental impact assessment is needed, rapid environmental appraisal (sometimes called 'scoping') can be a useful method for determining risks.

II. Risk assessment and reduction

Project proposal formulators should have clearly in mind the potential benefits and risks associated with any project involving forest management, reforestation, or forest industry development. Benefits might include, for example:

- maintaining the stability and fertility of the soil
- providing protection to catchment areas
- supplying valuable timber and other products such as fruit, fibre and fuelwood
- maintaining stores of highly diverse genetic material
- providing the necessities of life and cash income for forest dwellers
- providing a habitat for wildlife, and opportunities for possible tourism.

Risks might include:

- soil erosion, both in the development area and as a result of supporting infrastructure such as access roads, and loss of soil fertility
- changes to the hydrological cycle (ie adverse impacts on the water balance or reductions in water quality through stream sedimentation)
- loss of wildlife habitat and biodiversity
- disruption to the socioeconomic and cultural way of life of local communities
- the possible spread of disease.

Forest industry-related proposals might also involve environmental risks common to industrial processes such as:

- air, soil or water pollution
- high demands for local or brought-in energy inputs or natural resources (eg water)
- health hazards to workers.

Where risks are identified, the project proposal should incorporate measures designed to address and minimize them. In addition, project proposal formulators in the areas of natural forest management, forest restoration or forest plantations should consult the relevant ITTO guidelines.[4] Appendix 4 of the ITTO *Guidelines on the Sustainable Management of Planted Tropical Forests* also sets out criteria and guidelines for designing man-made forests that might be useful for avoiding negative environmental impacts in projects involving planted forests.

III. Selection of monitorable indicators

In the development of proposals it is important to include indicators of environmental impact as well as of other aspects of progress. The selection of these indicators will depend on the risks that have been perceived and addressed, and their monitoring should be timed accordingly.

Project monitoring and evaluation

Regular reviews of projects, and any evaluations at project completion, should examine, using the monitorable indicators, the effectiveness of environmental measures taken to address particular risks and whether any unexpected risks have emerged (and need to be tackled, possibly by the modification of the project or in future projects). Provisions should be made for such reviews in the terms of reference of project steering committees and other relevant bodies.

If ITTO decides that a particular project should be the subject of an ex-post evaluation, its terms of reference should always include an examination of the environmental history and impact of the project and any lessons learnt in this regard. A specialist ex-post environmental impact analysis might be required.

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[4] ITTO *Guidelines for the Sustainable Management of Natural Tropical Forests*; ITTO *Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests*; ITTO *Guidelines for the Conservation of Biological Diversity in Tropical Production Forests*; ITTO *Guidelines on Fire Management in Tropical Forests*; ITTO *Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests*; Revised ITTO *Criteria and Indicators for the Sustainable Management of Tropical Forests*

Pre-projects

In addition to activities designed to fill gaps in the baseline data and in the understanding of the factors at play in an intended project location, ITTO can consider pre-projects which will make a wider assessment of the likely environmental impact of an intended project. An example of the possible terms of reference for a full environmental impact assessment of this kind is given below.

Outline of terms of reference: environmental impact assessment

The terms of reference for a mission to carry out a full environmental impact assessment of a project could be structured as follows:

Introduction

- Purpose of the terms of reference
- The project to be assessed
- ITTO and national requirements and related laws and conventions
- Envisaged executing arrangements

2. Background

- Agencies and institutions involved
- Brief description of project
- Current status and timetable of project
- Relationship to ongoing or past studies
- Related or adjacent projects

3. Objectives and modus operandi

- Specific objectives of the environmental impact assessment
- Objectives of overall project preparation and analysis
- Working relationship with other project studies and study team
- Required approach (if any) for consultations with affected groups

4. Study area (include map)

- Specify location

5. Scope of work

The contractor will:

5.1 Describe the project in detail

- Emphasise features or activities that pose risks or will generate impacts

5.2 Describe the environment of the study area

- Physical environment
- Biological environment
- Social and cultural characteristics; terms of reference should specify special surveys, mapping, etc

5.3 Describe legislative and regulatory considerations

5.4 Determine potential impacts

- Characterise baseline and other data used and note reliability or deficiencies
- Describe impacts – negative and positive, reversible or irreversible, temporary or long-lasting
- Identify measures to reduce or mitigate impacts
- Quantify and assign financial and/or economic values to impacts and mitigating measures
- Where necessary, design studies to fill gaps in needed information

5.5 Describe and analyse alternatives

- Describe alternatives that have been studied by others
- Identify those alternatives studied (or others) that could achieve project objectives
- Perform comparative technical, economic and environmental analyses of alternatives versus the proposed project

5.6 Develop plan to mitigate negative impacts

- Include objectives, executing or implementation modes, proposed work program and budget

5.7 Design a monitoring plan

- Plan to monitor implementation of mitigating or compensatory measures and project impacts during construction and operation, including design of baseline studies and cost estimates

5.8 Identify institutional requirements and needs related to implementation of mitigating measures and monitoring

5.9 Present a report containing the following:

- An executive summary
- A description of the proposed project
- A description of the environment
- A description of significant environmental impacts
- An analysis of alternatives to the project proposal
- A mitigation management plan, including costs
- A monitoring plan, including estimated costs and schedule of work
- An outline of the policy, legal and institutional frameworks and the need for change, strengthening, reform, etc, relative to mitigation and monitoring
- An environmental management and training needs plan, and estimated costs
- Interagency management and public involvement strategies
- A list of references and resources

Appendices, maps, technical documentation

Required composition of the consulting team and schedule of work.

Appendix C

Examples of logical framework matrices

Logical framework matrix, forest management project

Strategy of intervention	Verifiable indicators	Means of verification	Key assumptions
Development objective: To contribute to integrated socio-economic development and environmental protection in northern Silvania	• By end of 1st year, deforestation has been stopped • By end of 2nd year, the rate of logged timber waste decreased from the current 60–70% to less than 40%, and users' income levels have increased by 30–50% • By end of 4th year, Northern Hills Forest Reserve management is certified	Aerial photographs, reports and field checks	• Public security continues to improve • The government's determination to improve forest use in the Northern Hills Forest Reserve continues
Specific objective: To launch a participatory forest management process to foster the rational use of production forests and environmental protection	• A consensus-based management plan implemented by the end of the 3rd year of the project • By the end of 1st year, all plans are under the Forest Department's control and follow-up • In the 2nd year, over 80% of the interested groups have favourable views on the consultation process	• Project reports • Reports of consultative committee meetings • management plan • surveys of interested groups	• Public security continues to improve • Interested groups collaborate • The Forest Department appoints suitable staff to implement the project
Output 1: Groups interested in the Northern Hills Forest Reserve are contributing to the development of a consensus-based vision of the integrated management of natural resources	• By the end of 1st year, over 80% of interested groups are pleased with their involvement in the forest management process in the Northern Hills Forest Reserve • Recommendations emerge from consultations	• Workshop and meeting reports • Survey outcomes	• Interested parties are collaborating

Strategy of intervention	Verifiable indicators	Means of verification	Key assumptions
Output 2: Forest management plan developed and implemented	• Non-forest area subtraction operations (Law of 1959) completed before the 9th month of the project • Forest zoning completed before the 12th month of the project, thus allowing forest management • Over the 1st year the Forest Department has strengthened land unit capacity to support technological changes in forest uses and to monitor management plans • Before the end of the 2nd year the Forest Department has adopted the management plan, which is being implemented during the 3rd year	• Project Reports • Management plan • Management plan approval document	• Municipal authorities cooperate towards the solution of cadastre issues over private forest properties
Output 3: Efficient forest use systems adopted by most operators	• In the first 2 years, 150 users have been trained and 50 in the 3rd year, and they all indicate their satisfaction by the end of the 3rd year • At the end of the 2nd year, 90% of users have adopted at least one new technology (eg tree felling, transport, timber drying and storage, etc) • The project helps at least 10 beneficiaries per municipality gain access to credit facilities • Before the end of the project, 25 model farms have made progress with their production systems	• Project report • Field controls • Satisfaction survey of beneficiaries	• Interested groups are collaborating

Logical framework matrix, market Intelligence project

Strategy of intervention	Verifiable indicators	Means of verification	Key assumptions
Development objective: To increase forest sector products as a proportion of overall exports	• The proportion of forest sector products in total exports increases by 5% per year and reaches 25% by end of project	• Reports by the National Statistics Bureau and the National Forest Statistical Information System	• National forestry policies maintain emphasis on sustainable management and forestry development
Specific objective: To improve exporters' access to the national forest products export database	• Reliable information available at the national level	• Audit reports of regional and national data collection and processing networks	• Ministry of Environment and Ministry of Forestry work together to establish a common statistical system
Output 1: Methodology to collect, register, process, analyse and disseminate information established	• Operational procedures established and validated	• Report on the operational methodology adopted by the Forest Sector Statistical Information System	• No relevant assumption
Output 2: Design of the system elaborated	• Database characteristics and system requirements (hardware and software) established	• Project progress report • Monitoring visit	• No relevant assumption
Output 3: Central Processing Unit installed and in operation	• System statistical reports available	• Monitoring visit • Project reports	• Regional departments provide relevant data and information
Output 4: Information subsystems at regional level established	• Operational procedures and methodologies for data collection established	• Monitoring visits • Project reports	• Departments of different ministries integrated in project work
Output 5: Personnel trained	• Workshops implemented	• List of participants	• No relevant assumption

Logical framework matrix, forest industry project

Strategy of intervention	Verifiable indicators	Means of verification	Key assumptions
Development objective: To promote and sustain eaglewood production from natural forest and eaglewood-based industries toward sustainable forest management and forest communities' welfare	• Sustainable eaglewood production from natural and plantation resources • Increase in local and national earning • Decreasing pressure on natural forest	• Technical report • Recommendation	• All stakeholders (government, local communities and traders) support the projects • Government's willingness to conserve, manage and to utilize Eaglewood properly • Communities need and willingness to have alternative income from Eaglewood
Specific objective 1: To introduce inoculation technology for increasing Eaglewood production	• Eaglewood production increased by 100% in five years	• Recommendation and technical report	• Positive attitude toward implementation of Eaglewood stakeholders • Full participation by local communities, and government officials to the projects • Availability of reliable Eaglewood stands
Output 1.1: Identified tree species susceptibility	• Availability of Information on four important eaglewood species improved	• Report on some important eaglewood species, potency and distribution	• Availability of reliable eaglewood stands for experiment • Local community of eaglewood owner willingness to cooperate in this project
Output 1.2: Selected pathogen for inoculation	• Availability of applicable inoculants agent in the second quarter	• Report on the best pathogen for inoculation	• Availability of reliable eaglewood data from respondents • All stakeholders prefer to give all required information

Strategy of intervention	Verifiable indicators	Means of verification	Key assumptions
Output 1.3. Better inoculation engineering	• Availability of three selected inoculation engineering	• Report on inoculation technique	• Availability of reliable eaglewood stands for experiment • Availability of raw materials from various sources and qualities
Specific objective 2: To disseminate the technology to communities living in and around the forest	• Improving knowledge and skill of local community on eaglewood production	• Recommendation and progress report	• Full participation by local communities, traders and government officials to the projects • Positive responses of eaglewood stakeholders on providing real information
Output 2.1: Two established demonstration trial plots of *Aquilaria* sp at West Kalimantan and Banten provinces	• Two demonstration plots for plantation is established, covering 100 ha in total	• Report on implementation of demonstration trial plots in two locations • Monitoring visits • Report on cost analysis of establishing trial plots	• Full participation local communities and local government officials to the trial port
Output 2.2: Trained forest communities of the inoculation technology	• Training module developed • Two training conducted • 25 participants trained	• Report on training	• Full participation local communities, and government officials to the projects
Output 2.3: Conducted workshop	• Two workshop conducted • 100 participants in total attended	• Proceeding and report on national workshop	• Positive attitude from eaglewood stakeholders

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