ITTO

Manual on standard operating procedures for the ITTO project cycle

ITTO

Manual on standard operating procedures
for the ITTO project cycle

2009

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Manual on standard operating procedures for the ITTO project cycle
General Information Series #15

Photo credit: CIB

Foreword

I have the pleasure to introduce herewith the Manual on Standard Operating Procedures (SOP) for the ITTO Project Cycle. The ITTO project cycle consists of the various phases through which a project moves from first conception to completion which include project identification and formulation; submission; appraisal; approval; funding; inception; implementation; monitoring and evaluation; completion and closure.

The Manual covers all the procedures involved in project work and guides the main implementers in the project cycle in performing their roles in the various phases of the project cycle. The Member Country, the Contact Point, the Executing Agency, the Clearing House, the Expert Panel for Technical Appraisal of Project Proposals, Consultants, Project Evaluators, Independent Auditors, the ITTO Secretariat, the ITTO Committees and the Council should adhere to the procedures and guidelines prescribed in the Manual to effectively operate a project from beginning to end.

The Manual is brief but comprehensive consolidating all the practices and experiences gained in the project work of ITTO which have evolved as standard procedures. The Annexes of the Manual provide model guidelines and templates for certain key procedures and results of specific phases of the project cycle.

The Manual builds upon the limited provisions of the "Rules and Procedures Applying to ITTO Projects, November 1999". It should be used in conjunction with other procedures stipulated in the other revised ITTO manuals and guidelines and pertinent decisions of the Council related to the project cycle.

Emmanuel Ze Meka
Executive Director
Yokohama, December 2008

Table of Contents

A General Introduction

The Standard Operating Procedures (SOP) is a framework of practices and regulations for the ITTO project cycle that should be followed from the start of a project to completion. These procedures evolved as a result of Council decisions and the past experiences of various implementers of the ITTO project cycle.

Standard Operating Procedures have been prepared to guide the actions of the main implementers in the project cycle including the member country (contact point, clearing-house, executing agency), ITTO (secretariat, Committees, Council), the Expert Panel, consultants and suppliers of goods and services, and independent auditors to achieve project objectives and expected results and impacts. Their specific roles and responsibilities should be guided by applicable procedures in all phases of the project cycle.

New guidelines have been included for most aspects of the project cycle that do not have operating procedures. Referrals are made on the most updated procedures and Council decisions currently used by the Organization.

The SOP Manual for the project cycle should be used in conjunction with:

- Manual for Project Formulation, third edition 2008;

- ITTO Manual for Project Monitoring, Review, Reporting, and Evaluation (third edition, 2008);

- ITTO Guidelines for the Selection and Employment of Consultants and Guidelines for the Procurement and Payments of Goods and Services (2008);

- ProTool 2008 and its Users' Manual which are computerized tools (software) to facilitate project proposal and budget preparation downloadable from the internet;

- Financial Rules and Rules Relating to Projects of the ITTO.

Each of these manuals provide more detailed procedures and guidelines in the specific phase of the project cycle they cover and are referred to throughout the SOP Manual.

B Manual on Standard Operating Procedures for the ITTO Project Cycle

I Introduction to the ITTO Project Cycle

1 Description of the ITTO Project Cycle

The ITTO project cycle consists of the various phases through which a project moves from first conception to completion which include project identification and formulation; submission; appraisal; approval; funding; inception; implementation; monitoring and evaluation; completion and closure. Each phase has specific key actions and procedures that should be done to complete a particular phase.

The project cycle is generally sequential and the following phases can only be concluded when the previous phase(s) have been conducted. Some key activities can be conducted in several phases as in the case of monitoring and evaluation and financial auditing. A completed project cycle also provides feedback mechanism to continue with a phased or follow-up project. Figure 1 depicts the general flow chart for the ITTO project cycle.

Figure 1: The ITTO Project Cycle
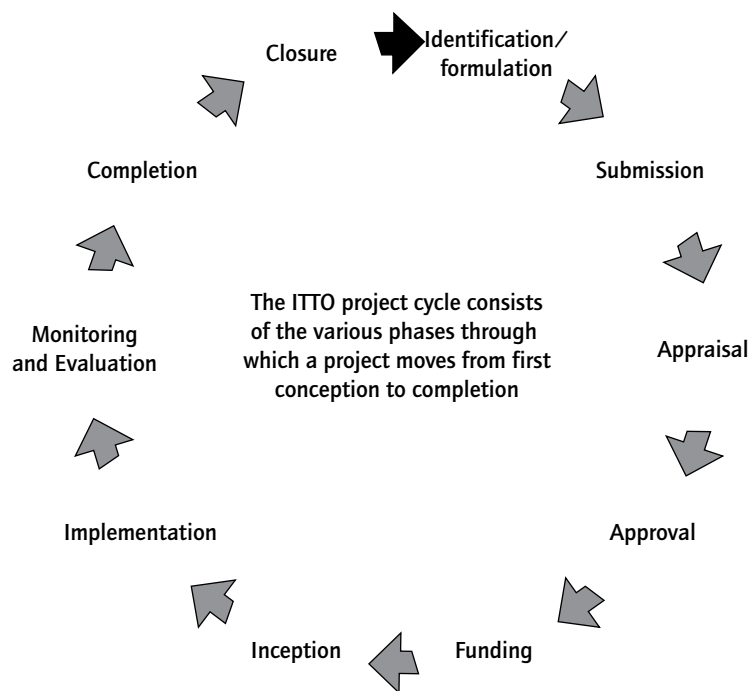
2 Scope of the SOP

Standard Operating Procedures (SOP) are procedures and requirements, which should be followed throughout the entire ITTO project cycle to effectively carry out projects in all stages.

The SOP covers guidance to the main actors in project cycle implementation in performing their responsibilities in the various phases of the project cycle. The SOP for the member countries, the Contact Point, the Executing Agency, the Clearing House, the Expert Panel for Technical Appraisal of Project Proposals, consultants, the ITTO Secretariat, the ITTC and its Technical Committees are prescribed from project identification and formulation to completion.

Table 1 below summarizes the SOP and guidance for each stage of the project cycle.

Table 1: Summary Matrix of SOP and Guidance

PROJECT CYCLE STAGES	STANDARD OPERATING PROCEDURES	GUIDANCE
1. Identification and formulation	Members identify priority project proposals	National and ITTO priorities and action plans/guidelines Project idea
	EA formulates project proposal	Manual on project formulation
	Members encouraged to use software tools	Users' manual and software tools for formulation
2. Submission	Contact points submit proposals	Only 1 focal point accredited by ITTO
	National clearing house screens and prioritizes project proposals	Checklist for submission Limit submission to 3 new proposals per country
3. Appraisal	Secretariat screens project proposals	Checklist for appraisal
	Expert Panel technically appraises project proposals	Criteria and appraisal system as approved by the Council
4. Approval	Technical Committees recommend decision on project proposals	Expert Panel Appraisal Report
	Council makes final decisions on project proposals	Final appraisal by Committees
5. Sunset	Council declares sunset provisions on projects	Projects approved by Committee can be revised (within limits) and resubmitted directly to Council within 20 months Committee approved projects are eligible for funding for 26 months; after which they become sunset if not funded
6. Funding	ITTO selects project and funds from various sources e.g. special account and BPF	Donors should consider general criteria for funding
7. Project Agreement	ITTO prepares project agreement for approved/funded projects Signing of PA by authorized representatives of ITTO, member country, EA and collaborating agencies as appropriate	Model template for PA Review provisions in draft PA

PROJECT CYCLE STAGES	STANDARD OPERATING PROCEDURES	GUIDANCE
8. Inception	The EA submits an inception report to ITTO	After approval and funding, the EA confirms that it is ready to start project with office facilities, opens a separate account or sub account in internationally recognized bank preferably in dollars, arrangements for professional management staff and consultants to be engaged, agreement reached with any collaborating agency, and a YPO1 or detailed work plan attached, and holds a launching meeting to approve the inception report as appropriate Use format in manual for project monitoring, review, reporting and evaluation
9. Implementation	Release first installment of ITTO funds	Submission of inception report for release of first payment of funds
	The EA commences implementation	
	ITTO disburses subsequent installments of ITTO funds	Submission of bi-annual progress reports, YPO, and justification for funds release
	EA submits yearly/final audited financial statements	Guidelines in selection of independent auditors and model template for financial audit statements
	EA selects consultants/project management staff and procure goods and other services	ITTO Guidelines on selection of consultants and procurement of goods
10. Monitoring and evaluation	The EA submits progress, subsequent YPOs, financial, and technical reports	Deadlines and format as indicated in the manual for project monitoring, review and evaluation
	PSC/PTC holds meetings for review and evaluation	
	Conduct internal and external monitoring by EA and ITTO respectively	TOR and guidelines for PSC meetings
	Conduct mid-term and ex-post evaluation as appropriate	Guidelines in manual for project monitoring, review, reporting and, evaluation
11. Suspension	The ITTO may suspend a project due to non-compliance with PA	Funds being used contrary to PD and cases of fraud, waste, neglect, or mismanagement

PROJECT CYCLE STAGES	STANDARD OPERATING PROCEDURES	GUIDANCE
12. Termination	Council may terminate a project upon recommendation of the secretariat based on criteria for project termination	Rule 31 of Criteria in "ITTO financial rules and rules relating to projects"
13. Completion	The EA submits a completion report and final audited financial statement Council formally declares a project completed upon recommendations of the Committees	Model templates for completion report and final audited financial statement Approval of the completion report and the final financial audit statement from the EA
14. Closure	ITTO secretariat initiates closure of the project account	Approval of completed projects by Committees and receipt of final audited financial statements and unused funds from the EA

II Project Identification and Formulation

1 Eligibility of Countries/Executing Agencies

ITTO member countries are eligible to submit project, small project, and pre-project proposals. They must be in good standing without any outstanding arrears in payment of membership fees for the last three years.

Several member countries can submit proposals jointly as in the case of transboundary or regional projects. If projects of this nature are submitted by only one country then the consent and support of the other participating countries must be manifested in writing.

Government agencies, non-governmental organizations, and the private sector of a member country are eligible to be executing agencies for ITTO projects. The ITTO Contact Point in a member country should have a system of accreditation for executing agencies proposing projects. They should consider as main criterion: the financial and management capability of these agencies to carry out the project, the agencies' past similar experience with activities proposed in the relevant project, previous record in implementing ITTO projects; and current project load.

2 Eligibility of Projects

Project proposals submitted to ITTO should be consistent with the current ITTO Yokohama Action Plan and the national forestry policy of the submitting member countries [Decision 4(XXV), Annex A]. The proposals should also consider relevance to ITTO objectives and adherence to the organization's various policy guidelines developed which are available at the ITTO website.

Bearing in mind the needs of developing countries, members may submit pre-project and project proposals to the Council in the fields of research and development, market intelligence, statistics, further and increased wood processing in producing member countries, and reforestation and forest management. Pre-projects and projects should contribute to the achievement of one or more of the objectives of ITTO.

3 Project Formulation

The project proposals submitted by member countries should follow the guidelines and format prescribed in the ITTO Manual for Project Formulation (2008). Full guidance on project formulation is provided in this Manual. It elaborates on the procedures and guidelines the member country and executing agency must follow in identifying and formulating a project for submission to ITTO.

This manual is available on the ITTO web site. In addition, to facilitate drafting of the proposal and to secure consistency in the logical framework flow and required inputs and budget, computerized software tools have been developed and made available to proposal developers on the ITTO web site to assist in the formulation of the proposal.

4 Software Tools

Project proponents are encouraged to use the ITTO Project Formulation Software Tool to facilitate formulation of proposals. It is a user-friendly package of several software tools that will assist the formulation process based on the "Manual for Project Formulation". The "Users' Manual for the ITTO software tools provides guidance on operating the computerized tools to formulate a proposal.

The computerized tools will enable proponents to generate computerized outputs pertaining to the following aspects of project formulation:

- Analysis of the Key Problem and Creating Problem Tree
- Analysis of the Objectives
- Specifying the Outputs of each Objective
- Creating the Logical Framework Matrix
- Specifying the Activities of each Output
- Creating the Work Plan Matrix
- Identification of Inputs needed per Activity
- Creation of budget tables
- Analysis of Assumptions
- Project document generation

The software tools and the users' manual have been installed in the ITTO website. Proponents can download both from the internet and use the saved files for project formulation.

5 Categories of Projects

ITTO projects are categorized in view of varying requirements and guidelines pertaining to a project, a small project, and a pre-project. Each type of project requires different format, contents, and presentation. The "Manual for Project Formulation, Third Edition, 2008" specifies the format, contents, and guides for these project types supported by samples .

A project is a concerted effort directed at the achievement of one, exceptionally two, well articulated specific objective(s) and related to a wider Development objective. A project proposal is a document containing all the relevant information for the implementation of a project including clearly identified performance, time and cost characteristics usually with a request for funding.

Small projects are projects which do not exceed two years and does not require more than a specified amount of funds from ITTO. (The amount is to be decided by the Council and was $ 150.000 at the time this SOP was printed). Examples of small projects are studies and conventions related to sustainable forest management, forest industry or timber trade.

Pre-project proposals are meant for doing groundwork for the formulation of a project proposal and for drafting the project proposal. Typically the outputs of a pre-project proposal comprise results of surveys and studies, identification and involvement of implementing agencies and stakeholders.

The longer the implementation period of the project the less accurate activities can be described and cost estimates made. It is recommended to present projects with an anticipated total duration of four (4) years or more, in two or more phases because a phased approach of projects has proven to mitigate this problem of long term forecasting. Presentation of a full project proposal divided in two or more phases provides insight in the follow-up of each phase and a preliminary estimation of the entire budget. Financial commitment is sought for each phase separately, starting with the first phase and subsequently shortly before completion of each phase. The phased approach allows for necessary adjustments in the proposal and budget for the follow-up phase(s), which will be submitted to ITTO.

6 Regional and Global Projects

Regional and Global Projects are encouraged to have wider values and their benefits should reach beyond those institutions and people which are directly involved in the project (i.e. words Executing Agency, collaborating agencies and immediate stakeholders). The country as a whole and other member countries should somehow benefit from project results and impact. This means e.g. that deliverables may be replicated and that a dissemination strategy deliberately reaches out to the national level and to other member states, or that the project implementation has a regional or global dimension.

Global or regional proposals presented by a single country or regional organizations which are endorsed by ITTO members should show evidence of support from the other partner countries. These proposals should contain firm commitments from participating countries to seriously pursue common objectives and conduct joint activities, including those currently in implementation. They should be supported by letters of support from all participating countries signed by the Focal Point or any duly designated representative. Other supporting documents on how the project came about and designed should also be submitted.

7 Projects to be Implemented in Other ITTO Member Country(ies)

In case where a member country has submitted a proposal some or all of the activities are planned to take place in the territory of another member, the member country should formally seek the agreement of the country in whose territory the project, or part of the project, is to be located.

The Expert Panel should make recommendations to the Committees if the proper evidence of support from other participating countries or organizations is sufficient and properly endorsed by their governments thru authorized representatives.

8 Emergency and Urgent Proposal

In the rare event an emergency proposal rises unexpectedly and cannot follow the full Project Cycle and its proponents wish it to be considered at the next Council/Committees session, the submitting government ITTO official contact point must:

1) Justify to the Secretariat, in writing, within 2 weeks prior to the Council session of the emergency/urgent reasons;

2) Ensure that their proposal is in compliance with the format and contents prescribed in the Manual for Project Formulation, Third Edition 2008;

3) Ensure that their proposal is distributed to all the members of the relevant Committee, accompanied by a written justification of why the proposal cannot await scrutiny by the next Expert Panel meeting;

4) Secure the verbal support of at least three producer countries and three consumer member countries within Committee session, when the proposal is discussed [Decision 5(XII), Annex].

A recent example of this type of emergency proposal is a forest rehabilitation initiative for tsunami devastated areas in Thailand and Indonesia.

III Project Submission

1 Contact Point

Each member country should designate a person and/or institution as national ITTO contact or focal point to handle ITTO matters [Decision 4(XXV), Annex A, Section III]. There should only be one contact point for a member country to prevent confusion and overlapping decisions. The Contact Point must be registered by the ITTO secretariat and serves as the official channel of communication between a member country and ITTO and processes the project proposals submitted by the EAs according to ITTO procedures.

The main functions of the ITTO contact point are:

- to evaluate project ideas emanating from executing agencies before a full-blown proposal is formulated.

- to provide guidance for the formulation and implementation of projects.

- to process the project proposals submitted by EAs according to the ITTO procedures

- to prioritize project proposals in accordance with national priorities and ITTO objectives and action plan.

- to submit all ITTO pre-project and project proposals. (ITTO will not accept any pre-project and/or project proposal not channeled through the "ITTO Contact Point").

- to monitor and review, together with ITTO representatives, projects being implemented.

- to coordinate and resolve problems with ITTO arising from project implementation such as those leading to suspension or termination of a project due to causes elaborated on in this SOP.

- to be a member of the PSC/PTC providing guidance and review to ITTO projects.

- to consider the advise to set up a "National Clearing House" mechanism for the screening of project or pre-project proposals taking into account national priorities and relevance to ITTO goals, prior to submission. (Document ITTC(XXXVI)/5 of the Expert Panel on Measures to Improve Project Formulation and Appraisal).

The project ideas contain very basic information regarding the problem to be addressed, the objective to be achieved, the type of anticipated outputs and, if already possible, a first estimation of costs. Project formulators are advised to present Project Ideas in one or two pages to the attention of the national focal point.

2 Check-lists for Submission

Project proponents (Government and Executing Agency) shall ensure that projects submitted to ITTO should comply with the basic guidelines for submission:

1. The Project Document format must be consistent with what is required in the ITTO Manual for Project Formulation, Third Edition, 2008. Full guidance on project formulation is provided in this Manual.

2. The proposal shall be submitted in English, French, or Spanish and duly translated by ITTO for appraisal purposes.

3. Proponents should ensure that all relevant contents for a project, pre-project, and small projects are complete as appropriate (format varies as indicated in the Manual for Project Formulation, Third Edition, 2008) including appendices, maps, and terms of references.

4. All pre-project and project proposals must be submitted directly by the "official contact point" of an ITTO Member [Decision 4(XXV), Annex A, Section III]. Any pre-project and/or project proposal not channeled through the "ITTO Contact Point" will not be accepted. Transmittal letter should be duly signed by the contact point.

5. Project proposals should be submitted on time following the project cycle announcement of the ITTO, Japan time, before each Council Session for submission of projects commended to the Committees, and new and revised proposals.

6. In view of the limited number of project proposals that the Expert Panel for Technical Appraisal of Project Proposals can appraise, it is desirable to limit submission of new project proposals to no more than three per Expert Panel meeting and provide a list of project proposals in order of priority for consideration by the Expert Panel,

7. It is desirable that official contact points should consider the recommendations made by the Expert Panel on Measures to Improve Project Formulation and Appraisal [Document ITTC(XXXVI)/5], particularly with regard to the advise to set up "National Clearing House" mechanism for the screening of project or pre-project proposals taking into account national priorities and relevance to ITTO goals, prior to submission.

8. Members who decide to withdraw project proposals after submission should be aware that substantial translation costs and handling time will already have been expended on these proposals. The government must make a firm decision to support any proposal before submitting it considering that amendments will not be accepted after the deadline, since proposals are immediately processed and sent to Expert Panel members.

9. The quality of language of the proposal should be clear and adequate for assessment.

10. All Project proposals should not exceed 30 single sided pages, while pre-project proposals should not exceed 15 single sided pages (Reference: ITTO Manual for Project Formulation, Third Edition 2008)).

11. Proponents should also consider that large number of proposals, unduly lengthy proposals, and errors of spelling, syntax, and calculation within proposals impose an unmanageable burden on ITTO's translators and on the Secretariat owing to the time constraints of the twenty-two week cycle.

12. Proposals should be prepared in A4 page size format using "Arial" font, size 10.

13. Members should dispatch by courier a clean copy of a proposal, free of hand-written amendments, together with an electronic version on a CD – ROM in MS Word 2003 format for Windows or lower. A Proposal should be submitted only as one integrated electronic file including tables, maps, and annexes.

14. If an Expert Panel recommends a proposal to be revised, the submitting Member must highlight all additions, deletions, or amendments in the revised version for the benefit of translators. Such highlighting may take the form of underlining, for example, or use of bold type, highlight ink. Highlighted sections should be clearly distinguishable from the original text. Explanatory notes on the changes made should be attached to the proposal. Resubmitted project proposals whose revised sections are not highlighted will not be considered by the Expert Panel and/or Technical Committees.

15. Proposals that have been rejected by ITTO after 3 submissions, i.e. two revisions, cannot be re-submitted.

16. Regional proposals should contain firm commitments from participating countries or seriously pursue common objectives and conduct joint activities, including those currently in implementation.

17. Incomplete proposals will not be accepted.

3 In-Country Clearing House

Member countries are strongly encouraged to establish a National Clearing House in accordance with recommendations made by the Expert Panel on Measures to Improve Project Formulation and Appraisal and adopted by ITTC (XXXVII/Decision 3).

Function

The "National Clearing House" mechanism will assist the contact point with screening of project or pre-project proposals taking into account national priorities and relevance to ITTO goals, prior to submission. This mechanism shall serve as the technical secretariat of the country Contact Point for detailed evaluation and prioritization of proposals. It should also evaluate project ideas from Executing Agencies if these are submitted to the Contact Point prior to a full-blown project proposal. It should also screen the completeness and format/contents of the proposal to assure proper appraisal.

Composition

The National Clearing House shall consist of officials and staff from the Country's Contact Point associated with activities on sustainable forest management and timber trade. It is ideal that key members are conversant with ITTO rules and procedures in the project cycle. Representatives of ITTO Executing Agencies and collaborating agencies can also be invited as members as well as from academe or professional organizations. It shall conduct its work through evaluation meetings, review of pertinent country and ITTO documents, interview with stakeholders, and field visits if necessary.

As an initiative of a member country, the National Clearing House shall be supported with adequate resources by the member government. ITTO through a Council Decision can provide some assistance in organizing and operating this institutional mechanism.

4 Number and Prioritization of Projects

In view of the limited number of project proposals that the Expert Panel for Technical Appraisal of Project Proposals can appraise, member countries are encouraged to limit submission of new project proposals to no more than three per Expert Panel meeting and the Focal Point should provide a list of project proposals in the order of priority for consideration by the Expert Panel, if the Member is submitting more than one (pre)project proposals [Decisions 4(XXV), Annex A, Section III and 3(XXXVII)].

For revised projects submitted back to the Expert Panel, member countries with more than one submission should also prioritize considering the comments of the panel particularly on relevance to ITTO objectives and action plan and other guidelines, and the criteria of countries.

5 Submission Deadlines

The timetable for the ITTO Project Cycle calendar establishes that the deadline for the submission of Project and Pre-Project proposals for consideration at the following Council Session is two weeks after the end of each Council Session.

The exact dates of submission of proposals are announced to all member countries in the project cycle calendar for a particular Council Session as an information document. The calendar is also posted in the ITTO website.

Proposals not submitted within the given deadlines by the ITTO will not be considered for appraisal.

6 Re-submission of Approved Projects

Council approved projects which have not been funded within a validity period of 20 months may be revised and resubmitted to the (Committee) Council. Failing resubmission, the Project will lose its status as an approved Project. [Decision 2(X)] and fall under the sunset provision.

IV Project Appraisal

1 Role of the Secretariat

The ITTO Secretariat should assure that the proposal submitted by member countries can be properly appraised by the Expert Panel by evaluating the following:

- The proposal was submitted by member country through its ITTO official contact point. (use contact point not focal point.

- It was submitted on time based on the project cycle calendar for submission of projects based on the Project Cycle approved in Decisions 7(XXI) and 3(XXXVII).

- It follows the contents and format prescribed by the Third Edition of the ITTO Manual on Project Formulation (2008).

- It is written in proper and understandable language.

- The project is properly categorized as to being a project, small project and a pre-project.

- The Secretariat should also provide the Expert Panel with a Project Brief of the Proposal highlighting the origin and objectives of the project and summary of other relevant details necessary for appraisal such as the outcome of preceding projects or pre-projects.

- The Secretariat gives Members early details of the Project Cycle Calendar for each Session of the ITTC. The Calendar is based on the Project Cycle approved in Decisions 7(XXI) and 3(XXXVII).

- It recognizes all the rules and procedures applying to ITTO Projects approved in Decision 8(XXVII).

Aside from screening of proposals prior to submission to the Expert Panel, the Secretariat undertakes the following tasks:

- to provide administrative and secretarial services to the Expert panel.

- to translate of proposals into English.

- to make the necessary arrangements for the timing, duration, and data needs of the Expert Panel Meeting.

- to convey official communications from member countries and Focal Points to the Expert Panel such as prioritization of projects.

- to categorize proposals as to what ITTO divisions the proposal falls and whether these are new projects and the number of revisions for revised projects.

To support the appraisal procedure, the secretariat allocates the projects and pre-projects submitted to primary and secondary evaluators from a consumer and producer member country amongst the 12 members of the Expert Panel. In this way, detailed introductions and appraisal of projects are done prior to overall assessment by all members and reaching decisions. The allocation process should consider objectivity of evaluators such that member of the Panel coming from a country whose proposals being appraised cannot make primary and secondary introductions in appraising proposals. As standard practice, principal evaluators should not be assigned to several projects emanating from the same countries.

ITTO officials and staff attend meetings of the Expert Panel to provide clarifications and background information on any aspects of the proposal. They also record discussions of the overall and specific assessments, recommendations, and decisions of the Panel on specific proposals. A summary of the appraisal for each project considered in a particular Expert Panel meeting is prepared by the concerned official/staff of the secretariat and finalized by the Expert Panel. The summary results are appended to the Appraisal Report of the Expert Panel and circulated to member countries for appropriate revisions and other actions. The secretariat should provide technical support to the EP without bias to decision-making.

2 Role of the Expert Panel

The Expert Panel for Technical Appraisal of Project Proposals (EP) was established by Decision 6(IX), and continued by Decision 2(X), considering the increase in the operational activities of the Organization and the need "to strengthen the capacity of the Secretariat in the technical appraisal of Project proposals prior to their presentation to the Committees."

Composition

The Expert Panel members are appointed by the Council on the basis of their technical expertise with due regard to the principles of geographic balance and rotation of Panel membership. Six members are from producing countries and six members from consuming countries. The appointment of members to the Panel is for a period of two years with the possibility of extending to three years if desired by the relevant region [Decision 7(XXI) and Decision 7(XXII)]. Due consideration is taken of the benefits of some continuity in Panel membership. Member countries are encouraged to have a roster of experts where EP members can be selected from.

Terms of Reference of the EP

The Revised Terms of Reference of the Expert Panel are as follows:

(i) Assess new Project and Pre-Project proposals submitted to the organization. The recommendations for amendments to these proposals shall be made by the Expert panel exclusively for the purpose of ensuring their technical soundness;

(ii) Screen the Project proposals for their relevance to ITTO's Action Plan and Work Programs (in the areas of Economic Information and Market Intelligence, Reforestation and Forest Management, and Forest Industry), and consistency with ITTO decisions and policy guidelines, but not otherwise prioritize them;

(iii) Where reformulation involving major amendments is recommended, request to carry out a final appraisal of the revised versions of Project and Pre-project proposals, prior to their presentation to the relevant ITTO Committees;

(iv) Report on the results of the technical assessment of Project and Pre-project proposals to submitting governments and to the ITTO Council and Committees, through the ITTO Secretariat;

(v) The Expert Panel shall take into consideration previous Expert Panels' reports.

The Expert Panel, in assessing Projects and Pre-projects, shall also take into account:

(a) their relevance to the objectives of the ITTA, 1994, and its successor agreement and the requirement that a Project or Pre-project should contribute to the achievement of one or more of the Agreement objectives;

(b) their environmental and social effects;

(c) their economic effects;

(d) their cost effectiveness;

(e) the need to avoid duplication of efforts;

(f) if applicable, their relationship and integration with ITTO policy work and their consistency with the ITTO Objective 2000 and ITTO approved guidelines including:

  – ITTO Guidelines for Sustainable Management of Natural Tropical Forests, 1990;

  – Guidelines for the Establishment and Sustainable Management of Planted Tropical Production Forests, 1993;

  – Guidelines for the Conservation of Biological Diversity in Tropical Production Forests, 1993;

- ITTO Guidelines on Fire Management in Tropical Forests, 1996; and

- Other ITTO Guidelines such as those on criteria and indicators, mangrove action plan, rehabilitation of denuded and degraded secondary forests, landscape assessment.

3 Appraisal Process

The Panel is expected to "screen the Project proposals for their relevance to ITTO's Objectives, Action Plan and Work Programs, but not otherwise prioritize them.

As standard practice for appraisal each proposal is introduced by two members (one Producer and one Consumer) after which the Panel holds an open discussion to decide on a proposal whether to commend to the Committees or send back to the submitting governments for necessary revisions taking into account the comments of the Panel.

Project Proposals requiring essential modifications or reformulation will be subject to a reassessment by the Expert Panel for Technical Appraisal of Project Proposals. [Decision 7(XXII), Annex]. The Panel will forward to the Committee only those proposals requiring minor or no amendments. The only exception to this will be in case of Proposals where the proponent is unable to agree with the Panel after three revisions [Decision 4(XXV), Annex A].

If reformulations involving major amendments or reformulation are recommended, (the Panel shall) request to carry out a final appraisal of the revised versions of Project and Pre-project proposals, prior to their presentation to the relevant ITTO committees." [Decision 7(XXII), Annex].

Where proposals have been revised, the Panel assesses whether the recommendations from earlier Panels have been followed satisfactorily.

For revised proposals submitted back to the Expert Panel for re-appraisal, the Panel should be guided by the general and specific revisions to address the comments of the Panel. Such revisions should be presented in matrix form showing the comments/recommendations of the Panel and the appropriate revisions made and attached to the revised proposal. The proponents should highlight in specific sections of the proposal where the changes have been made.

Immediately after the meeting of the Expert Panel, a brief report on each Project proposal is forwarded by the Secretariat to the submitting Government. The submitting Government may subsequently amend or revise its Project proposal(s) as recommended by the Expert Panel before consideration by the Committees or reconsideration by the Expert Panel.

4 Rating categories

The Expert Panel adopts standard Categories of Decision to make recommendations to the Committees on the Projects and Pre-Projects. At present the Panel uses seven categories of decision in keeping with Decisions 4 (XXV) and 8 (XXV) taken by the Council during its 25th Session in Yokohama in November 1998. These are explained in Annex A.

The 'categories of decision' have been amended to take into account Decision 4(XXV) 'Further Strengthening and Streamlining the Work of the Committees', Annex A, IV. Appraisal and approval, where the Expert Panel is requested only to forward to the Committees those projects requiring minor or no modification; and Decision 8 (XXV) 'Management of the Bali Partnership Fund', where in (4) the mandate of the Expert Panel is expanded to identify projects, pre-project and activities eligible for consideration for financing from the Bali Partnership Fund based on the criteria in the Annex of the Decision.

New Appraisal System

Starting from the XXXth ITTC session, Council approved the use of a new appraisal system based on quantitative award criteria with indicators and thresholds. This appraisal system is used on all new incoming projects. To ensure fairness, all proposals submitted prior to the XXXth Panel session and resubmitted with revisions will be appraised according to the old appraisal system.

For those interested, the basic "tools" and framework of the new quantitative appraisal system is shown in Annex B.

The categories of decisions based on the new quantitative award criteria are as follows:

1) Proposal commended to the Committee with incorporation of amendments.

2) Proposal requires essential modifications and will be returned to the proponent.

3) Proposal not accepted because a pre-project proposal is required and according to the indication of the EP to be submitted to the EP or directly to the Committee.

4) Proposal not recommended but submitted to the Committee with the recommendation not to approve the project proposal. Justification should be given to the proponent and the Committee e.g. not passing thresholds (in case of rev.2 project proposals), not relevant, insufficient information, etc.

The revised Manual for ITTO Project Formulation, Third Edition, 2008 has taken into account the proposed new appraisal system. On this basis, Member Countries can prepare project proposals in line with the proposed new system as adopted by the Council.

The actual use of appraisal systems will be decided by the Council. The ITTO secretariat can provide further information on what is currently being used for appraisal of new and revised projects.

Figure 2. Procedures for Project Appraisal
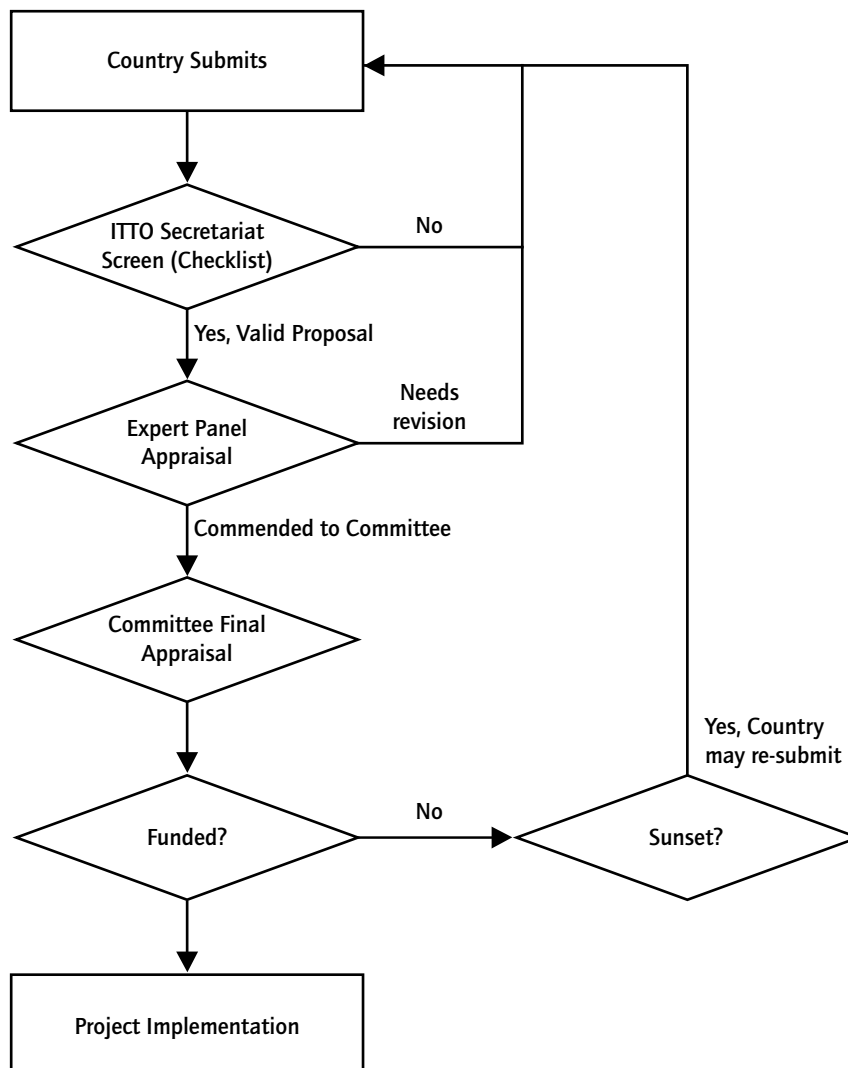
5 Role of Committees

Final appraisal of Projects, Pre-Projects and Project Ideas is the responsibility of the Committees [ITTA 1994]. During each council session, the Committees evaluate the response to comments made by the Expert Panel on projects (pre-projects) it commended to the Committees for approval or disapproval. The ITTO secretariat should provide the Committees with a brief report. Decisions of the Committees are presented in the ITTC for final decision.

V Project Approval

1 Role of Committees and Council

ITTA 1994 states that final approval of Project and Pre-Project proposals is a function of the International Tropical Timber Council. The Council as the highest governing body of ITTO can amend or reverse any appraisal or recommended decision of the Committees pertaining to project approval.

The Council in approving pre-projects and projects, shall take into account:

(a) their relevance to the objectives of this Agreement;

(b) Relevance to national objectives

(c) their environmental and social effects;

(c) the desirability of maintaining an appropriate geographical balance;

(d) the interests and characteristics of each of the developing producing regions;

(e) the desirability of equitable distribution of resources among the fields referred to in paragraph 1 of this article;

(f) their cost-effectiveness; and

(g) the need to avoid duplication of efforts.

ITTA 2006 allows more flexibility in the way the Council will carry out its responsibility for project approval. The council shall establish a procedure for appraisal and approving projects and pre-projects. The current procedure has been established under the provisions of ITTA 1994.

2 Approval of Projects by the Executive Director

Small Project or Pre-Project proposals of US$ 75,000 or less can be approved by the Executive Director with the proviso that these proposals are submitted to the Expert Panel and via Committees are reported on at the next Council Session [Decision 5(XII), Annex]. Otherwise all projects (pre-projects) are subject to final appraisal by the Committees and final approval by the ITTC.

The Executive Director can recommend to the Committees for appraisal and approval urgent proposals which rise unexpectedly and therefore cannot follow the full Project Cycle provided they are supported by at least three producer and three consumer member countries, are justified by a written proposal conforming to the Project document format, and are accompanied by reasons why the proposal cannot await scrutiny by the next Expert Panel meeting [Decision 5(XII), Annex].

VI Project Sunset

1 Approved Projects pending Finance

Council Approved Projects which have not been funded within a validity period of 20 months may be revised and resubmitted to the Council. Failing resubmission, the Project will lose its status as an approved Project.

2 Funded Projects Pending Implementation

Council Approved Projects for which funds have been committed, but for which implementation has not yet begun, shall be valid for a period of 26 months [Decision 2(X), Annex 2].

VII Project Funding

1 Sources of ITTO Funding

ITTO project funding to support Council approved projects (pre-projects and activities) are sourced from its Special Account, the Bali Partnership Fund and also from the Administrative Account as stipulated in the International Tropical Timber Agreement.

The sources of finance for Special Account are voluntary contributions from Members, the Common Funds from Commodities (CFC), and from regional and international financial organizations and other sources for any project, pre-project, and other activity approved by the Council.

The Bali Partnership Fund was established for sustainable management of tropical timber producing forests and is sourced from voluntary contributions of donor members, fifty percent interest earned as result of activities related to the Special Account, voluntary contributions from other public and private sources, and interest earned from all deposits in this fund. In allocating resources of this fund, the Council takes into account the needs of Members (i) for assistance in achieving exports of tropical timber and timber products from sustainably managed sources; (ii) to establish and manage significant conservation programs in timber producing forests; and (iii) to implement sustainable forest management programs. The Council, for the management of the resources of the fund, established a Panel and also determined the criteria for eligibility through its Decision 4(XXX) as attached in Annex C.

The Administrative Account, in addition to financing the expenses necessary for the administration of the Agreement, also finances projects and activities related to the policy work of the Organization; statistics, studies and information; and Annual Report and Biennial Review. The Administrative Account is sourced through assessed contribution of Members.

2 Donor Consideration

Donor should consider the following general criteria in funding projects:

- Relevance to ITTO Objectives, Action Plan, Objective 2000

- Member country priorities

- Geographic representation/allocation

- Wider value of regional/global projects

- Discussions at the Technical Committees on new and pending projects for funding

- Scores/recommendations of the Expert Panel

- Eligibility to the Bali Partnership Fund

- Results of mid-term and/or ex-post evaluation of phased or follow-up projects; results of pre-projects formulated unto a full-blown proposal

- Specific donor's priorities

VIII Project Agreement

1 Processing of the Project Agreement

The project agreement is prepared by the ITTO secretariat immediately after a project has been approved and funded by the ITTC. Such agreement specifies the roles and responsibilities of the member government, the executing agency, and ITTO in implementing a project (pre-project) based on the project document and appropriate manuals and guidelines of ITTO.

The government through its focal point and executing agency reviews the agreement and if acceptable signs it and forwards to ITTO for signature of the Executive Director. The Project Agreement becomes effective with signatures by all the parties concerned. A template for a project agreement specifying the contractual obligations and other pertinent provisions is shown in Annex D.

The Project Agreement among other provisions includes detailed procedures with regard to:

- Execution of the project
- Financing
- Use of funds
- Accounts, records, and reports
- Publication and technical reports
- Disposal of capital goods
- Responsibilities of the government
- Suspension
- Termination
- Settlement of disputes
- Modification of the agreement

2 Signatories to Project Agreement

The duly appointed representatives of the International Tropical Timber Organization, the government of the ITTO member country, and the Executing Agency for the project are the accepted signatories to the project agreement. Specifically, these signatories are the Executive Director of ITTO and the heads of the governments' designated Focal Point and Executing Agency. The project agreement shall enter into force upon signature by all the contracting parties.

3 Subsidiary Agreement(s)

All collaborating agencies identified in the project document shall execute a subsidiary agreement with the executing agency to establish the relationships amongst them in project implementation. Such agreement shall define the roles of each agency, the amount and schedule of their counterpart contributions, and reporting and monitoring requirements. This should be submitted to ITTO as a requirement for the release of the first payment for implementation. A sample agreement (model for guidance) between an Executing Agency and a collaborating agency is depicted in Annex E.

IX Project Inception

1 Duration

The Executing Agency should submit an inception report within 2 months of the approval and funding of a project (pre-project) and after conclusion of Project Agreement as pre-requisite for the first disbursement. The official starting date of the project is the day that the first installment has been received by the Executing Agency and has notified ITTO of such receipt.

2 Inception Arrangements

The Inception report provides the necessary information that preparatory activities are in place for project implementation. The Executing Agency must confirm in the report that adequate office facilities are in place, a US dollar account has been opened for the project, core project personnel have been designated including counterpart staff, agreement has been entered into with any collaborating agencies, and a Yearly Plan of Operation for the first year (YPO 1) has been prepared and attached to the report. The YPO for the first year will most likely not differ from the activities, workplan, and budget in the project document other than the starting date and some minor adjustments.

Further, the EA should notify ITTO in writing that the Project is ready to commence formally with the completion of preparatory activities for implementation as contained in the inception report.

The Inception report should follow the format as attached in Annex A of the ITTO Manual for Project Monitoring, Review, Reporting and Evaluation (Third Edition, 2008).

For pre-projects and small projects the Executing Agency must only confirm in the inception report that adequate office facilities are in place, a US dollar account has been opened for the project, core project personnel have been designated including counterpart staff, and agreement has been forged with any collaborating agencies,

For projects of greater complexity with duration of 24 months or more and a budget in excess of $ 400,000, a first Yearly Plan of Operations (YPO 1) should be attached to the inception report and approved along with the report. The YPO should follow the format in Annex B as attached to the ITTO Manual for Project Monitoring, Review, Reporting and Evaluation (Third Edition, 2008).

3 Approval of Inception Report Including YPO/Detailed Work Plan

The concerned Projects Manager of ITTO divisions and the Financial Officer shall review the inception report to ascertain the preparedness of the executing agency in commencing with the project. For ITTO projects with duration of 24 months or more and a budget in excess of $ 400,000 the YPO 1 shall also be evaluated and approved together with the inception report.

4 No Objection Letters for Core Project Personnel and Consultants

The YPO 1 for projects to be approved with the inception report shall specify the core personnel and consultants to be hired for the first year of operations enclosing their curriculum vitae, duties per TOR in the project document, duration of services, and rates for services.

After review by the concerned Projects Manager, the ITTO Executive Director if acceptable shall issue a no objection or concurrence letter to the hiring of these personnel and consultants.

5 Requirements for First Installment of ITTO funds

The approval of the inception report with YPO 1 shall be the basis for the first installment of ITTO funds to commence a project. In addition the EA should notify ITTO that it is ready to commence with the project.

X Project Implementation

1 Commencement of the Implementation of a Project

A project formally commences, after the signing of the Project Agreement by duly authorized representatives of the member government, the Executing Agency (EA) and the ITTO Executive Director, and supported by the first installment of funds for mobilization and initial activities of the project based on an approved inception report which include procurement and hiring of consultants and project management staff. A valid Project Agreement and the receipt of the first disbursement by the EA means the project commenced implementation.

The EA should submit an inception report after signing of the project agreement as pre-requisite for the first disbursement. Further, the EA should notify ITTO when the Project is about to commence. The ITTO secretariat will record the actual commencement of every project for management and monitoring/evaluation purposes and other activities related to the implementation until the completion phases of the project cycle.

2 Disbursement of Subsequent Installments of ITTO Funds

The disbursement of subsequent installments of ITTO funds to support projects and small projects will be made by ITTO secretariat upon receipt of bi-annual progress reports and Cash flow statement showing the balance of funds from the EA and a justified request for payment in terms of the timing, amount, and costs foreseen in the Yearly Plan of Operation taking into account the stage of implementation for the period relating to the use of requested funds.

The final disbursement will be made by ITTO upon submission of the last bi-annual progress report and a justified request for payment considering the costs foreseen in the last YPO submitted to successfully complete the project.

3 Selection of Financial Auditors and Submission of Audited Annual/ Final Financial Statements

The Project Agreement specifies that the EA should submit to ITTO annual and final audited financial statements.

An annual audited statement will be submitted within 3 months after the end of the financial year. For auditing purposes the financial year of the project refers to the period January 1 to December 31 of each year. In accordance with ITTC Decision 4(XXV) the annual financial audit are required only for projects with duration of two years or more and an ITTO budget above US $ 200,000.

A final audit statement for projects and pre-projects will be submitted within 4 months of project completion. The ITTO can request for a financial audit statement at any other time which may be deemed to be exceptionally necessary by the ITTO secretariat.

The project accounts shall be audited by duly recognized independent auditors selected by the EA in consultation with ITTO. The auditor shall be selected by obtaining and evaluating quotations from at least three audit firms. In countries where local offices of international audit firms exist, at least one of such firms shall be invited to submit an audit quotation.

The external auditor is expected to conduct a full scope audit in accordance with generally accepted auditing standards. The auditor will submit an audit report which shall include the auditor's opinion, general information and financial statements. A financial audit management report prepared by the auditor will also be required if there are significant internal control weaknesses and irregular transactions and activities. The EA should sign a letter of representation prepared by the auditor stating to the best of their knowledge and belief that the financial statements contain all transactions and that the statement of account is complete and accurate in all respects.

The Executing Agency should ensure that that all records are available, all accounting entries and adjustments are made, and that all other necessary steps have been conducted to enable the auditor to perform the audit. Audit costs shall be borne by the EA, unless otherwise specified in the project document.

The guidelines for annual/final (upon completion) financial audit for projects (pre-projects) are attached as Annex F. The template for use in presenting the projects financial statement is shown in Annex G while the template for cash flow statement is elucidated in Annex H. These templates will be used for the financial reporting in the "Project Progress Report" and in the "Financial Audit of Projects". The original amounts in these reports should be the same as in the approved Project Document.

4 Selection of Consultants, Sub-contracts and Procurement of Goods

Selection of Consultants

The "ITTO Guidelines for the Selection and Employment of Consultants, 2008" govern the selection and employment of consultants by the Organization and by its Executing Agencies for work in any project or other activity which is directly funded, either in whole or in part, from the Organization's funds. The Guidelines and will apply subject to the right of the Council to decide exceptionally upon other arrangements in any specific individual case. The duties to be performed by consultants should be clearly specified in detail in the Terms of Reference, describing the objectives and scope of the work to be undertaken and the functions to be carried out. These Terms of Reference should, if practicable, be embodied in the final agreed Project Document or, failing that, in arrangements agreed thereafter with the Organization. Proposals for services required should be invited from a short list of consultant firms chosen solely on the basis of a detailed examination of their experience and capabilities, with the aim of achieving a minimum number of bids, normally three. Individual consultants may either be engaged directly, or through an organization such as an academic institution, a governmental or international agency, a non-governmental organization or a consultant firm. Firms and individual consultants selected by the EA require the concurrence of ITTO.

Procurement of Goods

The "ITTO Guidelines for the Procurement and Payments of Goods and Services" govern the procurement of goods and services, and payment therefore, by the Organization and by its Executing Agencies, for any Project or other activity which is directly funded, in whole or in part, from the Organization's funds. These Guidelines apply subject to the right of the Council to decide exceptionally upon other arrangements in any specific individual case. A contract to the value of not less than US$25,000 will be financed by the Organization only where it has been let as a result of public competitive bidding, open without discrimination in accordance with these Guidelines to all firms legally operating in the country or countries within which the Project or Pre-Project is sited; and a contract to the value of not less than US$100,000 will similarly be financed by the Organization only where it has been let as a result of international competitive bidding in accordance with these Guidelines. For contracts costing less than US$25,000, or where specialized instruments, equipment materials, books and publications for scientific and technological projects for applied research are to be procured, or where an additional quantity of items procured under public or international competitive bidding is urgently required to meet the implementation schedule of the Project or Pro-Project activity, or where there is lack of effective competition the system employed may involve dealing with a limited number of local or international suppliers or a particular single supplier. If a limited number of suppliers are approached the aim should be to obtain at least three quotations. If a single supplier is invited to tender, the Executing Agency should aim by negotiation to achieve the most efficient and economical outcome.

5 Timely Submission of Progress, Financial and Technical Reports

The EA should assure the timely submission to ITTO of required progress and technical reports. The bi-annual progress reports should be submitted not later than 28 February and 31 August in each year of project implementation. A completion report will be submitted not later than three months after project completion. A Yearly Plan of Operation shall be submitted for every year of implementation. Technical reports are to be submitted on specified dates in the YPO and project document.

The inception, progress, financial, technical, and completion reports as well as the YPO shall be prepared following the guidelines, format, and models prescribed in the ITTO Manual for Project Monitoring, Review, Reporting, and Evaluation (Third Edition, 2008). The progress reports generally presents information that are managerial in nature such as the description of the activities started or completed during the period covered, the percentage of the work undertaken, and the costs incurred. Technical reports on the other hand elaborate on the technical and scientific data used, their analysis, and results/recommendations.

6 Continuously Maintain Project Documentation and Financial Accounts

The EA is encouraged to maintain documentation and financial records of project accounts, preferably in electronic files, after project completion.

7 Modification of Project Budget and Elements

On the advice of the Project Steering Committee, the Executive Director may modify the ITTO contribution to the Project or Pre-Project budget with the formal consent of donors for earmarked funds, by not more than US$ 50,000 per year or 10 % of the ITTO contribution approved by the Council, whichever is less [Decision 2(X), Annex 2].

Where there is no Project Steering Committee, and upon request of the submitting member, the Executive Director has the authority to modify Project and Pre-Project budgets, with the formal consent of donors of earmarked funds, by US$ 50,000 per year, or 5% of the Project budget, whichever is less [Decision 5(XII)].

For internal modification of budget elements, the PSC can change up to 10% of project cost; the Executive Director up to 20% of project cost, and above 20% should be forwarded to the Committees for decision.

The EA can request for project extension without additional cost for consideration of the Committees. Such request should be transmitted and signed by the Focal Point and should provide the justifications.

8 Travel Policy and Reporting

The EA should strictly adhere to the travel costs specified in the project document and the YPO for project management staff, consultants, counterparts and other eligible personnel'. Unit costs for domestic and international travel and associated DSA should be indicated in the project document and the YPO.

Airfare should be limited to the most direct economy route both for in-country travel and to cases where foreign travel is required in project implementation. The DSA provided for personnel travel should not exceed what is provided for local and international travel considering appropriate UN/local rates.

Vehicles, boats, motorcycles, and other means of transport purchased under a project should be strictly for official use of eligible project personnel. The EA should have a record of the use and costs of travel for these travel equipment.

The EA should also maintain a system of travel orders specifying the purpose, duration, and expected results from travels undertaken by project personnel. Concerned personnel who went on travel should submit a report to the EA on the accomplishments of such travels and activities undertaken to pursue project objectives. A listing of consulted people and stakeholders, if any, should be attached to the travel report.

9 Dissemination of Project Results

The completion and project technical reports should be the main means for the dissemination of project results. These and other project publications resulting from work financed by ITTO should carry statements to disclose that they are part of the documentation produced to impart the results to all member countries and other interested parties. The EA should also provide effective means for national level dissemination of results through press releases, and featured articles in national publications.

The EA shall also prepare, in consultation with the ITTO Secretariat, articles for inclusion in the ITTO Tropical Forest Update or other publications, to elaborate on project progress and final outcomes and lessons learned. Project evaluations conducted by ITTO and internally by the Executing Agency are also an important source of information for identifying and disseminating lessons learned.

The ITTO should also disseminate project results achieved through its operational activities through its publications which include the "Tropical Forest Update"(TFU), "Technical Series", "Policy Development Series", "Serial Publications", "Information Papers", "Report of Seminars, Workshops and other Meetings" and "Project Reports", among others. Project reports, publications, and results of evaluations shall be posted on the ITTO web site for wider global dissemination via the internet.

10 Responsibilities of the Host Government

The host government shall ensure that the executing agency is able to perform its prescribed obligations under the agreement from implementation to closure stages of the project cycle. It shall promptly provide clearance to all experts and other project personnel performing services financed by ITTO under the project. It shall also promptly release from customs any imported equipment or other kinds of supplies required by the project with import duties and associated applicable fees either waived or centered in the project accounts as part of the government's contribution to the project. In general the government shall express its willingness to facilitate the implementation of the project within its territory. Where applicable, countries should pay ITTO contributions on time.

11 Responsibilities of the EA and Other parties

The Executing Agency shall be responsible for implementing the project in accordance with the project agreement, project document, a detailed work plan approved by ITTO, and any other supplementary or subsidiary agreements which may be agreed by the contracting parties. It shall implement the project in accordance with the ITTO Manual for SOP for the Project Cycle (2008), the Manual for Project Monitoring, Review, Reporting, and Evaluation (Third Edition, 2008), the latest ITTO Financial Rules Relating to Projects, and the ITTO Guidelines on the Selection and Employment of Consultants and the Guidelines for the Procurement of Goods and Services Financed from the Special Account (Second Edition, 2008).

It shall comply with all the reporting requirements including monitoring and evaluation visits on specified timetable and the proper use of ITTO funds.

It shall further ensure that the project is implemented on schedule within its budget to achieve the expected objectives.

Further, the EA informs ITTO promptly for any cause/situation for delay or deviation that may affect implementation adversely.

A key factor in the success of project implementation is the performance of the Project Coordinator who supervises and coordinates all the expected outputs and activities of a project. He/she can be hired from outside of the Executing Agency as proposed in the project document and approved YPO with corresponding TOR and rate for remuneration considering the national policy for such remuneration.

The Executing Agency should establish their own criteria in the choice of project management staff particularly the Project Coordinator. The Project Coordinator whether connected with the Executing Agency or recruited from outside must satisfy minimum requirements on educational qualification, experience on working on similar projects, performance in other projects, knowledge of ITTO objectives, rules, and procedures, current project involvement, proficiency in one or two of the ITTO official languages, and present established remuneration rate, and basic knowledge of computer operations. The Project Coordinator will be hired full-time to supervise day-to-day project activities. In some case a Project Director is assigned to be over-all in-charge of project management.

Collaborating agencies specified in the project document shall provide the necessary support and counterpart funds in cash or in kind to implement a project. Their roles and responsibilities should be embodied in a supplementary agreement with the Executing Agency and submitted to ITTO as part of the Inception Report.

Stakeholders particularly affected communities by an ITTO project should be consulted and participate in almost all phases of the project cycle. Their identity and participation should be included in the yearly plan of operation and progress/final reports of a project.

XI Project Monitoring and Evaluation

1 Conduct of Inception Meeting

Immediately after a project has been approved by the ITTC and funded, the Executing Agency should conduct an inception meeting amongst key management staff, the focal point, collaborating agencies if any, and other concerned parties of the government. The meeting shall discuss the necessary arrangements and reporting to mobilize the project for commencement. These include adequate office facilities for the project, opening a US dollar account, designation of core project personnel including counterpart staff, forging agreement with any collaborating agencies, and the preparation of Yearly Plan of Operation for the first year (YPO 1). The agreements in the meeting and resulting outputs will be incorporated in the Inception Report to be submitted to ITTO. The inception meeting can be classified as a mobilization venue for the Executing Agency to satisfy the necessary arrangements for project commencement.

2 Internal Monitoring by the Executing Agency and The Focal Point

All agencies involved in the implementation of the project, i.e. Executing Agency and Collaborating Agencies, should have internal monitoring system in place to secure successful implementation of the project. Implementation of this monitoring system must be part of the planned activities in the workplan. The internal monitoring system is a management tool that should be effectively utilized to improve project performance. The Manual for Project Monitoring, Review, Reporting and Evaluation (Third Edition, 2008) provides detailed guidance for monitoring.

The country's Contact Point is mandated by the ITTO project cycle to also conduct monitoring of the results and outcomes of a project as implemented by the EA. It serves as the national assessment for ITTO funded projects. The Contact Point should convey its findings and recommendations to the PSC/PTC meetings for policy direction and appropriate action.

Results of internal monitoring by the EA and Contact Point provide basis for corrective actions and enhancing performance of the EA. These are incorporated in progress reports submitted to ITTO whose structure and format should be compatible with the monitoring system, and discussed in PSC/PTC meetings. They also provide useful data and guidelines to any ITTO conducted external monitoring.

Internal monitoring by the EA and Contact Point should be conducted annually preferably immediately prior to schedule of PSC/PTC meetings (Annex 1). It consists of review of pertinent progress and other reports of a project, interviews with project management and stakeholders, and field visits to validate accomplishments. Prior planning must be done to identify the documents to be reviewed, who to interview for results and problems, and specific areas where reported accomplishments can be validated on the ground.

3 Conduct of PSC/PTC Meetings and Review Missions

There should be a Project Steering Committee (PSC) for all Projects in which the ITTO share is at least US$ 400,000 and with an implementation period greater than 24 months.

Composition of the Project Steering Committee includes one representative of the ITTO, at least one representative of the government or government(s) which implement(s) the Project and optionally a representative of the government(s) providing funds to the Special Account of the ITTO.

The PSC will meet once or twice each year to review progress in project implementation. The date at which meetings are to be held should be determined after consultation among all the concerned parties. The PSC can hold special meetings even without an ITTO representative to tackle urgent issues that should be resolved immediately.

Decisions by the Project Steering Committee shall be taken by consensus and subject to review by the Council at the option of any Committee member or members [Decision 2(X)]. Decisions will be recorded by the relevant ITTO participant in one of the Organization's official languages, together with minutes or records of their review. These records shall be circulated promptly to ITTO, to the Executing Agency, to the host government and to the relevant donors. The reasons for any recommendations or decisions by a Project Steering Committee shall be set out in its minutes by detailed reference to its findings on the situation of the Project on the ground, in the light of the Executing Agency's Project Progress Reports.

The Secretariat shall submit to the relevant Committee or Committees a list of any reports containing decisions taken by Project Steering Committees. Any Committee member may then ask for the Council to review a decision by a Project Steering Committee and the Secretariat shall make arrangements accordingly to deal with such decision.

All Project monitoring and review, both by the Executing Agency and by ITTO, as well as by any Project Steering Committee, will use the Logical Framework Matrix and its associated Work Plan as the main frame of reference. Monitoring and review should in particular examine systematically the Indicators of achievement of each of the Project elements - Outputs, Specific Objective(s) and Development Objective. For the contents of the Logical Framework, monitoring and review teams should refer to the ITTO Manual for Project Formulation (Third Edition, 2008). Guidelines for planning and conduct of PSC/PTC meeting including formats for agenda, minutes, and reporting are shown in Annex I.

4 Planning, Preparation and Conduct of Review Missions

The Project Monitoring Review Missions (PRM) of ITTO consists of a PSC/PTC meeting and a project site visit. For each on-going project regardless of its size, a PRM should be carried out at least once a year (pre-projects will generally not be visited). In principle, each PRM should include a

project site visit; in cases where this is not possible (i.e. remote project sites or under high security risk), the project site should be visited at least once during the life of the project.

The Executing Agency is responsible for providing adequate transport to the project site and assures the presence of stakeholders and/or project participants.

The Project Steering Committee will undertake Project Review Missions for Projects whose implementation is planned to last longer than 24 months, and where ITTO is contributing at least US$400, 000, reviews will be made by a Project Steering Committee. The mission will normally consist of one ITTO representative and at least one representative of the government(s) in whose territory the Project is being executed; it may also include a representative of the contributor(s) providing funds to the Special Account for the project.

Review missions for smaller or shorter Projects will be conducted by ITTO staff, in cooperation with the Executing Agency and host government(s) as appropriate. Review missions by ITTO are conducted by designated Projects Manager of the concerned divisions where projects are operating. They are assigned primarily for monitoring and review of projects in the geographic areas of Asia Pacific, Africa, and Tropical South America. They also serve as ITTO representatives to PSC/PTC meetings.

Members of a Review Mission shall assess project progress at the project site; meet with stakeholders/ project participants, verify infrastructure and allocation and condition of capital items purchased with ITTO funds, and to take photographs for progress documentation and for the ITTO photo library.

Annex J elaborates on the guidelines for field monitoring visits.

5 Mid-term Evaluation

Detailed Guidance on evaluation is provided in Part B of the Manual for Project Monitoring, Review, Reporting and Evaluation.

Mid-term or on-going evaluations will be carried out in those situations which demand decision beyond the authority level of the Project staff, and when guidance is needed and sought from independent experts. These situations may arise either due to problems in Project implementation or because of a previously foreseen need for a wider review before decision taking at a certain point during Project implementation. In both cases, the monitoring of the Project by ITTO's representatives or by the Project Steering Committee will establish whether a mid-term evaluation is needed. For large, complex or lengthy projects, it is advisable to foresee a mid-term evaluation at a moment when assumptions made at the planning stage will require closer examination in the light of experience so far, and possible Project revisions will be made.

The Project Evaluation Report resulting from mid-term evaluation is intended to summarize the information gathered, the findings of the mission, its conclusions and recommendations, to provide evidence on the key evaluation elements and to register its results. The Report should not have more than 30 pages, format A4, typed in space 2. Relevant information, data and documents, which should be kept in a file for eventual future consultation, should be included as an Annex to the Report. It will also be useful, in appropriate cases, to illustrate aspects of the Report by audio-visual means.

Project evaluators should follow the outline of contents of a model Project Evaluation Report as given in Annex B of Part B of the Manual for Project Monitoring, Review, Reporting and Evaluation. It highlights some basic issues which should be present in the evaluators' report to guide the decision-making process, without the intent of covering all topics. It will be the evaluators' task to include additional issues which they feel may further clarify the project proposal, indicate progress of implemented projects or the impact of a completed project.

Composition of the Evaluation team

Ideally the team of an external evaluation mission should be composed of at least two external evaluators assisted by two or three persons from the project appointed by the EA and ITTO. One consultant should come from a producer member country and the other one from a consumer member country of ITTO.

Independent consultants will be engaged to conduct mid-term evaluation. The TOR for the external consultants should be in accordance with the contents of the Project Evaluation Report prescribing the scope and focus, methodology, lessons learned and findings/recommendations.

The independent consultants to conduct mid-term evaluation are selected by the ITTO secretariat in accordance with the "ITTO Guidelines for the Selection and Employment of Consultants, 2008" which govern the selection and employment of consultants by the Organization and by its Executing Agencies for work in any project or other activity (including evaluation) which is directly funded, either in whole or in part, from the Organization's funds, and will apply subject to the right of the Council to decide exceptionally upon other arrangements in any specific individual case. It is ideal that consultants for mid-term evaluation should consist of 2 members representing the producer and consumer member countries of ITTO.

6 Ex-post Evaluation

Detailed Guidance on evaluation is provided in Part B of the Manual for Project Monitoring, Review, Reporting and Evaluation.

After Project completion an external ex-post evaluation may be conducted aimed at establishing the general effectiveness and efficiency of projects. It will also assess the Project's impact on sectoral objectives as stated in the Project Document, and draw out lessons and recommendations useful for future projects.

Decision 4(XXV), Annex A, Section VII requires the Secretariat to prepare for each Committee a document on completed pre-projects and projects. The document will consist of a report of not more than two pages per completed pre-project or project based on the reports and information received from the implementing agencies and the project steering committees. The Committee will decide upon the necessity of ex-post evaluation on the basis of the document prepared by the Secretariat which will include mentioning the financial resources available for ex-post evaluation. The committees may decide to engage independent consultants to conduct ex-post evaluation for a specific project or for a thematic group of projects e.g. community based forest management, biodiversity, data base, market transparency, or criteria and indicators projects.

Composition of the Evaluation team

Ideally the team of an external evaluation mission should be composed of at least three external evaluators assisted by two or three persons from the project appointed by the EA and ITTO. At least one consultant should come from a producer member country and one from a consumer member country of ITTO. The third consultant could be from either one producer or consumer member country.

Donor countries can participate as observers in the evaluation of Projects (co-)financed by them. The evaluation team should report its findings to the Council through the relevant Committee. The Secretariat should ensure that lessons learned, both positive and negative, are made available to Members. As minimum requirement consultants for ex-post evaluation can consist of 2 members representing the producer and consumer member countries of ITTO.

The independent consultants are selected by the Committees thru the ITTO secretariat in accordance with the "ITTO Guidelines for the Selection and Employment of Consultants, 2008" which govern the selection and employment of consultants by the Organization and by its Executing Agencies.

The TOR for the consultants will follow the contents of the Project Evaluation Report for ex-post evaluation prescribing the scope and focus, methodology, lessons learned and findings/recommendations as shown in Annex B of Part B of the Manual for Project Monitoring, Review, Reporting and Evaluation.

Preparation

It is recommended that the Executing Agency should have at least one month to prepare for the evaluation of its Project. This period should be sufficient for the Project staff to organize the necessary information and the logistics involved in the conduct of the evaluation mission.

The representative of ITTO should contact the Executing Agency manager with the intent of jointly establishing the evaluation procedures and the work plan, including a list of the institutions to be visited, persons to be interviewed, dates and local support to be provided. The related information, as well as copies of the relevant documents available, should be transmitted to whoever will participate in the evaluation mission.

7 Donor and Stakeholder Involvement

Project donors and stakeholders should be involved or consulted in project monitoring and evaluation. The donors can be invited to attend PSC/PTC meetings and other monitoring visits at their own expense to ascertain the progress of work and provide policy directions to the projects they are supporting. Likewise stakeholders affected by the project should be part of internal and external monitoring and reviews conducted by the Executing Agency and ITTO. In some cases, key stakeholders are invited as member of PSC/PTC.

Sustainable forest management will be much more probable if there is consultation with stakeholders, particularly local communities, which are likely to be affected by the project. Consultation should aim to develop a working consensus on forest use and management priorities, which ensures their co-operation. It is essential that local communities take part in, and are consulted about, the formulation, implementation, monitoring and evaluation of all relevant projects, recognizing as interested parties the representatives of the communities concerned or, if they consist of groups that are not organized, the entity that they designate as their representative. This consultation should be done in a formal and verifiable way.

All monitoring by Executing Agencies should involve a check on whether the working participation achieved with local communities, and their resulting co-operation, are as originally foreseen. If not, this may signal that the impact on local communities and any measures to deal with them have been unexpectedly negative or inadequate. Where unexpected negative effects have become apparent, this will give the opportunity to explore possible steps to counteract them.

Figure 3: Project Inception, Implementation, Monitoring, Review, and Reporting

```
                          ┌─────────────────────────┐
                          │    Project Agreement     │
                          └───────────┬─────────────┘
                                      │
                                      ▼
                          ┌─────────────────────────┐
                          │     Inception Report     │
                          │(e.g. bank account,YPO/WP,│
                          │          MOUs)           │
                          └───────────┬─────────────┘
                                      │
                                      ▼
                          ┌─────────────────────────┐
                          │     1st Disbursement     │
                          └───────────┬─────────────┘
        ┌─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─►────┤◄──────────────────┐
        │                             │                   │
  ┌─────┴──────────┐       ┌──────────▼──────────────┐    │
  │   PSC / PTC    │       │  Bi-annual Program Report/│    │
  │                │       │   YPO/Financial Statement │    │
  └────────────────┘       └──────────┬──────────────┘    │
        └─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─►─────┤                   │
                                      ▼                   │
                          ┌─────────────────────────┐     │
                          │    Next Disbursements    │     │
                          └───────────┬─────────────┘     │
                                      ▼                    │
                               ╱────────────╲       No     │
                              ╱ Implementation ╲───────────┘
                              ╲  Activities    ╱
                               ╲  Completed?  ╱
                                ╲────────────╱
                                      │
                                      ▼
  ┌─────────────────┐      ╱─────────────────────╲
  │Project Completion│◄────┤   Final Report &      │
  │    Closure       │     │  Financial Statement  │
  └─────────────────┘      ╲─────────────────────╱
```
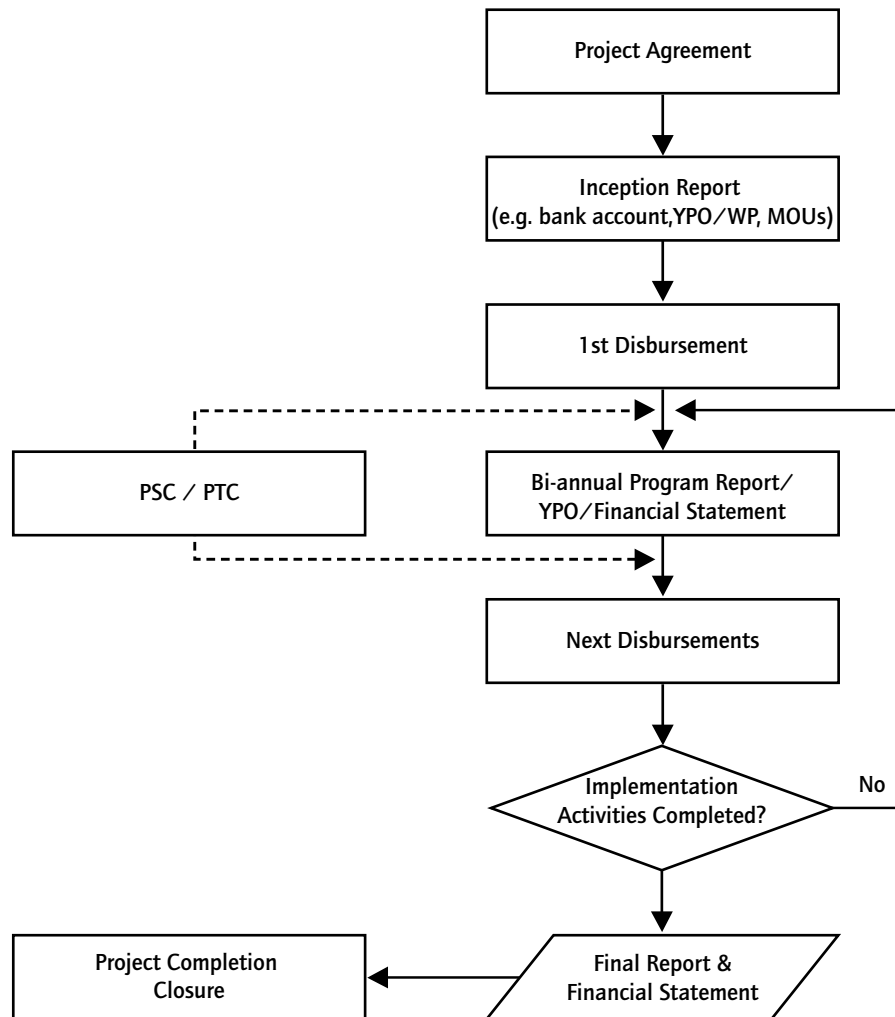
XII Project Suspension

1 Criteria for Suspension

In cases where any violations of Project Agreement becomes apparent, or where it appears that the conditions surrounding the Project have changed to such an extent that, in the opinion of the Executive Director, the successful completion of the Project is unlikely, ITTO may, by written notice, suspend all further disbursements of funds pending a review.

2 Procedure for Suspension

The Executive Director may suspend disbursement of the Organization's funds to a pre-project or project if they are being used contrary to the project document or in cases of fraud, waste, neglect or mismanagement. The Executive Director will provide to the Council at its next session a report for its consideration. The Council shall take appropriate action on such report and it may, by special vote, terminate its sponsorship of any pre-project or project. The ITTO will then formally inform the government's focal point of the Council's decision to suspend a project.

3 Effects of the Suspension

If ITTO funding of the Project is suspended the Executing Agency shall not incur any further expenditures on activities, goods or services financed by such funds unless and until such funding is resumed, except with the previous written approval of ITTO. The Executing Agency shall keep all assets and values previously funded by ITTO for the Project in safe custody, and shall give notice immediately to any sub-contractor whose services are being paid for from ITTO's funds to suspend its activities as soon as possible, so as to minimize the cost to the Project

4 Criteria and Procedure for Lifting the Suspension

The government through its ITTO Focal Point can request lifting of a project suspension if satisfied that the Executing Agency has satisfactorily addressed the reasons for suspension and ready to resume project operations. The Council can then decide to lift the suspension upon recommendation of the relevant committees and the secretariat.

XIII Project Termination

1 Criteria for Project Termination

In accordance with Rule 31 of the "ITTO Financial Rules and Rules Relating to Projects", the ITTC may, by written notice, terminate its approval and funding of the Project, in particular in cases where it is satisfied that the following criteria have been violated:

(a) the financial resources provided for the Project are being misapplied to an extent which compromises the fulfillment of the objectives of the Project; or

(b) the technical means and/or personnel being used for the implementation of the Project are being misapplied to an extent which compromises the fulfillment of the objectives of the Project; or

(c) its continued approval and funding no longer serve the objectives of the Project.

2 Procedure for Project Termination

Based on the criteria for project termination, the ITTO secretariat will present to the ITTC during its session a proposal for termination of a project (pre-project). The ITTC by special vote can terminate such project based on recommendation of the ITTO secretariat. The government and the Executing Agency will be informed by ITTO of the ITTC decision to terminate a project.

3 Effects of Project Termination

In case of a decision to terminate ITTC approval and funding the project shall stop operations upon receipt of the termination letter from ITTO and the unused part of the resources contributed by ITTO to the Project shall be returned to the ITTO together with a final audited statement within three months after the date of termination.

XIV Project Completion

1 Completion Report and Post-project Sustainability

Upon completion of the Project, the Executing Agency shall make an early assessment of its outcomes and accomplishments and submit to ITTO a completion report. The completion report is the final project report summarizing, upon project completion, all planned project elements versus actual implementation, as well as the impact and the expected sustainability of the project in the post project period, focusing particularly on the most critical differences between planned and actual implementation

and lessons learned. The completion report summarizes the activities, inputs and expenditures, achieved outputs and objectives, during the entire implementation phase and highlights differences between planned and realized project elements using the original project document as reference. The report reflects in retrospect on the project identification process, the set objectives and the chosen implementation strategy.

Such completion report will be used as the basis for the ITTO Secretariat's reports to the Committees and the Council on completed projects. If it is decided subsequently to arrange an ex-post evaluation, or such an evaluation has already been specifically provided for in the Project Agreement, the completion report will be one of the inputs provided to such an evaluation, which will be carried out in accordance with the guidelines on Project Evaluation presented in Part B of the ITTO Manual for Project Monitoring, Review, Reporting, and Evaluation (Third Edition, 2008). A model template for the completion report is presented in Annex E of the manual.

2 Technical Report(s)

The Executing Agency shall submit to ITTO the results of various research, development, and demonstration topics as technical reports. The necessary technical reports shall be specified in the project document and project agreement as to their topic, scope, and dates of submission.

The contents of a technical report are technical and scientific in nature. It presents procedures and methodologies adopted, the data established, the results achieved and the conclusions reached. The purpose such a report is to transmit to other persons and institutions the technical and scientific knowledge acquired through the projects financed by ITTO. The dissemination of information requires that the related data be made available in a clear and concise way. Technical reports may also be presented as digital files installed at and downloadable from the ITTO web site. Annex D of the ITTO Manual for Project Monitoring, Review, Reporting, and Evaluation (Third Edition, 2008) shows a model for preparing a Technical Report.

3 Field Verification of Outputs and Achievements

Both ITTO and the country's Focal Point should conduct field verification of outputs and achievements of a project as part of their review, monitoring, and evaluation functions. It is particularly crucial at completion stage of the project cycle to validate accomplishments and impacts indicated in the completion report and technical reports. They can use field reconnaissance observations, sampling, and interview with key stakeholders on project site, and review of pertinent project reports. The findings and recommendations can provide the Executing Agency with opportunity for corrective measures before a project formally closes or continue with another phase or follow-up projects.

4 Role of the Committees

The ITTO committees are responsible for the evaluation of the requirements for project completion before presenting to the Council for decision to formally declare such project as completed. They can initiate further evaluation review by ITTO on the stated accomplishments and impacts of the project or an audit by ITTO financial officer if necessary to assess supporting documents for disbursements.

5 Technical and Financial Requirements for Project Completion

A project (pre-project) can be considered completed upon review and approval by the respective Committees of the completion report and final audited statement submitted by the Executing Agency.

XV Project Closure

The ITTO Secretariat initiates the closure of the account of the project in the financial records of ITTO after: (i) approval of the completed project by the respective Committee; (ii) receipt of satisfactory final audited financial statements; and (iii) receipt of the unused funds from the Executing Agency (if any).

The remaining funds in the completed project account of ITTO (if any) would comprise of remaining unused funds from: (a) ITTO Monitoring and Evaluation budget; and/or (b) other remaining funds not used by the Executing Agency.

Within the financial records of ITTO, the account of the completed project is closed after the transfer of these unused funds from this account as follows [Decision ...(XXXVIII)]: (a) unused ITTO Monitoring and Evaluation funds to the "Pooled Ex-post Evaluation Account" subject to the consent of the respective donor member(s), for the subsequent financing of the regular program for ex-post evaluations as approved by the respective Committee; and (b) the other remaining funds to the respective donor member(s)' account (usually these funds are subsequently reallocated by donor members for financing approved projects).

ANNEX A CATEGORIES OF DECISION: EXPERT PANEL

The 'categories of decision' have been amended to take into account Decision 4(XXV) 'Further Strengthening and Streamlining the Work of the Committees', Annex A, IV. Appraisal and approval, where the Expert Panel is requested only to forward to the Committees those projects requiring minor or no modification; and Decision 8 (XXV) 'Management of the Bali Partnership Fund', where in (4) the mandate of the Expert Panel is expanded to identify projects, pre-project and activities eligible for consideration for financing from the Bali Partnership Fund based on the criteria in the Annex of the Decision.

1. The Panel concluded that, with the incorporation of any minor amendments noted, the (pre-) project proposal could be commended to the Committee for final appraisal. (In the view of the Panel, this (pre-) project proposal is eligible for consideration for financing from the Bali Partnership Fund in accordance with Decision 8 (XXV).)

2. The Panel concluded that the (pre-) project proposal requires essential modifications (which are necessary for the project to succeed) and the Panel will need to assess the modified (pre-) project proposals before it can commend it to the Committee for final appraisal.

3. The Panel concluded that a re-formulation of the (pre-) project proposal is essential and the Panel will need to assess the re-formulated proposal before it can commend it to the Committee for appraisal.

4. The Panel concluded that a pre-project (not exceeding US$ ……) is necessary in order to assess the situation and the viability of the proposed work and the possible formulation of a project proposal.

   a: (Such a pre-project proposal could be commended to the Committee for final appraisal.)

   b: (The Panel will need to assess the pre-project proposal before it can commend it to the Committee for appraisal.)

5. The Panel concluded that it could not commend the modified or revised (pre-) project proposal and submits it to the Committee for further appraisal.

6. The Panel concluded that the (pre-) project proposal (,in its present form,) is not sufficiently relevant to the mandate of ITTO. (The Panel encourages the submitting agency to seek other sources of project support.)

7. The Panel concluded that there is insufficient information to assess the (pre-) project proposal adequately.

ANNEX B WORKING DOCUMENTS FOR NEW APPRAISAL SYSTEM

Appendix B I

Revised Table Award Criteria ITTO Project Proposals

Relevance		
Relevance to ITTO		Quality Indicators: (i) contribution to the implementation of the objectives of ITTA and ITTO Action Plan, notably to its priority areas, i.e. direct contribution to achieving objective 2000; (ii) project proposal explains what conditions it will create to promote sustainable management of timber producing forests, efficient wood processing, and enhancing market intelligence; (iii) wider value, i.e. project can be replicated and deliverables are also meaningful for other member countries than the proponent of the project proposal.
Conformity with relevant country's national policies		Quality indicators: (i) evidence of contribution to implementing national policies/programs or to support the development of such programs; (ii) capacity building and training component.
1: Project proposal development process (creating ownership)		
1.1 Origin and used sources of information		Quality indicators: (i) relevant outcomes of any preceding (pre-) projects are clearly stated; (ii) quality and diversity of information sources.
1.2 Stakeholders involvement and problem analysis	1.2.1 Stakeholder identification and analysis	Quality indicators: (i) description of the identification process of stakeholders. e.g. collaborating government agencies, organizations, companies, NGO's or communities; (ii) analysis of dependency for project implementation on stakeholders; (iii) description of the potential role of identified stakeholders.

	1.2.2 Involvement of key stakeholders in project formulation and implementing stage	Quality indicators: (i) reference to opinions and input from representatives of the various stakeholders, and the way this input has been considered; (ii) level of consensus on the desirability of the project clearly stated in the project proposal; (iii) description and evidence of how all stakeholders have influenced the development process and the content of the project proposal; (iv) description and evidence of how all stakeholders will be involved in the implementation of the project. (see also 2.6.1.); (v) evidence of early involvement and commitment of CA's; (vi) as to local communities, compliance with Annex B of ITTO project formulation manual.
	1.2.3 Sound problem analysis	Quality indicators: i) Logic and understandable problem analysis, addressing causes and not only symptoms; (ii) Sound problem tree.
2: Project proposal design and content		
2.1 Implementation strategy and strategic value		Quality indicators: (i) approach and implementation strategy clearly defined and justified; (ii) complexity of the project proposal (project management structure, policy and administrative environment); (iii) site importance, situation and accessibility; (iv) socio-economic situation of project location; (v) choice of project partners.
2.2 Technical and scientific aspects		Quality indicators: (i) reference to a literature and document survey, data sources and prevailing technologies; (ii) proper analysis of technical and scientific state of the art; (iii) appropriate use of technologies and scientific methodologies.

2.3 Consistency: logical framework and budget	2.3.1 logical frame work sound	Quality indicators: (i) Coherent and logic linkage between the identified problems and the development and specific objectives; (ii) precision and relevance of the development and specific objectives; (iii) specific objective well focused and achievable; (iv) consistency between identified problems and objectives, between specific objectives and outputs and between outputs and activities; (v) proper indicators in the logical framework for specific objectives and outputs.
	2.3.2 Activities, inputs and budget	Quality indicators: (i) consistency between outputs and activities; (ii) the resources allocated to the project are sufficient to deliver the outputs; (iii) budget items consistent with activities; (iv) fair unit costs; (v) realistic assessment of contributions by partners and funding agencies.
2.4 Assumptions and risks	2.4.1 Assumptions and risks	Quality indicators: (i) estimation is made on the probability that assumptions will hold; (ii) risks are related to assumptions and well defined and elaborated.
	2.4.2 Mitigating measures are taken to reduce risks	Quality indicators: (i) Conditions have been created to prevent or reduce risks; (ii) risk analysis in planning phase leads to strategies for ongoing monitoring during implementation (see also 3.3.2 Monitoring and reporting).
2.5 Impact	2.5.1 Environmental impact	Quality indicator: (i) project improves/protects the environment or is likely to be neutral, i.e. no impact. If not, reference to environmental impact analysis and mitigating measures should be made.

	2.5.2 Social impacts	Quality indicators: (i) description of potential benefits for stakeholders and on how their interest might be affected; (ii) project improves social conditions of target beneficiaries. If not, reference to social impact analysis and mitigating measures should be made.
	2.5.3 Economic impacts	Quality indicators: (i) description of potential benefits for stakeholders and on how their interest might be affected; (ii) project improves economic conditions of target beneficiaries. If not, reference to economical impact analysis and mitigating measures should be made.
2.6 Uptake and sustainability	2.6.1 Short term uptake and application of outputs by target beneficiaries, (e.g. government, local population, private sector).	Quality indicators: (i) degree of actual participation of stakeholders in project proposal formulation and implementation. (see also 1.1.2.); (ii) measures to be proposed to ensure a positive effect and uptake of knowledge and results of the project; (iii) information dissemination strategy, realistic and tailor made for different target groups; (iv) training and extension component in the project proposal.
	2.6.2 Sustainability (long term implementation)	Quality indicators: (i) a post-project strategy is being presented containing elements such as: (ii) overview of activities to be executed after project completion e.g. maintenance of equipment and facilities, implementation of new procedures and concepts etc; (iii) indication of actors/stakeholders which should be active in the follow up process; (iv) indication of the needed capacity and number of these actors; (v) indication of the qualitative capacity and resources available to continue the activity; (vi) availability of social, financial and institutional instruments to guarantee sustainability.

3: Management aspects		
3.1 Experience, reliability and quality of the Executing Agency, subcontractors and collaborators	3.1.1 Executing Agency	Quality indicators: (i) EA has a good track record of project management and/or is assisted by an experienced project leader; (ii) evidence of staff having been involved in project formulation.
	3.1.2 Subcontractors and collaborating Agencies	Quality indicator: (i) project proposal states clearly which stakeholders are involved in the implementation and shows evidence of their commitment and (management) capacity to fulfil tasks.
3.2 Management structure of the project;		Quality indicators: (i) clear division of responsibilities and organizational chart showing responsibilities and authorities; (ii) blocks to be implemented under the responsibility of the EA and each collaborating agency; (iii) specific management arrangements, coordination, steering committee.
3.3 Work plan, Yearly Plan of Operations (YPO), monitoring/action and reporting.	3.3.1 Work plan and Yearly Plan of Operations (YPO)	Quality indicator: (i) sound time schedules, logic chronology and sequence of activities. For projects longer than 24 months, a YOP must exist (not necessarily to be presented in proposal)
	3.3.2 Monitoring, action and reporting	Quality indicators: (i) (internal) monitoring action plan is a component of the work plan; (ii) effective monitoring and reporting systems for internal and external risks and appropriate and timely response to manage risks and opportunities; (iii) performance evaluation.

Appendix B II

1. Relevance of Prospective Project (main output)		
1.1 Development objective, and specific objectives of the prospective project relevant to ITTO and submitting country		Quality indicators: (i) the project will contribute to the implementation of the ITTA objectives and ITTO's Action Plan, notably to its priority areas, i.e. direct contribution to achieving objective 2000; (ii) the envisaged project proposal will explain what conditions it will create to promote sustainable management of timber producing forests, efficient wood processing, and enhancing market intelligence; (iii) wider value i.e. project deliverables are also meaningful for other member countries than the proponent of the project proposal; (iv) evidence of contribution to implementing national policies/programs or to support the development of such programs.
1. Problem analysis		
1.1. Preliminary problem analysis		Quality indicator: (i) logic and understandable preliminary analysis of problems to be addressed by the prospective project.
2. Filling information gaps and creation of ownership (main activity)		
2.1 Involvement of target groups and anticipated collaborating agencies		Quality indicators: (i) sound procedures to identify and consult relevant stakeholders e.g. local communities, collaborating agencies, government, private sector, NGO's; (ii) description of methods to build ownership and achieve commitments and indicators of evidence of impact of these consultations on the project proposal.
2.2 Literature survey and studies		Quality indicators: (i) analysis of information need; (ii) quality and diversity of information sources.

3. Consistency: sound logical framework/budget/work plan of the pre-project proposal		
3.1 Logical frame work		Quality indicator: (i) consistency between identified problems to formulate the project proposal and specific objectives of the pre-project proposal (these are not the preliminary specific objectives of the project proposal itself), between pre-project proposal specific objectives and outputs and between outputs and activities.
3.2 Input and budget		Quality indicators: (i) the resources allocated to the pre-project are sufficient to deliver the outputs; (ii) budget items consistent with activities; (iii) fair unit costs; (iv) realistic assessment of contributions by partners and funding agencies.
3.3 Work plan		Quality indicators: (i) sound time schedules, logic chronology and sequence of activities;(ii) consistency with activities and available funds and capacity.

Revised Scoring Table – ITTO Project Proposal PD:

Expert panel: Date:
Assessor Name:
Profession/education:
Country:

PD Title:	Marks	Scores	Threshold	Threshold achieved? Yes/No
Relevance				
Relevance to ITTO				Yes/No
Conformity with relevant country's policies				Yes/No
Aspect 1 Project development process (20)				
1.1 Origin and used sources of information				
1.2 Stakeholder involvement and problem analysis			10	Yes/No
1.2.1 Stakeholder identification and analysis				
1.2.2 Involvement of stakeholders				
1.2.3 Problem analysis				
Aspect 2 Project proposal content (55)				
2.1 Implementation strategy				
2.2 Technical and scientific aspects				
2.3 Consistency: logical framework and budget				
2.3.1 logical framework			4	Yes/No
2.3.2 Inputs and budget			3	Yes/No
2.4 Assumptions and risks				
2.4.1 Assumptions and risks				
2.4.2 Mitigating measures are taken to reduce risks				
2.5 Impact				
2.5.1 Environmental impacts				
2.5.2 Social impacts (beneficiaries)				
2.5.3 Economic impact				
2.6 Sustainability			7	Yes/No
2.6.1 Short term uptake and application of outputs				
2.6.2 Sustainability (long term implementation)				

PD Title:	Marks	Scores	Threshold	Threshold achieved? Yes/No
Aspect 3 Management aspects (25)				
3.1 Experience, reliability/quality of EA and CA's			7	Yes/No
3.1.1 Executing agency				
3.1.2 Subcontractors and collaborators				
3.2 Management structure of the project				
3.3 Work plan, monitoring/action and reporting				
3.3.1 Work plan and yearly plan of operation (YPO)				
3.3.2 Monitoring action and reporting				
Entire project proposal (100)			75	Yes/No

Marks indicate:

0 = fails/missing   1 = very poor   2 = poor   3 = moderate   4 = good   5 = excellent

Rating according to rating schedule:

1) proposal commended to the Committee with incorporation of amendments.

2) proposal requires essential modifications and will be returned to the proponent.

3) proposal not accepted because a pre-project proposal is required and according to the indication of the EP to be submitted to the EP or directly to the Committee.

4) proposal not recommended but submitted to the Committee with the recommendation not to approve the project proposal. Justification should be given to the proponent and the Committee e.g. not passing thresholds (in case of rev.2 project proposals), not relevant, insufficient information, etc.

Revised Scoring Table – ITTO Pre- Project Proposal PPD

Expert panel: Date:
Assessor Name:
Profession/education:
Country:

PPD Title	Marks	Scores	Threshold	Threshold achieved? Yes/No
Relevance of prospective project (main output)				
Relevance to ITTO and country				Yes/No
Aspect 1 Problem analysis (5)				
1.1 Preliminary problem analysis				
Aspect 2 Filling information gaps and creation of ownership (main activity) (10)				
2.1 Involvement of target groups and collaborating agencies			4	Yes/No
2.2 Literature survey and studies				
Aspect 3 logical framework, budget and work plan (15)				
3.1 Logical framework sound			3	Yes/No
3.2 Input and budget				
3.3 Work plan				
Entire pre-project proposal (30)			23	Yes/No

Marks indicate:

0 = fails/missing   1 = very poor   2 = poor   3 = moderate   4 = good   5 = excellent

Rating according to rating schedule:

Category 1:	The Panel concluded that the Pre-Project proposal could be commended to the Committee
Category 2:	The Panel concluded that the Pre-Project proposal requires essential modification and will be returned to the proponent. The Panel will need to assess the revised Pre-Project before it can commend it to the Committee.
Category 3(a):	The Panel concluded that the Pre-Project proposal requires essential modification and will be returned to the proponent. The Panel will need to assess the revised Pre-Project proposal for appraisal.

REVISED FLOWCHART FOR RATING OF PROJECT PROPOSALS
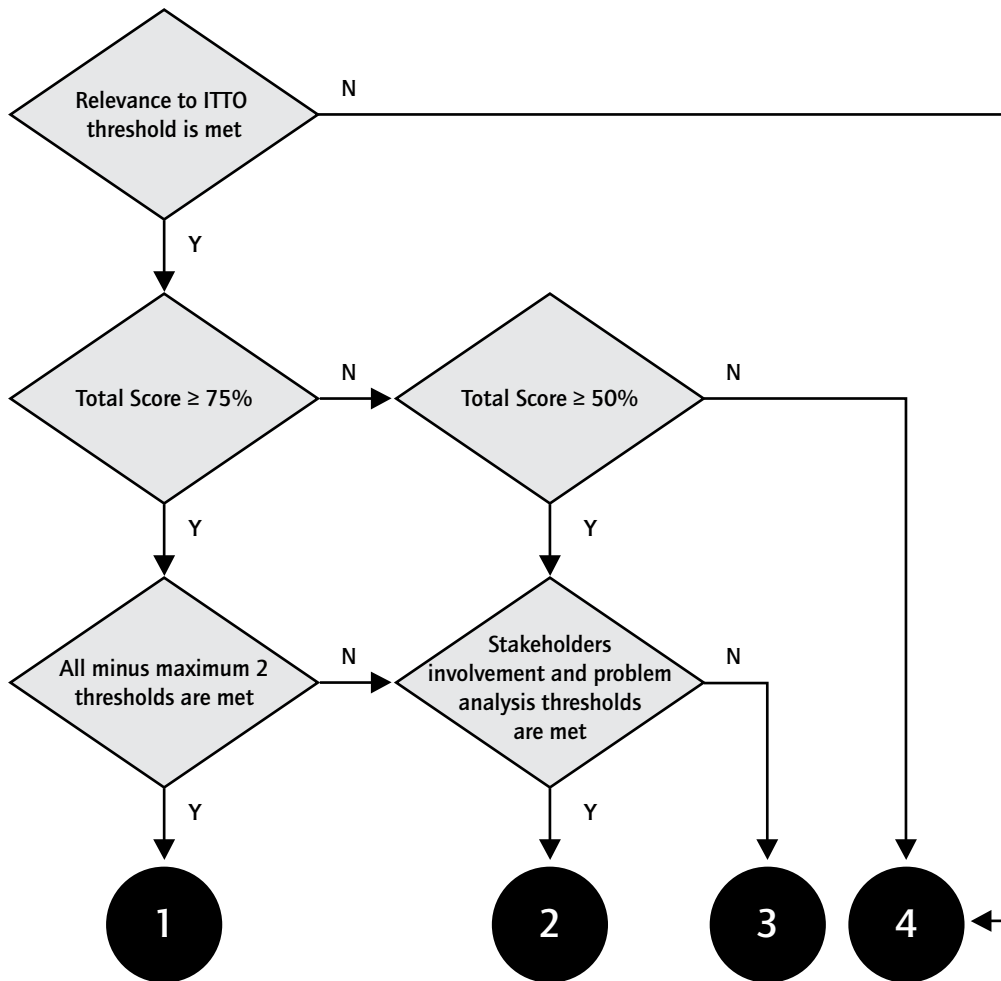
ANNEX C DECISION 4(XXX)

MANAGEMENT OF SUB-ACCOUNT B OF THE BALI PARTNERSHIP FUND

The International Tropical Timber Council,

Recalling Decision 9(XXVII) on the prioritization and monitoring of actions, pre-projects and projects funded by Sub-Account B of the Bali Partnership Fund and Decision 6(XXVI) on the management of the Bali Partnership Fund and funding of actions defined by the current ITTO Action Plan;

Noting that the mechanism for prioritization and monitoring of actions, pre-projects and projects funded by Sub-Account B of the Bali Partnership Fund as was established under Decision 9(XXVII) is due for review at the Thirtieth Session of the Council;

Taking note of the report of the Inter-Sessional Working Group on Financial and Administrative Matters [CFA(IX)/7], in which the recommendation was made to form a Sub-Committee of Sub-Account B of the Bali Partnership Fund as a Working Group of the Council and be re-designated as "Panel on Sub-Account B of the Bali Partnership Fund (BPF)" and to report directly to the Council;

Also noting the recommendations made by the Committee on Finance and Administration at its Ninth Session regarding its review of the report of the Inter-Sessional Working Group on Financial and Administrative Matters;

Decides to:

1. Build upon Decisions 6(XXVI), 9(XXVII) and recommendations of the Inter-Sessional Working Group on Financial and Administrative Matters, by implementing the following mechanism:

    (i)   Establish, at each Session, a Panel on Sub-Account B of the Bali Partnership Fund (BPF) that will report directly to the Council;

    (ii) The Panel shall be chaired by the Chairperson of the CFA, and composed of:

        (a) three consumer member representatives that are main contributors to the Bali Partnership Fund;

        (b) three producer member representatives, one from each geographic region; and

        (c) the Executive Director;

    (iii) During Council Sessions the Panel shall consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B of the Bali Partnership Fund;

    (iv) The Panel shall prioritize these draft decisions taking into account the "Criteria and Priorities to Finance actions/activities, pre-projects and projects under Sub-Account B of the Bali Partnership Fund" as detailed in the Annex to this Decision;

    (v)   The Panel shall, in consultation with the Secretariat, take into account the need to set a funding limit (per session/per year) with regard to the allocation of funds for approved activities, pre-projects and projects in view of the availability of the limited resources under Sub-Account B of the Bali Partnership Fund. In the Panel's deliberations, the procedures established for the Special Account under Chapter VI of the ITTA, 1994 shall apply;

    (vi) The Panel will forward its priority list, including recommended allocations to the Council for consideration; and

    (vii) The Panel will also meet during the Council Sessions to monitor and review the management of Sub-Account B and the progress of actions, pre-projects and projects funded under this Sub-Account;

2. Requests the Consultants and the Expert Panel engaged for Activity PA/29-98 on the New ITTO Action Plan [Decision 11(XXIX)] to review the priority actions identified by the Council in Decision 8(XXV) and in the ITTO Libreville Action Plan to ensure their continued relevance in future ITTO Action Plans. The revised priority actions identified are to be utilized as the criteria by the Panel, for the determination of priority funding; and

3. Strongly encourage Members to make contributions to the Bali Partnership Fund and in particular to its Sub-Account B.

ANNEX TO DECISION

Criteria and Priorities to Finance Actions/Activities, Pre-Projects and Projects under Sub-Account B of the Bali Partnership Fund

The Panel on Sub-Account B of the Bali Partnership Fund (BPF) shall consider and recommend non-country specific actions/activities, pre-projects and projects designed to directly assist tropical timber producing members to achieve the Objective of Article 1(d) of the ITTA, 1994 – "To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000".

Eligible activities * shall meet the following criteria:

(i) Be designed and related to the implementation of those activities captured under the goals of the ITTO Action Plan that are non-country specific.

(ii) Be of global or regional benefit.

Within eligible activities highest priority will be given to:

(i) Activities approved in Council Decisions directly related to the promotion of sustainable forest management through one or more of the priority areas established through the Council decisions and the ITTO Action Plan ** as shown below:

- To adopt a forest policy and enforce legislation,
- To establish and secure a Permanent Forest Estate,
- To reduce the damage done by timber harvesting to the physical and social environments and to the forest eco-system,
- To train the work force to accelerate the use of reduced impact logging,
- To secure the production of the optimal mix of goods and services and limit timber harvesting to the sustained yield capacity;

    AND

(ii) Approved pre-projects and projects formulated and submitted in response to the recommendation by the Council, by more than one of the Committees or a Committee;

    AND

(iii) Activities that the Panel by consensus deems urgent.

The Panel shall prioritize the eligible actions/activities, pre-projects and projects and recommend a priority list to the Council for consideration in light of the eligibility and prioritization criteria and requirements detailed above.

The Panel shall also make its recommendations taking into account the resources available in Sub-Account B of the BPF at that Session.

The Panel shall endeavor to take decisions on its recommendations on eligibility and priorities by consensus. If consensus cannot be reached, the Panel shall take decisions and make recommendations by simple majority.

* Activities refers to "actions/activities, pre-projects and projects".
** Priority areas are to be updated to reflect the revised priority areas adopted in new ITTO Action Plans.

ANNEX D TEMPLATE FOR PROJECT AGREEMENT

PROJECT AGREEMENT

between

THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

and

THE GOVERNMENT OF [..............*country name* ....]

and

[...................*executing agency*....................]

ON THE IMPLEMENTATION OF PROJECT [.........*project ID number*.........]

["..........................*project title*........................"]

WHEREAS:

A. the International Tropical Timber Council (hereafter referred to as "ITTC") has approved the Project [......*project ID number*......*project title*......], (hereinafter referred to as "the Project"), and the International Tropical Timber Organization (hereinafter referred to as "ITTO") wishes to make available to the Government of [......*country name*......] [......*executing agency* ......] funds not exceeding a total of [*US$ XXX,XXX.XX (United States dollars ....only)*], for the purpose of implementing the afore-mentioned Project as provided for in this Agreement;

B. the Government of [......*country name*......] (hereinafter referred to as "the Government") has indicated its willingness to facilitate the implementation of the Project within its territory;

C. it has been agreed that the [......*executing agency* ......](hereinafter referred to as the "Executing Agency") shall implement the Project;

D. [it has been agreed that the Executing Agency shall contribute to the Project a total of [*US$ XXX,XXX.XX (United States dollars ....only)*]].

NOW THEREFORE the parties hereby agree as follows:

ARTICLE I

Definition of the Project

<u>Section 1.01:</u> The Project Document [......*project ID number*......], (hereinafter referred to as "the Project Document") attached hereto as the Appendix, shall be read as part of this Agreement, and shall govern the scope and details of the Project, subject to any subsequent clarifications and supplementary arrangements which may be agreed between the Parties.

ARTICLE II

Execution of the Project

Section 2.01: The Executing Agency shall be responsible for implementing the Project in accordance with the Project Document, a detailed work plan approved by ITTO and with any supplementary arrangements which may be agreed between the Parties.

Section 2.02: The Executing Agency shall implement the Project in a manner consistent with the ITTO "Rules and Procedures Applying to ITTO Projects", the "Manual for Project Monitoring, Review and Evaluation" (Third Edition, 2008), the ITTO Online Monitoring and Evaluation System, the ITTO Manual on Standard Operating Procedures (SOP, 2008) for the ITTO Project Cycle, the "ITTO Financial Rules and Rules Relating to Projects" and the "ITTO Guidelines on the Selection and Employment of Consultants and the Guidelines for the Procurement and Payment of Goods and Services Financed from the Special Account" (Second Edition, 2008)

Section 2.03: The Executing Agency may, in accordance with the Project Document, the "ITTO Guidelines on the Selection and Employment of Consultants and the Guidelines for the Procurement and Payment of Goods and Services" (2008), and with the prior approval of ITTO, delegate or sub-contract specific tasks and functions in connection with the Project to any other consultant(s), legal entities or institutions which are not under its daily supervision and control. However, such delegation or sub-contracting shall not free the Executing Agency from its responsibility and obligation for the Project as defined by the Project Document and this Agreement.

Section 2.04: ITTO shall not be liable for any claims arising as a result of implementation of the Project or due to the use of any Project equipment. The Executing Agency shall indemnify and hold harmless the ITTO and their members, employees and representatives, from and against any liability, damages, costs or expenses, or any claim, action, suit or other proceeding arising out of the execution or implementation of this Agreement.

Section 2.05: The Executing Agency shall do its utmost to ensure that the Project is implemented on schedule, within the agreed budget, and in such a way as to achieve its objectives.

[Section 2.06: A Project Steering Committee [Project Technical Committee] shall be established. The composition of the Project Steering Committee [Project Technical Committee] shall include one representative of the ITTO, at least one representative of the Executing Agency, [at least one representative of the project host government(s) which implements the Project] and optionally a representative of the government(s) providing funds for implementation of the Project. The Project Steering Committee [Project Technical Committee] will meet at least once a year to review progress in Project implementation.]

ARTICLE III

Finance

Section 3.01: The respective contributions of the Executing Agency, [and] ITTO, [......*possibly the Government, and any other donors......*] contributing in cash or in kind to the Project shall be as set out in the budget and operating expenses sections in the Project Document.

Section 3.02: ITTO undertakes, as provided for in this Agreement, to contribute an amount not exceeding [*US$ XXX,XXX.XX (United States dollars ....only)*] for the purpose of implementing the Project.

Section 3.03: ITTO will make payments in United States dollars related to its contribution to a separate bank account [maintained in United States dollars] to be opened for the Project, with a bank of commonly high reputation, to be determined by the Executing Agency, as follows:

(a) ITTO will cause the first payment of [*US$ XXX,XXX.XX (United States dollars ....only)*] to be deposited, upon signature of this Agreement, and after the Executing Agency provides the Executive Director of ITTO with a satisfactory inception report, a detailed [first Yearly Plan of Operation] [workplan] for the implementation of the Project, [a request for no-objection for the engagement of national/international consultants/technical experts], [copy(ies) of memorandum of agreements signed with other implementing/collaborating partners establishing relationship/roles/responsibilities– administrative, financial and technical] – and a notification that implementation of the Project is about to commence;

(b) The second installment of [*US$ XXX,XXX.XX (United States dollars ....only)*] after receipt by ITTO of the first bi-annual Project progress report from the Executing Agency in accordance with the procedures of ITTO, and a justified request for the payment in terms of the timing, amount and estimated costs foreseen in the [Yearly Plan of Operation] [workplan], in light of implementation thus far, for the period to which funds will relate;

(c) The third installment of [*US$ XXX,XXX.XX (United States dollars ....only)*] after receipt by ITTO of the second bi-annual Project progress report from the Executing Agency made in accordance with the procedures of ITTO, and a justified request for the payment in terms of the timing, amount and estimated costs foreseen in the [Yearly Plan of Operation] [workplan], in light of implementation thus far, for the period to which funds will relate;

(d) The fourth installment of [*US$ XXX,XXX.XX (United States dollars ....only)*] after receipt by ITTO of the third bi-annual Project progress report from the Executing Agency made in accordance with the procedures of ITTO, and a justified request for the payment in terms of the timing, amount and estimated costs foreseen in the [Yearly Plan of Operation] [workplan], in light of implementation thus far, for the period to which funds will relate; and

(e) the fifth and final installment of [*US$ XXX,XXX.XX (United States dollars ....only)*] after receipt by ITTO of the fourth bi-annual Project progress report from the Executing Agency made in accordance with the procedures of ITTO, and a justified request for the payment in terms of the timing, amount and estimated costs foreseen in the [Yearly Plan of Operation] [workplan], in light of implementation thus far, in order to successfully complete the Project.

<u>Section 3.04:</u> The total amount of [*US$ XXX,XXX.XX (United States dollars ....only)*] will be retained by ITTO from the total ITTO contribution to meet ITTO and other costs as follows:

(a) an amount of [*US$ XXX,XXX.XX (United States dollars ....only)*] to meet ITTO's monitoring and review costs; and

(b) an amount of [*US$ XXX,XXX.XX (United States dollars ....only)*] to meet ITTO's mid-term costs; and

(c) an amount of [*US$ XXX,XXX.XX (United States dollars ....only)*] to meet ITTO's ex-post evaluation costs; and

(d) an amount of [*US$ XXX,XXX.XX (United States dollars ....only)*] to meet ITTO's program support costs; and

(e) an amount of [*US$ XXX,XXX.XX (United States dollars ....only)*] to be reserved for eventual contingency disbursements to be made according to written, justified requests from the Executing Agency.

(f) [an amount of [*US$ XXX,XXX.XX (United States dollars ....only)*] to reimburse the ITTO Pre-Project Sub-Account PPD……….. for costs incurred in the Project preparation.]

<u>Section 3.05:</u> The Executing Agency [and/or the Government] shall provide its contribution of [*US$ XXX,XXX.XX (United States dollars ....only)*] to the Project promptly in accordance with the agreed budget contained in the Project Document and any agreed amendments thereto.

The Executing Agency shall report immediately to ITTO any circumstances which threaten significantly its ability to make its contributions in full or on time.

Section 3.06: The contribution of the Executing Agency shall include the provision of office facilities and appropriate office accommodation for all Project activities including any monitoring, review and evaluation meetings at no cost to the ITTO contribution to the Project budget.

Section 3.07: Notwithstanding any provision of any Section in this Article, the ITTO shall not be liable to disburse any funds to the Executing Agency which exceed the sum credited to its Special Account and/or the Bali Partnership Fund as contributions earmarked for this Project.

ARTICLE IV

Use of Funds

Section 4.01: The funds provided by ITTO under this Agreement shall be used solely to meet those direct Project costs assigned to ITTO which are itemized in the agreed budget of the Project Document. Funds allocated to one budget heading or subheading item shall not be transferred to another without the express prior approval of ITTO. All materials, equipment, supplies and services purchased or rented using ITTO resources shall be used exclusively for the implementation of the Project.

Section 4.02: Funds which have not yet been made available by ITTO to the Executing Agency shall not be committed by the latter, without specific previous authorization from ITTO.

Section 4.03: All goods and services for which funds are provided by ITTO shall be procured in accordance with the "ITTO Guidelines on the Selection and Employment of Consultants and the Guidelines for the Procurement and Payment of Goods and Services". The Executing Agency shall consult ITTO in advance on the selection and appointment of any sub-contractors or individual consultants used for any aspect of work associated with the implementation of the Project, as well as the appointment of professional Project staff and selection of participants in Project activities such as seminars and workshops.

Section 4.04: ITTO shall recover from the Executing Agency any amounts spent from funds provided by ITTO for purposes, items or activities, or in ways, not authorized under this Agreement. Such amounts may be deducted from any installment not already released to the Executing Agency under Section 3.03 of this Agreement.

ARTICLE V

Accounts, Records and Reports

Section 5.01: The Executing Agency shall keep strict budgetary control over the funds allocated to it by the ITTO for the purpose of implementing the Project, and shall keep such funds, until the time of their actual disbursement, in a separate [dollar] bank account with a bank of commonly recognized high reputation.

Section 5.02: The Executing Agency shall take every precaution against any unauthorized use of the funds provided to it by ITTO, and shall at all times keep up-to-date and full accounts of the expenditures incurred by the Project. ITTO may at any time request a financial statement from the Executing Agency, accompanied by certified balances of the Project's bank accounts, and such a request shall be promptly complied with.

Section 5.03: The Executing Agency shall submit to ITTO in the Project progress reports and at the conclusion of the Project, and as otherwise requested by ITTO in accordance with Section 5.02 above, statements of account and use of the funds of the Project under the headings listed in the

budget in the Project Document. The Project accounts shall be audited by duly recognized independent auditors appointed by the Executing Agency in consultation with ITTO. Unless provided for in the ITTO part of the Project budget, ITTO funds shall not be used to pay for auditing work. The final audit statement shall be submitted within four months of the completion of the Project. Additionally, the Executing Agency shall submit an annual financial audit to ITTO within three months after the end of the financial year. For the purpose of the Project, the financial year of the Project shall be from 1 January to 31 December of each year.

Section 5.04: If the actual costs of the Project which are to be borne by ITTO are less than is provided for in the Project budget under this Agreement, the balance remaining unspent on completion of the Project, including bank interest earned, shall be returned to the ITTO.

Section 5.05: The Executing Agency shall establish and maintain records and procedures adequate to record and monitor the physical, technical and financial progress of the Project, including its costs, interests on capital and other benefits, and to identify the goods and services financed by ITTO.

Section 5.06: Representatives of ITTO shall be entitled to visit any facilities and sites included in the Project and to examine the accounts and records, and the goods and services provided under the Project.

Section 5.07: The Executing Agency shall, upon request, make available to ITTO any information relevant to the implementation, financing or follow-up of the Project. The Executing Agency shall provide Project progress and technical reports, as well as a completion report in the form, detail and time-frame required by ITTO, for the monitoring, review and evaluation of the Project. The Executing Agency shall promptly provide ITTO with information on any delay, event or obstacle that might significantly endanger the success of the Project.

Section 5.08: The Executing Agency shall submit to ITTO [on an annual basis, Yearly Plans of Operation, and] bi-annual progress reports not later than (28 February and 31 August] in each year during the implementation of the Project. The Executing Agency shall submit to ITTO a completion report not later than three months after Project completion. The progress and technical reports[, as well as the Yearly Plans of Operation,] shall be prepared following the model reports established in the "ITTO Manual for Project Monitoring, Review and Evaluation".

Section 5.09: Monitoring and review meetings and [steering/technical committee meetings] will be convened at the request of ITTO with the participation of representatives of the Executing Agency, ITTO and the Government. ITTO shall bear the costs of its participation [and steering committee meetings]; and other representatives shall bear their own costs. Representatives of donors providing funds to the Project may also attend the monitoring and review meetings at their own expense.

ARTICLE VI

Publications and Technical Reports

Section 6.01: All publications and technical reports resulting from work financed by the Project shall give appropriate recognition to ITTO's role and carry statements disclosing that they are part of the documentation produced in an ITTO approved Project. Cover pages of any of these publications shall prominently bear the name and logo of ITTO.

Section 6.02: The Executing Agency will provide ITTO with a minimum of 100 copies of each publication from the Project free of charge, unless otherwise agreed.

Section 6.03: The Executing Agency shall prepare, in liaison with the ITTO Secretariat a brief article, for possible inclusion in the ITTO Tropical Forest Update, reporting on the Project progress and outcome, Project publications and lessons learned.

ARTICLE VII

Disposal of Capital Goods

Section 7.01: Prior to completion of the Project, the Executing Agency shall propose, and the ITTO will decide, what arrangements are to be made for the continued use or disposal of any equipment or other supplies purchased with ITTO Project funds. Written notice to accept the arrangements, modify them or implement alternative arrangements will be given by ITTO to the Executing Agency.

ARTICLE VIII

Responsibilities of the Government

Section 8.01: The Government shall ensure that the Executing Agency's ability to carry out its obligations under this Agreement, especially those prescribed by Articles II, III, IV and V, is not adversely compromised.

Section 8.02: The Government shall take all necessary action in order to ensure:

(a) prompt clearance of experts and other persons performing services financed by ITTO under the Project; and

(b) prompt release from customs of any imported equipment, or other kinds of supplies required by the Project with import duties and associated fees applicable to such material either waived or entered in the Project accounts as part of the Government's contribution to the Project.

Section 8.03: The Government agrees that ITTO shall not be responsible for any customs charges and taxes that may be imposed for the import of equipment, materials and supplies for the Project. Project funds shall not be authorized for payment of such charges and taxes.

ARTICLE IX

Suspension

Section 9.01: Notwithstanding the provisions of Section 3.03 of this Agreement, where any violations of this Agreement becomes apparent, or where it appears that the conditions surrounding the Project have changed to such an extent that, in the opinion of the Executive Director, the successful completion of the Project is unlikely, ITTO may, by written notice, suspend all further disbursements of funds pending a review.

Section 9.02: If ITTO funding of the Project is suspended the Executing Agency shall not incur any further expenditures on activities, goods or services financed by such funds unless and until such funding is resumed, except with the previous written approval of ITTO. The Executing Agency shall keep all assets and values previously funded by ITTO for the Project in safe custody, and shall give notice immediately to any sub-contractor whose services are being paid for from ITTO's funds to suspend its activities as soon as possible, so as to minimize the cost to the Project.

ARTICLE X

Termination

Section 10.01: In accordance with Rule 31 of the "ITTO Financial Rules and Rules Relating to Projects", the ITTC may, by written notice, terminate its approval and funding of the Project, in particular in cases where it is satisfied that:

(a) the financial resources provided for the Project are being misapplied to an extent which compromises the fulfillment of the objectives of the Project; or

(b) the technical means and/or personnel being used for the implementation of the Project are being misapplied to an extent which compromises the fulfillment of the objectives of the Project; or

(c) its continued approval and funding no longer serve the objectives of the Project.

<u>Section 10.02:</u> In case of a decision to terminate ITTC approval and funding, the provisions of Section 9.01 above shall be applied; and the unused part of the resources contributed by ITTO to the Project shall be returned to the ITTO together with a final audited statement within three months after the date of termination.

ARTICLE XI

Settlement of Disputes

<u>Section 11.01:</u> Any dispute arising out of the interpretation or implementation of this Agreement or any breach thereof shall be settled amicably by consultation or negotiation between the Executing Agency and ITTO within the framework of UNCITRAL (United Nations Commission for International Trade Law) arbitration rules.

ARTICLE XII

Modification of the Agreement

<u>Section 12.01:</u> This Agreement may be modified by written mutual consent between the Parties, each of which shall give full and sympathetic consideration to any proposal for its amendment.

ARTICLE XIII

Entry into Force

<u>Section 13.01:</u> **IN WITNESS WHEREOF** the undersigned, duly appointed representatives of the International Tropical Timber Organization, the Government of [......*country name*......] and the [......*executing agency*......], have signed on behalf of the respective Parties this Project Agreement in three originals on the dates indicated below. This Agreement shall enter into force upon signature by all the contracting Parties.

_____

Executive Director

On behalf of the Government of
[......*government name*......]

Dated: _____

Place: _____

(Name and Title in Block Capitals)

On behalf of the [......*executing agency*......]

(Name and Title in Block Capitals)

On behalf of the International Tropical
Timber Organization (ITTO)

Dated: _____

Place: _____

ANNEX E SAMPLE AGREEMENT BETWEEN EA AND COLLABORATING AGENCY

MEMORANDUM OF AGREEMENT

between

EXECUTING AGENCY IN THE PHILIPPINES (EA)

and

COLLABORATING AGENCY (CA)

ON THE IMPLEMENTATION OF PROJECT PD 167/02 REV.2 (F)

"Integration of Forest Management Units (FMU) into Sustainable Development Units (SDU) through Collaborative Forest Management in Surigao del Sur, The Philippines"

We, the undersigned authorized representatives of EA and CA; endorse this agreement as the formal document guiding project implementation by both agencies in accordance with Article III Section 3.03 (a) of the Project Agreement.

SECTION 1. GENERAL RESPONSIBILITIES

EA is the Executing Agency for the project. It will be in charge of general management and administration of all Project activities, and will also be directly responsible for reporting all results to ITTO and other agencies/groups represented in the Project Steering Committee. It will be responsible for receiving, disbursing, and managing all funds released by ITTO to the project in accordance with ITTO's rules and regulations.

CA will be a Collaborating Agency for project implementation. It shall be responsible for providing the project site, on-site support services, additional information, and data required by the project, and shall primarily be responsible for implementing sustainable forest management interventions in the core FMU area (Timber License Agreement area) in accordance with the SFM plan generated in ITTO PD 35/96 Rev. 2(F). It will also be involved in the conduct of IEC activities through its Community Relations Unit, set up as a result of the aforementioned ITTO Project.

Both agencies agree to deploy the necessary personnel to provide management, administrative, and technical support in project implementation in accordance with the Work plan and counterpart funds committed for the purpose. They will also appoint one representative and one alternate representative each to the Project Steering Committee.

SECTION 2. COUNTERPART CONTRIBUTIONS

EA and CA agree to share equally the total counterpart contribution of $ 281,750 in cash and in kind to support project implementation. Both agencies will contribute $ 86,000 for the first year operation; $ 126,000 for the second year operation; and $ 33,000 for the third year operation. They will also share equally in the management costs of $ 36,750 to be used for support to community activities and will be made available in equal installment for the second and third year of operations.

The counterpart contributions shall include the provision of office facilities and appropriate office accommodations for all project activities. Central office facilities shall be provided by EA in Quezon City while the project site office in Surigao del Sur shall be provided by CA.

SECTION 3. REPORTING REQUIREMENTS

EA shall be responsible for preparing and submitting to ITTO all progress reports, technical reports, and completion report in accordance with the project document and project agreement. It shall also submit to ITTO needed financial statements on use of projects funds and at the end of the project a final statement of account for ITTO and counterpart funds audited by recognized independent auditors appointed by EA in consultation with ITTO.

CA shall assist in the reporting requirements by providing data and information as needed.

This Agreement shall take effect upon signing by both agencies.

_____   _____
            President and CEO   President and General Manager
                   EA   CA

Date: _____   Date: _____

Place: _____   Place: _____

ANNEX F ITTO GUIDELINES FOR ANNUAL AND/OR FINAL (ON PROJECT COMPLETION) FINANCIAL AUDIT OF PROJECTS (OR PRE-PROJECTS)

Requirement of Annual Audit and/or Final Audit

In accordance with ITTC Decision 4 (XXV), an annual audit of the financial statements by an external auditor is required for all projects with a duration of two years or more and an ITTO budget above US$200,000. The annual audit is in addition to the audit required at the completion of the project. The external auditor is required to carry out a full scope audit in accordance with generally accepted auditing standards.

Additionally, the final audit statement for all Projects (or Pre-Projects) shall be submitted within four months of the completion.

Audit Objectives

1 To express an opinion on the annual financial statements of projects.

The auditor is required to express an opinion on the annual financial statements of the project, specifically whether they present fairly, in all material respects, project revenues received and costs incurred. The auditor's opinion should be consistent with the provisions of the project agreement and project document in accordance with generally accepted accounting principles.

2 To evaluate and report material internal control weakness.

The auditor shall evaluate and obtain a sufficient understanding of the implementing agency's internal control structure related to the project to assess control risk and to identify reportable aspects, including material weaknesses in internal control.

3 To report non-compliance and illegal acts.

The auditor shall perform tests to determine whether the implementing agency has complied, in all material respects, with conditions of the Project Agreement and the rules and procedures applicable to ITTO projects. All material issues of non-compliance and all indications of illegal acts shall be identified and reported.

Audit Process

1 Pre-auditing

The auditor shall review the following documents, if applicable, to become familiar with the project:

- The project implementation agreement;
- The sub-agreements between the implementing agency and other collaborating parties;
- Contracts and sub-contracts with third parties;
- The project document, the budget, project-implementation letters, correspondence, agreed minutes and procedures to manage the project as approved by ITTO;

- The financial reports and progress reports of the project; and

- Organizational charts, a description of the administrative organization, procedures on procuring, receiving, storing and distributing of project goods, and the chart of accounts necessary to successfully perform the audit;

The auditor shall also review the actions taken in response to findings and recommendations reported in prior audits that could have an effect on the current audit objectives. The auditor shall determine whether prompt and appropriate corrective actions have been taken by the agency.

2 Preparation of the audit work plan

The auditor shall prepare an audit work plan based on the information obtained during the pre-audit phase. This work plan will include an examination of the internal control structure of the implementing agency and its function, in order for the auditor to perform ratio-analyses and substantive testing.

3 The execution of the audit

The auditor shall examine the financial statement of the project and carry out the audit work plan to express an opinion as indicated in paragraph 1 under "Audit Objectives".

The auditor shall ensure that the audit working paper contains sufficient, adequate and relevant evidence and shall record the audit procedures performed and their results in the audit file.

The steps mentioned above are not considered to be all-inclusive or restrictive in nature and do not constitute reprieve from exercising due professional care and judgement. The steps shall be modified to fit local conditions as well as the specific nature of the project, the implementation procedures and the provisions of the project agreement. Any limitation in the scope of work shall be included in the audit report.

4 Reporting requirement

The reports required for submission are as follows:

(1) Audit report

The audit report shall include the auditor's opinion, general information and financial statements. A sample report is set out in Annex I.

(2) Management report

A management report shall also be required if there are significant internal control weaknesses and illegitimate or questioned expenditures and acts.

(3) A letter of representation

The auditor shall obtain a letter of representation, signed by the implementing agency's management, stating that, to the best of their knowledge and belief, the financial statements contain all transactions and that the statement of account is complete and accurate in all respects.

The reports shall be submitted within three months after the relevant year-end. The implementing agency shall submit three copies of each report to ITTO.

Review

ITTO reserves the right to conduct a review of the audit. The auditor in charge shall fully cooperate in this review and shall make all relevant documentation related to the audit available to the reviewer.

Working Papers

The audit firm shall maintain an orderly and accessible audit file. All working papers shall be in one of the working languages of ITTO (English/French/Spanish). The auditor shall store the audit file and working papers for a period of ten years from the completion of the audit.

Terms of Performance

1 Selection of the audit firm

The auditor shall be selected by obtaining and reviewing quotations from at least three audit firms. The selected auditor shall be independent and acceptable to both ITTO and the implementing agency. In countries where local offices of international audit firms are available, at least one of such firms shall be invited to submit an audit quotation.

2 Performance

It is the responsibility of the implementing agency to ensure that all records are available, all accounting entries and adjustments are made, and that all other necessary steps have been taken to enable the auditor to perform the audit.

3 Costs

Audit costs shall be borne by the implementing agency unless otherwise specified in the project document.

[*Name of implementing agency*]

[*Project number and name*]

Financial statements

December 31, xxxx General project information
Or the date of Completion

Project number	
Project title	
Project duration	
ITTO contribution	
Date of approval by ITTC	
Implementing agency (Name, address, phone, fax and email numbers)	
Auditor (Name, address, phone, fax, email)	

Report of Independent Auditors

[*Date*]

To the representative officer of [*name of agency*]

We have audited the accompanying balance sheet of [name of implementing project] as of 31 December [or as of completion date] [year (and years)] and the related statements of activities for the period (years) then ended. These financial statements are the responsibility of [name of agency]'s management. Our responsibility is to express an opinion on these financial statements based on our audit(s).

We conducted our audit(s) in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management of [name of implementing agency], as well as evaluating the overall financial statement presentation. We believe that our audit(s) provide(s) a reasonable basis for our opinion.

In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of [name of project] at 31 December [or as at the completion date] [year (and years)], and the results of its activities for the year(s) then ended, and are in conformity with International Accounting Standards.

[*Signature of auditors*]

[*Name of implementing agency*]
[*Project No.*]
[*Project title*]

BALANCE SHEET

As at 31 December [Year]
Or as at the date of Completion

	Notes	([*Name of currency*]) 31 December 200X	200Y
Assets:			
Cash and cash equivalents			
Contributions receivable			
Advance receivable			
Other current assets			
Total current assets			
Others			
Total assets			
Liabilities and net assets:			
Accounts payables			
Advance received			
Accrued expenses			
Others			
Total liabilities			
Net assets:			
Unspent funds			
Total net assets			
Total liabilities and net assets			

[Name of implementing agency]
[Project No.]
[Project title]

STATEMENT OF ACTIVITIES

For the periods from [date of commencement of project] to 31 December [Year] Or to the date of Completion

PROJECT FINANCIAL STATEMENT (in US Dollars)

(To be prepared separately for ITTO funding and for Counterpart Funding)

Project No.   Period ending on:

Project Title:

Component			Original Amount (A)	Expenditures To-date			Available Funds (E) { A - D }
				Accrued (B)	Expended (C)	Total (D) { B + C }	
I.	Funds managed by Executing Agency						
10.	Project Personnel						
	11.	National Experts (long term)					
		11.1 Project Coordinator					
		11.2 Forester 1					
		11.3 Market/industry expert etc.					
		11.4 Administrator					
	12.	Other Personnel					
		12.1 Assistant 1					
		12.2 Other labor					
	13.	National Consultant(s) (short term)					
		13.1 Consultant 1					
		13.2 Consultant 2					
	14.	International Consultant(s)					
		14.1 Forest Inventory Expert					
		14.2 Consultant 2					
	15.	Fellowships and Training					
		15.1 Training 1 (specify beneficiaries)					
		15.2 Training 2					
	19.	Component Total:					
20.	Sub-contracts						
	21.	Sub-contract (Topic e.g. 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:					
40.		Capital Items					
	41.	Premises					
	42.	Land					
	43.	Vehicle(s)					
	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					
	71.	Executing Agency Management Costs					
	72.	Focal Point Monitoring					
	79.	Component Total:					
		Sub-Total:					
100.		GRAND TOTAL:					

Note Budget Components are those detailed in the Project Document.

1) The Cash Flow Statement must be completed first, before the input into the Financial Statement.

2) Accrued expenditure: expenditures incurred during the reporting period, but not yet settled.

3) Amounts under the "Expended" column will be imported from the Cash Flow Statement (with direct link).

PROJECT CASH FLOW STATEMENT

Project No.   Period ending on:

Project Title:

Component			Reference	Date	Amount	
					in US$	Local Currency
A.		**Funds received from ITTO:**				
	1.	First installment				
	2.	Second Installment				
	3.	Third installment				
	4.	Fourth installment				
		ETC.				
		Total Funds Received:				
B.		**Expenditures by Executing Agency:**				
10.		Project Personnel				
	11.	National Experts (long term)				
		11.1 Project Coordinator				
		11.2 Forester 1				
		11.3 Market/industry expert etc.				
		11.4 Administrator				
	12.	Other Personnel				
		12.1 Assistant 1				
		12.1 Assistant 2				
		12.2 Other labor				
	13.	National Consultant(s) (short term)				
		13.1 Consultant 1				
		13.2 Consultant 2				
		13.3 Consultant 3				
	14.	International Consultant(s)				
		14.1 Forest Inventory Expert				
		14.2 Consultant 2				
	15.	Fellowships and Training				
		15.1 Training 1 (specify beneficiaries)				
		15.2 Training 2				
		15.3 Training 3				
	19.	Component Total:				
20.		Sub-contracts				
	21.	Sub-contract (Topic e.g. 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:				
40.	Capital Items					
	41.	Premises				
	42.	Land				
	43.	Vehicle(s)				
	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					
	71.	Executing Agency Management Costs				
	72.	Focal Point Monitoring				
	79.	Component Total:				
		Total Expenditures To-date:				
		Remaining Balance of Funds (A-B):				

Notes: 1) Amounts in U.S. dollars are converted using the average rate of exchange when funds were received by the Executing Agency;

2) Amount of expenditures in US dollar should be the same as amount shown in column (C) of the Financial Statement (exported with direct link from the Cash Flow Statement); and

3) Submit bank reconciliation statement along with the bank statements to support the remaining balances/funds in the Cash Flow Statement.

[*Name of implementing agency*]
[*Project No.*]
[*Project title*]

Notes to the financial statements

For the period (year) ended 31 December [Year]
Or to the date of Completion

1. Activities and general information

2. Significant accounting policies

    (1) Basis of preparation

    (2) Translation of foreign currency

    (3) Taxes

    (4) Others

3. Others

ANNEX G

PROJECT FINANCIAL STATEMENT (in US Dollars)

(To be prepared separately for ITTO funding and for Counterpart Funding)

Project No.   Period ending on:

Project Title:

Component		Original Amount (A)	Expenditures To-date			Available Funds (E) { A - D }
			Accrued (B)	Expended (C)	Total (D) { B + C }	
I.	**Funds managed by Executing Agency**					
10.	Project Personnel					
	11.	National Experts (long term)				
	11.1 Project Coordinator					
	11.2 Forester 1					
	11.3 Market/industry expert etc.					
	11.4 Administrator					
	12.	Other Personnel				
	12.1 Assistant 1					
	12.2 Other labor					
	13.	National Consultant(s) (short term)				
	13.1 Consultant 1					
	13.2 Consultant 2					
	14.	International Consultant(s)				
	14.1 Forest Inventory Expert					
	14.2 Consultant 2					
	15.	Fellowships and Training				
	15.1 Training 1 (specify beneficiaries)					
	15.2 Training 2					
	19.	Component Total:				
20.	Sub-contracts					
	21.	Sub-contract (Topic e.g. 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:					
40.	Capital Items						
	41.	Premises					
	42.	Land					
	43.	Vehicle(s)					
	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						
	71.	Executing Agency Management Costs					
	72.	Focal Point Monitoring					
	79.	Component Total:					
		Sub-Total:					
100.	GRAND TOTAL:						

Note: Budget Components are those detailed in the Project Document.

1) The Cash Flow Statement must be completed first, before the input into the Financial Statement.

2) Accrued expenditure: expenditures incurred during the reporting period, but not yet settled.

3) Amounts under the "Expended" column will be imported from the Cash Flow Statement (with direct link).

ANNEX H

PROJECT CASH FLOW STATEMENT

Project No.   Period ending on:

Project Title:

Component			Reference	Date	Amount in US$	Local Currency
A.	**Funds received from ITTO:**					
	1.	First installment				
	2.	Second Installment				
	3.	Third installment				
	4.	Fourth installment				
		ETC.				
		Total Funds Received:				
B.	**Expenditures by Executing Agency:**					
10.	Project Personnel					
	11.	National Experts (long term)				
		11.1 Project Coordinator				
		11.2 Forester 1				
		11.3 Market/industry expert etc.				
		11.4 Administrator				
	12.	Other Personnel				
		12.1 Assistant 1				
		12.1 Assistant 2				
		12.2 Other labor				
	13.	National Consultant(s) (short term)				
		13.1 Consultant 1				
		13.2 Consultant 2				
		13.3 Consultant 3				
	14.	International Consultant(s)				
		14.1 Forest Inventory Expert				
		14.2 Consultant 2				
	15.	Fellowships and Training				
		15.1 Training 1 (specify beneficiaries)				
		15.2 Training 2				
		15.3 Training 3				
	19.	Component Total:				
20.	Sub-contracts					
	21.	Sub-contract (Topic e.g. 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:				
40.		Capital Items				
	41.	Premises				
	42.	Land				
	43.	Vehicle(s)				
	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				
	71.	Executing Agency Management Costs				
	72.	Focal Point Monitoring				
	79.	Component Total:				
		Total Expenditures To-date:				
		Remaining Balance of Funds (A-B):				

Notes: 1) Amounts in U.S. dollars are converted using the average rate of exchange when funds were received by the Executing Agency;

2) Amount of expenditures in US dollar should be the same as amount shown in column (C) of the Financial Statement (exported with direct link from the Cash Flow Statement); and

3) Submit bank reconciliation statement along with the bank statements to support the remaining balances/funds in the Cash Flow Statement.

ANNEX I GUIDE FOR PSC/PTC MEETING

Standard Format for PSC/PTC Meeting Agenda

The (....) Meeting of Project Steering (Technical) Committee

ITTO Project PD ....

"..."

Date, Location

Provisional Agenda

Item 1. Opening of the Meeting

Opening remarks by the Chairperson (generally the representative of the Government), the donor representative(s), and the ITTO representative

Item 2. Presentation of Participants

Item 3. Review of the Minutes of the last PSC/PTC Meeting

The Committee will review the decisions and recommendations of the previous PSC/PTC meeting and the EA will report on follow-up actions

Item 4. Review of the project structure and progress

The EA will make the following presentations:

- The project's overall objectives, outputs and Detailed Work Plan following the project's logical framework, covering the whole period for which financing has been secured from ITTO and including changes (if any) that have been made to the original work plan proposed in the project document

- A current Organizational Chart of the project, detailing the positions and responsibilities of each project staff member in relation to the project's activities and the roles and responsibilities of the collaborating institutions and other stakeholders; internal and external consultation mechanisms should be explained;

- A Progress Report following the ITTO format that summarizes the progress achieved for each of the activities specified in the project document; and an analysis of the progress towards achieving outputs and specific objectives. A comparative tabular schedule of the progress achieved to date for each of the project's activities versus the original schedule proposed in the project document is presented, including a tabular summary indicating percentile progress for each activity;

- Technical documents (if any) prepared to date by the project;

- A critical analysis of the project's implementation to date, describing the problems encountered and the lessons learned;

- The degree of compliance with the various ITTO policy guidelines and its manual for the application of criteria and indicators for sustainable management of natural tropical forests;

- Establishment of mechanisms for ensuring sustainability after project completion.

Item 5. **Review of the project finance and inputs applied**

The EA will make the following presentations:

- The Project's Budget, broken down by items and sub-items, in US Dollars, covering the whole period for which financing has been secured from ITTO and including changes (if any) that have been made to the original budget proposed in the project document;

- Expenditures incurred since project inception to date by budget item and sub-item versus those originally planned in the project document, covering the full amount funded by ITTO (an itemized tabular summary – Financial Statement and Cash Flow using the standard format provided in Annex 1);

- Counterpart contributions to the budget and expenditures to date;

- A list of capital items purchased with ITTO funds, indicating the purchase date and value;

Item 6. **Consideration of Yearly Plan of Operation/work program and associated budget**

The EA will present the Yearly Plan of Operation/work program for the ongoing or next period (depending on the timing of the PSC/PTC meeting) along with its associated budget.

Item 7. **Recommendations**

The Committee will:

- Review, evaluate, approve and adopt the reports presented by the EA (progress report, financial report, YPO, technical reports)

- Discuss any issues arising from the presentations, including possible modifications/ improvements to project implementation and/or the budget

- Make decisions that will contribute to strengthening and improving project implementation

- If appropriate, agree on the timing of a "Mid-term Evaluation"

- The Chairperson may summarize the main recommendations made during the meeting.

Item 8. **Other Business**

(a) Next PSC/PTC meeting

(b) Any other matters

(c) Arrangements regarding the preparation and signing of the Minutes

Item 9. **Closing of the Meeting**

Standard Format for Minutes of the PSC/PTC Meeting

Minutes of the (....) Meeting of the Project Steering (Technical) Committee

ITTO Project PD ....

".. "

Date, Location

Item 1. Opening of the Meeting

Mr/Ms ……. (Chairperson) called the meeting to order at …….. and welcomed members to the PSC/PTC. Brief description of the opening statements by the EA, Government, donor and ITTO representatives. The adopted agenda and list of participants are attached to the minutes (see Annexes 1 and 2).

Item 2. Review of the project structure and progress

The EA made the following presentations:

- The project's overall objectives and Detailed Work Plan

- A current Organizational Chart of the project

- A Progress Report following the ITTO including an analysis of the progress towards achieving outputs and specific objectives

- Technical documents (if any) prepared to date by the project;

- A critical analysis of the project's implementation to date, describing the problems encountered and the lessons learned;

- The degree of compliance with the various ITTO policy guidelines and its manual for the application of criteria and indicators for sustainable management of natural tropical forests;

Highlight issues raised by the PSC/PTC and any recommendations made related to project organizations and progress.

Item 3. Review of the project finance and inputs applied

The EA made the following presentations:

- The Project's Budget, broken down by items and sub-items, including changes (if any) that have been made to the original budget proposed in the project document;

- Expenditures incurred since project inception to date by budget item and sub-item versus those originally planned in the project document (Financial Statement and Cash Flow);

- Counterpart contributions to the budget and expenditures to date;

- A list of capital items purchased with ITTO funds.

Highlight issues raised by the PSC/PTC and any recommendations made related to project budget and expenditures. If budget modifications are approved by the PSC/PTC, these should be annexed to the Minutes.

Item 4. Consideration of next Yearly Plan of Operation/work program and associated budget

The EA presented the Yearly Plan of Operation/work program for the ongoing (next) period and its associated budget.

Highlight issues raised by the PSC/PTC and any recommendations made related to the YPO/work plan and associated budget.

Item 5.   Recommendations and Decisions

The Committee made the following recommendations and decisions regarding project implementation (include who will be responsible for the implementation of the decisions and follow-up):

1. The Committee decided to approve and adopt the following reports as presented by the EA (or: with the following modifications): Progress report, financial report, YPO/work plan, technical reports

2. …….

3. ……..etc.

Item 6.   Other Business

Highlight any other important issues raised during the meeting.

Tentative date for the next PSC/PTC meeting.

If appropriate, date for the mid-term evaluation.

Item 7.   Closing of the Meeting

The meeting adjourned at ……..

We the undersigned endorse the Minutes as a record of the PSC/PTC meeting

Date, Location:

_____   _____

Executing Agency representative   Government representative

_____   _____

ITTO representative   Donor representative(s)

ANNEX J GUIDE IN MONITORING VISITS

Guidelines for ITTO Project Monitoring Missions (PMM)

1 General rules regarding ITTO Project Monitoring Missions

– The same procedures should apply to projects that have a Project Steering Committee (PSC) and to smaller projects that have a Project Technical Committee (PTC).

– Project Monitoring Missions (PMM) consist of a PSC/PTC meeting and a project site visit.

– For each on-going project regardless of its size, a PMM should be carried out at least once a year (pre-projects will generally not be visited).

– The first PMM should be carried out within six months of project initiation in case of projects with a new Executing Agency (EA), large projects and projects that constitute a second phase or follow-up to an earlier project; in all other cases, the first PMM should take place within the first year of project implementation.

– Before projects are approved by the Expert Panel the Secretariat should assure that sufficient funds are included in the budget for monitoring and ex-post evaluation and, if appropriate, for mid-term evaluation.

– In principle, each PMM should include a project site visit; in cases where this is not possible (i.e. remote project sites), the project site should be visited at least once during the life of the project.

2 Checklist of activities

2.1 Prior to the Project Monitoring Mission

ITTO

• Plan the overall schedule (date and venue) of the PMM

• Check availability of funds for monitoring in the project budget (obtain "fund status report" of the Project from Management Services)

• Liaise with the EA at least one month in advance of the PMM regarding:
  – Date
  – venue
  – language of the meeting
  – participants
  – required documentation
  – agenda
  – project site visit, etc.

• Communicate travel arrangements to the EA

• Review all relevant project documentation:
  – Project Document
  – Project Agreement and, if appropriate, supplementary agreements between the EA and other collaborating agencies
  – YPOs
  – Progress reports incl. financial statements

- Technical reports
- No-objection letters
- Minutes of previous PMMs
- Audit reports
- Correspondence

- Through the review of the documentation, make a preliminary assessment of the following aspects:
  - Whether the project is progressing according to agreed work schedules (YPO) *(compare actual outputs and activities in Progress Report with that in the Project Document, identify problem areas)*
  - Effectiveness of project organization, including the roles and responsibilities of the institutions involved, the management structure
  - Acquisition of capital items (vehicles/equipment)
  - Adherence to the various ITTO Administrative Guidelines by the EA *(ITTO Guidelines for Consultants, Procurement, Rules & Procedures, other Manuals, follow-up actions regarding audit reports, etc)*
  - If appropriate, adherence to relevant ITTO policy guidelines
  - Major issues/problems to be followed-up at the PSC/PTC with a view to develop corrective actions *(to achieve project objectives as designed in the Project Document)*

Executing Agency

- Invite participants to PSC/PTC meeting

- Prepare required documentation

- Make logistical arrangements for the meeting and project site visit

- Prepare a detailed program of the PMM

- Send the following documentation to all participants at least two weeks prior to the PSC/PTC meeting:
  - progress report
  - financial report [1]
  - YPO
  - meeting agenda [2]
  - any technical reports produced by the project since the last PMM

- Send the tentative program of the PMM to ITTO for approval

- Arrange for airport pick-up and hotel reservations

2.2 During the Project Monitoring Mission

a) PSC/PTC meeting

ITTO

- Review the agenda for completeness

- Together with the other members of the PSC/PTC, review the following aspects of project implementation:
  - Quality of project planning (Yearly Plan of Operation/Work Plan)
  - Project organization, management structure, roles and responsibilities of the institutions involved and internal and external coordination mechanisms

---

[1] Financial reports should be prepared according to the format in Annex 1
[2] A standard format for the agenda of the PSC/PTC meeting is included as Annex 2

– Adequacy of project reporting

– Activities in relation to progress towards "specific objective(s)" and "outputs" achieved

– External factors affecting project implementation

– Risks as described in the Project Document including new risks arising during implementation

– Deviations from the original project design during implementation

– Current financial information and audit requirements *(identify and seek justification for major variations in actual expenditures - from ITTO Contributions - compared with the budget components in the Project Document)*

– Actual counterpart contribution and its adequacy with regard to project implementation progress

– Acquisition of capital Items (vehicles/equipment)

• Discuss any matter arising from the assessment with the PSC/PTC members and encourage and support a participatory problem solving and decision making process within the PSC/PTC

• Verify that mechanisms for ensuring sustainability after project completion are being established and, if necessary, assist the PSC/PTC in identifying such mechanisms

• If appropriate, agree on the timing of a "Mid-term Evaluation"

• If appropriate, discuss the preparation of an article for ITTO's TFU and other mechanisms for dissemination of project results

• Review the draft of the Minutes of the PSC/PTC meeting (ensure that all matters including decisions taken are accurately reflected in the report)

• Sign the final version of the Minutes

Executing Agency

• Provide for an adequate meeting room and necessary audio-visual equipment

• Appoint a secretary to take notes and to prepare the Minutes of the meeting

• Arrangements for the opening of the meeting and presentation of participants

• Make presentations on the items listed in the Agenda (Annex 2) using audio-visual aids

• Assure the timely signature of Minutes by the representative of the Executing Agency, the Government and (if present) the donor(s)

b) Minutes of PSC/PTC meetings

• A standard format for the Minutes is provided in Annex 3

• Minutes should:

– Adhere to the meeting agenda

– summarize major topics of discussion and problems encountered

– clearly state any recommendations and/or decisions made

– include approval and adoption of project reports (progress report, YPO/work plan, financial report)

• The agenda and list of participants should be annexed

• Any modifications to the budget approved by the PSC/PTC should be annexed

• The Minutes should be signed by a representative of the Executing Agency, the Government, the donor(s) present, ITTO and, if appropriate, other members of the PSC/PTC

• The Minutes should be completed and signed before the departure of the ITTO representative

c) Project Site Visit

ITTO

- Assess project progress at the project site

- Meet with stakeholders/project participants

- Verify infrastructure and allocation and condition of capital items purchased with ITTO funds

- Take photographs with a digital camera for the ITTO photo library

Executing Agency

- Provide adequate transport to the project site

- Assure presence of stakeholders and/or project participants

2.3 After the Project Monitoring Mission

ITTO

- Complete the "Mission Report" and brief the Executive Director

- Update ITTO project database

- Follow up of issues requiring further actions *(as highlighted in the Minutes of the meeting and in the Mission Report)*

Executing Agency

- Follow up on decisions taken by the PSC/PTC, including formally requesting no-objection from ITTO to any modifications of activities or the budget recommended by the PSC/PTC

ITTO Mission Report

Staff member: _____

Dates: _____

Location(s): _____

Event(s):

Main activities during the visit:

Major issues/problems encountered:

Supplementary information (other persons met with, issues discussed):

Follow-up to the Mission (who, when, where):

GLOSSARY

Terms and Concepts pertaining to the ITTO Project Cycle

(These terms and concepts are further elaborated in the Project Manuals and the SOP)

Activity	process of transformation of inputs (human resources, funds, equipment) into outputs. Fundamental management unit of the project which can be clearly identified, priced, scheduled, implemented and controlled.
Assumptions	conditions which must exist if a project is to succeed, but which are external to it and therefore little or no control can be exercised over them by the project team.
Collaborating Agencies	agencies/organizations responsible for the implementation of specified blocks of activities, and which are accountable to the Executing Agency
Competitive bidding	system or procedure used for the procurement of goods and services from qualified firms legally operating in countries where projects are located which offer the most advantageous value based from specifications and terms of reference
• Public competitive bidding	competitive bidding among qualified local suppliers/contractors for a contract to the value of not less than US$25,000
• International competitive bidding	competitive bidding among qualified local and international suppliers/ contractors for a contract to the value of not less than US$100,000
Complexity of a project	complexity of project management structure; socio-economic complexity of the project site region, e.g. ethnic tensions; administrative complexity of the project site, e.g. how many public administrations are involved, how many communities?
Consultant	a professional or expert person or firm contracted to perform relevant services for a project;
• National	professional from the country where the project is executed with experience pertaining to the relevant project limited to that country
• International	consultant with proven global or multi-country experience pertaining to the relevant project
Consultant firm	a legally constituted business, comprised primarily of professional personnel, whose aim is to offer consultation, advice, expert testimony or diversified professional services;
Development objective	a broader or higher level objective to which the project along with others will contribute and which is in line with the ITTO objectives and national sector programs.
Dissemination strategy	the identification and planning of content, form and means of dissemination of project results to specified target groups in order to support the achievement of the specific objective.
Evaluation	the collection of information, assessment and analysis of the performance and the impact of the project. The process is systematic and as objective as possible.

• mid-term	the collection of information, on the spot assessment and in-depth analysis of the performance and impact of the project during its implementation stage, with the purpose to guide or advice on all factors relevant for the further implementation of the project, including any necessary revision of project design.
• ex-post	the collection of information, on-the-spot assessment and in-depth analysis of the performance and impact of the project after its completion, with the intent to establish how well it served its purposes, its degree of effectiveness and efficiency, its sustainability.
Executing Agency	over-all responsible Agency for the implementation of the project, which is directly accountable to ITTO.
Expert	qualified professional person from member countries engaged by ITTO to provide services and assistance to its work such as for appraisal of projects and evaluation of contracted work to consultants
Force account	construction or civil works by use of the Executing Agency's own personnel and equipment with the agreement of the ITTO
Intended situation upon project completion	See: outcome
Implementation strategy	the choice of the project elements (i.e. objectives and outputs) and the means (i.e. activities, applied technologies and methods) to achieve them. Justification of the rationale of the chosen route versus alternatives routes should be based on criteria of effectiveness and efficiency.
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 necessary to execute activities (human resources, equipment, facilities, expendables, spare parts, financial resources, time etc.).
ITTA	International Tropical Timber Agreement establishing the objectives and modes of operation of ITTO.
ITTO Action plan	translation of ITTA objectives into actions and defining priority areas for Policy work and Project work of the Organization for a period of four years.
ITTO Contact point	person and/or institution designated by the Member country and registered by the Secretariat to handle ITTO matters. (formerly also referred to as focal point)
Key problem	central focus of the project, solution of the key problem is feasible by a project.
Logical Framework (LFW)	rational approach of establishing the problem design and defining the project elements, indicators of achievement and assumptions.
Logical Framework Matrix	layout in a vertical and horizontal consistent way of the Project Objectives, Outputs, Activities, Indicators of achievements and Assumptions.
Means of verification	the sources of information for checking the values of an indicator.

Monitoring	the collection and analysis of data (indicators), with a view to identify any need for corrective actions to ensure project execution according to plan.
• Internal Monitoring	monitoring by the project management, Executing Agency and Collaborating Agencies
• External Monitoring	monitoring project implementation at a level one step above project management e.g. provider of funds such as ITTO.
National Clearing House	in-country mechanism responsible for screening of project or pre-project proposals taking into account national priorities and relevance to ITTO goals, prior to submission.
Outcome	prevailing situation when the specific objective has been achieved. (intended situation upon project completion).
Outputs	the immediate "results" or "deliverables" of the project.
Post-project strategy	organizing conditions which enable participating groups to continue the work autonomously after the project intervention. The strategy should be based on an analysis of the need of human resources and financial and institutional provisions to guarantee sustainability and their availability.
Problem tree	a cause effect diagram of problems placed below (causes) and above (consequences) the key problem which is the centre of the tree.
Project	a concerted effort directed at the achievement of one, (exceptionally two), well articulated specific objective and related to a wider development objective, with clearly identified performance time and cost characteristics
• Pre-project	a set of preparatory and/or experimental activities necessary to formulate a project proposal. The main output is a project proposal
• Small-project	project which does not exceed two years and does not require more than a specified amount of funds from ITTO. (The amount is to be decided by the Council and was $ 150.000 at the time this Glossary was printed).
Project Agreement	agreement on project implementation between ITTO and the Executing Agency, signed after the project has been approved by the ITTC and fully funded. It specifies the roles and responsibilities of the member government, the executing agency, and ITTO in implementing a project (pre-project).
Project-cycle	the various phases through which a project moves from first conception to completion, which include project identification and formulation; submission; appraisal; approval; funding; inception; implementation; monitoring and evaluation; completion and closure
Project closure	the closure of the account of the project in the financial records of ITTO after: (i) approval of the completed project by the respective Committee; (ii) acceptance by the ITTO Executive Director of the final audit (iii) and receipt of any unused funds and disposal of capital goods by the Executing Agency.
Project completion	official acceptance of the Completion report by the Technical Committee.
Project design	identified and structured project elements.

Project document	project proposal as has been approved by the ITTC.
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; 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 from 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	the governing body for projects providing guidance, policy decisions, and monitoring and evaluation and composed of one representative of the ITTO, at least one representative of the government or government(s) which implement(s) the Project and optionally a representative of the government(s) providing funds to the Special Account of the ITTO. It is formed for all Projects in which the ITTO share is at least US$400,000 and with an implementation period greater than 24 months.
Project Technical Committee	the governing body for smaller projects in which the ITTO share is less than US$400,000 and with an implementation period less than 24 months providing guidance, policy decisions, and monitoring and evaluation.
Reports	
• Inception report	report to start the process. It comprises elucidated confirmation that all conditions are met, provisions are in place and formalities have been concluded for a smooth start of the project implementation.
• Progress report	the bi-annual formal and objective account of the Executing Agency on the executed activities, expenditures and achieved outputs in the period covered by the report meant for higher levels of administration. Progress reports present information which is essentially managerial.
• Technical report	the means to register and transmit the results of the work carried out under the ITTO research, development and demonstration Projects. Technical Reports contain technical and scientific data, analysis of the data and the project results.
• Financial report	bi-annual report containing opening and closing balance, the expenditure incurred against each head of the project budget and any income earned or accruing.
• Completion report	the final formal account summarizing, upon project completion, all planned project elements versus their actual implementation, establishing the impact and the expected sustainability of the project in the post project period and presenting the lessons learned.

Results	See: outputs
Review	formal examination of work plan progress and of the factors influencing it, as part of the Project monitoring control activities.
Risks	External factors which may jeopardize the project expected results. Risks are related to assumptions at each level of the Logical Framework.
Software tools	a user-friendly package of several computerized tools that will assist the formulation process based on the "Manual for Project Formulation". The tools, downloadable from the ITTO website, will enable proponents to structure problem trees and to produce budget tables.
Specific objective	the outcome which is intended to be achieved by the end of the project, if all outputs are produced and used by the stakeholders.
Stakeholder	an individual, group, organization, institution or company which (should) help to implement and sustain the project and/or will likely be affected by the project.
Stakeholder input and action Matrix	matrix of stakeholders and their required inputs and actions during project implementation.
Standard Operating Procedures (SOP)	practices that evolved as norms for the Organization to implement based on Council decisions and guidelines/procedures experienced by various implementers from the start of a project until completion.
Sub-contract	engagement by the Executing Agency of consultants or any other contractors to undertake any aspect of project implementation with approval from ITTO
Sunset	termination of the validity period of approval of a project which has not been funded within a period of 20 months after approval or for which funds have been committed, but for which implementation has not begun within a period of 26 months
Sustainability	sufficient means, funds and human resources to continue the work after the project intervention.
Target value (of a quantitative indicator)	specification of the situation which shall prevail if the development objective, the specific objective, or the output is fully achieved.
Wider value	concept that benefits of the project should reach beyond those institutions and people which are directly involved in the project, such as Executing Agency, collaborating agencies and immediate stakeholders. The country as a whole and other member countries should somehow benefit from project results and impact.
Work Breakdown Structure	detailed discretion of the work to be executed, usually presented in a simple graphic display provided by a block diagram that shows the project's outputs and the related set of activities which will allow their achievement.
Workplan	table showing start and duration of each activity by the month and the responsible Implementing Agency.
Yearly Plan of Operations	the annual update of the activities, workplan, input and budget. The actual status of implementation of activities, achievement of outputs and depletion of budget is being referred to, while the coming operational year is presented in greater detail than in the project document.