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## DECISION 7(XXI)

### STRENGTHENING THE PROJECT CYCLE

The International Tropical Timber Council,

Recalling Decisions 8(XVIII) and 3(XX) on strengthening the Project Cycle;

Welcoming the final report of the independent consultants on strengthening the Project Cycle, including the comments made by Members and by members of the Panel of Experts;

Stressing the importance of strengthening the Project Cycle and assisting project formulation by developing member countries in order to ensure the achievement of the organizations objectives in light of the entry into force of the ITTA, 1994;

Noting the relevance for work on strengthening the Project Cycle of other actions being taken as a result of entry into force of the ITTA, 1994;

Determined to start the process of strengthening the Project Cycle immediately;

Decides to:

#### **Project Cycle**

1. Establish, starting after the Twenty-second Session of the International Tropical Timber Council, a deadline of two weeks after the end of each council session for submission to the Secretariat of project and pre-project proposals for consideration at the following Council session;
2. Authorize the Expert Panel to meet for more than five days if more than 36 proposals are to be assessed;
3. Request the Secretariat to propose revised Terms of Reference for the Expert Panel for the Technical Appraisal of Project and Pre-Project Proposals as described in paragraph 78 and 79 of the Annex to this Decision;
4. Request member countries to nominate participants in the Expert Panel for a period of two years, with the possibility of extending to three years if desired by the relevant region;

### **Revision of Guidelines and Manuals**

5. Prepare a manual on ITTO's Rules and Procedures for project implementation and revise the "ITTO Manual for Project Formulation", the "ITTO Manual for Project Monitoring, Review and Evaluation" and the "Guidelines for the Selection and Employment of Consultants and Guidelines for the Procurement and Payment of Goods and Services Financed from the Special Account". The new Guidelines and Manuals should be tested and improved by using them as training materials under PD 73/89 (M,F,I), "Assistance for Project Identification and Formulation";

### **Project Evaluation and Results Dissemination**

6. Ask the Permanent Committees to identify projects for which ex-post evaluation is recommended;
7. Request the Executive Director to introduce internal evaluations in accordance with paragraphs 91 - 93 of the Annex to this Decision;

### **Reporting**

8. Request the Executive Director to prepare a programme of work for the revision of Guidelines and Manuals for consideration by the Council at its Twenty-second Session in May 1997. This programme should also include the terms of reference and proposals for funding the appointment of an Evaluation and Communication Officer.

## ANNEX

### V. STRENGTHENING OF THE PROJECT CYCLE (Propositions from the Independent Consultants)

#### Overall comments

64. Project work is a most important operational element of ITTO's policy for tropical timber, as spelled out in ITTA 1983, Action Plan and Objective 2000. Therefore, action for strengthening the ITTO Project Cycle should, as a matter of priority, envisage those stages which are essential for the advancement of the Organization's objectives and priorities. To focus project work as much as possible on ITTO's objectives should be a permanent thrust of the Organization. This requires continuous updating of the ITTO Action Plan since it provides essential guidance and constitutes a most important framework for project formulators.

65. Persistence in the present efforts aimed at the improvement of project formulation is also required for appropriate project focusing. Most important in the project formulation stage is the identification of project proposals that might be of relevance to the advancement of ITTO's objectives and to Member countries' tropical timber development programmes. Therefore, due emphasis should be given to aspects related to proper project identification under the training program supported through PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation". Whenever necessary feasibility studies and Pre-projects should be developed to help the preparation of Project proposals.

66. In preparing Project proposals emphasis should be given to projects of regional or international implications and which present rippling effects either at national level or on a broader geographical scenario. Due attention should be given to the concurrent objectives, namely participatory planning and implementation, as well as environmental impacts mitigation and local community participation.

67. Project appraisal should ensure that the planning of the work to be carried out is specific and concrete and insist upon the preparation of proposals in accordance with the guidelines and format laid down in the ITTO Manual for Project Formulation. Greater usage of the expertise available in the corporate bodies of the Organization - Expert Panel, Secretariat staff, Permanent Committees - should be sought, emphasizing their possible contribution in the stages of Project appraisal, monitoring and evaluation. The use of the "regional consultants" should also be amplified in providing assistance for Project formulation and in assisting the ITTO staff in carrying out Project monitoring .

68. The whole process of the Project Cycle should be transparent to all parties involved. This implies in defining criteria for the establishment of the relevance of Project proposals, in further elaborating the criteria for appointing members of the Expert Panel, in carrying out independent financial audits on all Projects financed by the Organization, in improving the planning and communication of monitoring and evaluation work and in wider dissemination of Project results to all interested parties. To this effect, Project reports should be distributed by the Organization to all Members and to all those individuals and organizations who might have interest in them.

69. The specific propositions presented hereafter address the points mentioned previously which fall directly under the Terms of Reference of the Independent Consultants for the Strengthening of the Project Cycle.

#### Specific Propositions

##### **Project formulation**

70. Proposition 1: To review the "ITTO Manual for Project Formulation" with the objective of simplifying the standard format wherever possible and of further advising project formulators to submit clear, coherent and concise proposals (see paragraphs 19 and 20 and Annex VI - section A, item d). The revision should envisage:

- elimination of information which is not essential in order to reduce the length of project documents wherever possible;
- presentation of more examples on how to formulate the elements of a proposal (Objectives, Outputs, Activities, Logical Framework, Risk Assessment etc.), applied to the three operational areas of the ITTO;

- updating of the instructions for budget presentation;
- provision for the presentation of Terms of Reference for the key staff when the personnel to be involved is not yet decided in the proposal stage;
- identification and succinct description of the executing agency (personnel, infrastructure etc.).

71. The revision of the "ITTO Manual for Project Formulation" should also stress that it is important that project formulators explain how the project addresses ITTO's objectives, Action Plan and Year 2000 Objective and that simply referencing sections of the ITTA and of the ITTO Action Plan is not sufficient. In line with this guideline, it is equally important to underline the existing orientation for project formulators to present a brief description of the national subsector and its characteristics (so as to identify the gaps facing the Member country in its progress towards Objective 2000) and the role of the executing agency in the local context. A comprehensive explanation on the advantages of presenting Project Ideas should also be included as well as guidance on the relevant information to be provided for submitters who may decide for this option. Since Pre-project proposals may be presented in less detail, orientation should be provided also for this option regarding the presentation of information regarded as essential.

72. The revised version of the "ITTO Manual for Project Formulation" should advise proposal submitters on the range of project budgets financed through the ITTO and that projects with budgets exceeding this range stand a smaller probability of being funded. Standard ITTO pay scales (or range of) for hiring international and national consultants should be provided to assist project formulators in preparing project budgets. These pay scales should be periodically updated.

73. In revising the Manual consideration should be given to establishing the maximum number of pages that a proposal should have and orientation should be provided on the preparation and presentation of Appendices, if necessary.

### **Project appraisal**

74. Proposition 2: To establish the deadline of 2 weeks after the end of each Council Session for the ITTO receiving Project and Pre-project proposals which might go to the next Council Session for decision, in order that the Secretariat may have sufficient time to duly process the reception, translation and transmission of Project and Pre-project proposals to the Expert Panel (see paragraphs 22 and 23 and Annex VII).

75. Proposition 3: To ensure that adequate attention is given to each proposal in the appraisal stage, to establish an upper limit of 30 Project proposals that would be assessed in a five days Expert Panel session. In the event that the number of Project proposals to be assessed in a given meeting exceeds 30 or the total number of proposals (Project plus Pre-project proposals) to be assessed in a given meeting exceeds 36, the Expert Panel would be enabled to meet for more than five days.

76. If this proposition may be approved by the Council adequate financial support to cover the expenses of the Expert Panel for sessions of greater duration shall be necessary.

77. Proposition 4: To review the Terms of Reference of the Expert Panel to ensure the continued circulation of Project and Pre-project proposals to consideration by the Permanent Committees and to Council for decision (see paragraphs 24, 25 and 53).

78. The Terms of Reference of the Expert Panel for Technical Appraisal of Projects and Pre-projects were established by the ITTC Decision 2(X). The proposition is that the Terms of Reference be revised in order that the Panel may assess the first version of proposals submitted to the Organization and the revised version, if necessary, after which proposals will be passed on to the Permanent Committees for final appraisal and recommendation to the Council. Such a procedure could be expressed in the revised Terms of Reference as follows:

"The Expert Panel shall assess new Project and Pre-project proposals and if necessary the revised versions following recommendations made. The recommendations for adjustments to these proposals shall be made by the Expert Panel exclusively with the purpose of ensuring their technical soundness. The Expert Panel shall also screen the Project proposals for their relevance in light of ITTO's mandate, Action Plan and Work Programmes, including guidelines for best management practices in forestry approved by the ITTO, but it shall not otherwise prioritize them. If major adjustments are recommended, the Expert Panel may ask to carry out a final appraisal of the revised versions of Project and Pre-project proposals, prior to their presentation to the Permanent Committees. . . . "

79. Proposition 5: To further elaborate on the selection criteria for members of the Expert Panel for Technical Appraisal of Projects and Pre-projects while reviewing the Terms of Reference of the Expert Panel (see paragraph 54).

80. Proposition 6: To introduce a clear separation of the work of the Permanent Committees and of the Council Sessions by starting the latter only after the meetings of the former have finished, allowing three days for Permanent Committees meetings.

#### **Project implementation and monitoring**

81. Proposition 7: To review the Guidelines for the Selection and Employment of Consultants with the objective of providing more flexibility in hiring professionals by the Organization. The revision recommended by the consultants is indicated hereafter (see paragraphs 11 and 27). Page 6 of the Guidelines, Section B, paragraph 8 should read:

" The resources of the Organization will not be used to pay cumulatively for salaries and fees or other additional remuneration of any consultant who is a member of the permanent or temporary staff of a government entity or of the Executing Agency. The resources of the Organization also will not be used to pay for salaries and fees or other remuneration of any consultant who is related to any person receiving remuneration from the Organization or from the Executing Agency within any of the categories listed in the Annex to these Guidelines."

82. Proposition 8: To prepare a comprehensive Manual on ITTO's rules and procedures for project implementation with the objective of providing specific guidance to the executing agencies.

83. The ITTO Manual on Rules and Procedures Relating to Projects should include:

- updated and consolidated information about financial rules, rules relating to Projects and Council Decisions related to the Project Cycle;
- management procedures to be adopted in the implementation of the ITTO Projects;
- ITTO's policy and control of expenditures;
- channels of communication with the ITTO;
- instructions for financial monitoring, reporting and audit;
- travel arrangements and authorization etc.

84. The Manual should be developed in such a way as to facilitate its periodical updating and inclusion of any new Decisions reached by the Council on rules and procedures relating to projects.

85. Proposition 9: To review the "ITTO Manual for Project Monitoring, Review and Evaluation" with the objective of providing instructions for the executing agencies on the elaboration of "Project Technical Reports" and on planning of monitoring and evaluation work.

86. The revised version of the "ITTO Manual for Project Monitoring, Review and Evaluation" should include guidance to project implementors on how to prepare "Project Technical Reports" with a view to facilitate project results dissemination. "Project Technical Reports", either intermediate or final, should present exclusively technical information related to projects results. Thus, administrative and financial information regarding project implementation would be provided only on "Project Progress Reports" and documents for technical results dissemination would be less voluminous.

87. The revised version should provide instructions to the executing agencies on the elaboration of Yearly Plans of Operation for Projects of relative operational complexity.

88. The revised version should also provide orientation on planning of project monitoring and evaluation work, on the preparation of schedules and agendas of related meetings and on the actions necessary for bringing these activities to the attention of all interested parties (donors, Steering Committee, Secretariat staff).

89. An overview of the ITTC Decisions which govern project evaluation should be provided, as well as a description of the actions to be taken by the executing agency for preparing and carrying out project evaluations (submission of Final Reports, preparation of field visits, preparation of agenda etc.).

#### **Project evaluation and results dissemination**

90. Proposition 10: To instruct the Permanent Committee on Economic Information and Market Intelligence, the Permanent Committee on Reforestation and Forest Management and the Permanent Committee on Forest Industry to identify (if any) those Projects for which an ex-post evaluation is recommended with a view to assessing their impacts, establishing possible lessons to be learned and promoting the wider dissemination of the results achieved, and to bring forth to Council decision the related propositions.

91. Proposition 11: That ITTO should introduce internal evaluations on all Projects which involve training activities, to be carried out by trainees and teachers. Considering the importance of the training activities to the improvement of the quality of project proposals and to the advancement of the Organization's objectives, the results of such evaluations should be brought to the attention of Members in Council Sessions.

92. Two models of questionnaires, to be answered by participants of training activities, are presented in Annex VIII. Carrying out the internal evaluation of each ITTO training activity through this simple method would provide an important feedback to the agency responsible for implementing seminars and workshops, to participants and to Member countries. The introduction of internal evaluations of training activities financed by the Organization does not imply in additional costs other than minor communication expenses and analysis of the responses by the executing agency.

93. If this proposition may be approved by the Council, the sub-contractors in charge of the training workshops implemented through PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation" could be requested to analyze and adapt the aforementioned questionnaires wherever judged appropriate, to apply them on an experimental basis and to bring the results of such an evaluation to the attention of Members in the next Council Session. According to the results of this pilot test and after any further adaptation of the questionnaires which may prove necessary, such internal evaluations could be adopted in all seminars carried out through ITTO financed projects.

94. Proposition 12: To appoint an "Evaluation and Communication Officer" linked to the office of the Executive Director (together with the existing Information Officer). The functions of this Officer would be:

- to plan the evaluation work of the ITTO;
- to advise all interested parties on the schedule of evaluations;
- to inform donors and other interested parties on the results of the evaluations;
- to identify Project results which should be disseminated;
- to implement systems for dissemination of technical results of projects;
- to disseminate the findings and lessons learned through the evaluations;
- to keep an updated and comprehensive mailing list for information dissemination;
- to feedback to the Organization the information acquired and the lessons learned through evaluations.

The related costs are:   1st. year - US\$329,400  
                                  2nd. year - US\$295,700 (see paragraphs 36, 37 and 56)

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