

DECISION 2(X)

CONTINUATION OF THE EXPERT PANEL FOR
TECHNICAL APPRAISAL OF PROJECT PROPOSALS AND ADJUSTMENT OF PROJECT CYCLE

The International Tropical Timber Council,

Affirming the importance of project activities as outlined in Article 23 of the ITTA.

Reaffirming the need to focus, as much as possible, project activities on the priority areas of ITTO as expressed in the ITTO Action Plans and Work Programs, including guidelines for best management practices in forestry.

Having considered Decision 6 of the Council at its Ninth Session, as well as the recommendation to the Council of the Committee of Reforestation and Forest Management, at its Sixth Session in May 1990, "...to evaluate all aspects of the Project Cycle and the mandate of the Secretariat with respect to the different stages of the Cycle and to adjust the Project Cycle wherever desirable, in order to improve the quality and relevance of the project proposals and to streamline the procedure for approval",

Reiterating the wish of Member Countries to strengthen the capacity of the Secretariat to coordinate and assist in the effective implementation of the Project Cycle,

Reaffirming the Organization's determination to pursue cooperation and coordination with other organizations in accordance with Articles 14, 23 and 26 of the Agreement.

Decides to continue the Expert Panel, previously accepted in Council DECISION 6 (IX), to assist the Secretariat in the technical appraisal of project proposals prior to their presentation to the Permanent Committees. The experts on the Panel will be appointed by the Council in accordance with the attached Terms of Reference contained in Annex 1, and will continue to function for at least two sessions of the Council.

Decides to appoint one independent consultant from a producer country and one from a consumer country to prepare for consideration by Committees and decision by the Council at the XI Session:

- a. a detailed manual for submission and approval of project ideas, pre-projects and projects for the Council, taking into consideration the Organization's rules, regulations and manuals and, where appropriate, practices in other international organizations;
- b. procedures for pre-projects and projects covering identification, appraisal,

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approval, implementation, monitoring and evaluation, and a detailed time table for the project cycle;

- c. a detailed manual for reporting on operational and financial progress of projects;
- d. proposals to strengthen ITTO's Secretariat in order to carry out its obligations under the new project cycle.
- e. make proposals that will ensure local community participation in and consultation about project formulation, implementation, monitoring and evaluation.
- f. make proposals to take full account of environmental impacts of projects.

Decides to adopt the adjustments in the project cycle contained in Annex 2 which will come into force on July 1, 1991.

Requests the Secretariat to examine ITTO's cooperation with other international institutions, with particular attention to the Common Fund, and prepare a report for the XI Council Session.

Requests the Secretariat to prepare and submit to the Council proposals for cooperation from the Special Account to individual members, at their request, towards more effective preparation of pre-projects and project proposals, bearing in mind the continued activities under PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation".

Recognizes that this decision will require adequate financial support from the Special Account to cover the expenses in 1991 of the panel of experts.

Requests the Secretariat to prepare and submit to the next ITTC cost estimates for this activity in 1992 in order to ensure that necessary funds are in the Administrative Budget.

**ANNEX 1 - TERMS OF REFERENCE OF THE EXPERT PANEL
FOR THE TECHNICAL APPRAISAL OF ITTO PROJECT PROPOSALS**

1. The Panel shall appraise new project proposals. It may make recommendations for adjustments to these proposals to ensure their technical soundness. The Panel shall also screen the project proposals for their relevance, on the basis of the ITTO Action Plans and Work Programs, including guidelines for best management practices in forestry approved by the ITTO, but it shall not otherwise prioritize them.

2. The Panel will convene in a producing country, selected by the Council on a rotating basis, or Yokohama. Participants will be 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. The number of experts will be limited to twelve persons, six from producing members and six from consuming members. The appointment to the Panel shall be for a period of one year. The Council may wish to take note of the benefits of some continuity in Panel membership.

3. A brief technical report on each project proposal will be submitted by the Secretariat to the proposing Government immediately after the meeting of the Panel. The submitting Government may subsequently amend its project proposals before consideration by the Permanent Committees. The presentation should then include clarification of how the Panel's recommendations were taken into account.

4. The Panel's Time Schedule and Work Plan for 1992 shall be decided at ITTC (XI) in Yokohama.

ANNEX 2 - ADJUSTMENTS TO THE PROJECT CYCLE

1. Expedited Procedure

There will be an expedited procedure for (pre-)projects of US\$ 50,000 or less when the substance and implementation of the project is non-controversial in the opinion of the Executive Director. The expedited procedure will allow the Executive Director to circulate a project to member states immediately. If no objection is received to use the expedited procedure, the project may be submitted directly to the Council for a Decision.

2. Sunset Provision

Approved projects which have not been funded within a validity period of 20 months, beginning with the month of the Council Session on which they were approved, may be revised and then resubmitted to the Council for decision prior to the end of the validity period for review, at the option of the submitting member state. Failing re-submission, the project will lose its status as an approved project. For approved projects for which funds have been committed, but for which implementation has not yet begun, the validity period shall be 26 months.

3. Project Steering Committee

There will be a Project Steering Committee for all projects in which the ITTO share is at least US\$ 400,000 and with an implementation period of greater than 24 months.

The Steering Committee will generally be composed of one representative of the ITTO and at least one representative of the government or governments which implement(s) the project. As an option, a representative of the government or governments providing funds to the special account of the ITTO may choose to participate in the Committee.

Project Steering Committee decisions shall be by consensus and subject to review by the Council at the option of any Permanent Committee member or members. Project Steering Committees' minutes shall be submitted, for information, to the relevant Permanent Committees.

4. Adjustments to Project Budgets

On the advice of the Project Steering Committee, the Executive Director may modify the ITTO contribution to the project budget by not more than US\$ 50,000 or ten percent of the ITTO contribution approved by the Council, whichever is less.

Where there is no Project Steering Committee, and upon request of the submitting member, the Executive Director will have the authority to modify the budget by US\$ 20,000 or five percent of the ITTO contribution approved by the Council, whichever is less.

In case of earmarked funding, the consent of the donor country is required.

Such modifications to ITTO project contributions will be reported to the appropriate Permanent Committee.

5. Special Provisions for Operational Agreements

Project Agreements must include provisions for the Executing Agency and ITTO to recover costs that were spent on activities or materials not provided for in the agreed project document.

Project agreements must also provide for interruption of disbursement of project funds, in the event of violations of the project agreement.

In case of a dispute, UNCITRAL arbitration rules shall apply.

6. Exchanges of Information

Resources permitting, and pursuant to Article 14 of the ITTA, the ITTO shall organize a regular exchange of information with other relevant agencies, industry and non-governmental organizations on proposed operational activities and project evaluation.

7. Ex-post Evaluation

The Council may decide to carry out ex-post evaluation of a project or projects. The evaluation will be undertaken by a team composed of at least three independent persons, selected by the relevant Permanent Committee. If donor countries wish to participate as observers in the evaluation of projects (co-)financed by them, they will do so at their own expense. The Evaluation Team will report its findings to the Council through the relevant Permanent Committee. Thereupon the Secretariat will ensure that lessons learned, both positive and negative, will be available to members. They in turn will ensure that such information is widely disseminated to officials responsible for project preparation.

8. ITTO Secretariat Costs Related to Projects

Costs to the ITTO Secretariat of monitoring and evaluation of projects shall be charged to the project budget, including remuneration and travel expenses of consultants and experts.

9. Timing of Proposal Presentation

Proposals for pre-projects and projects in excess of US\$ 50,000 shall be submitted so as to arrive at the Secretariat at least six (6) weeks in advance of each Panel meeting. Proposals for project ideas (to be limited to one page) shall be submitted to arrive at the Secretariat at least four (4) weeks before each Council Session. The Secretariat shall not circulate to the Council any proposals which do not meet these deadlines, or which do not conform to the required format.

10. Procurement Rules

General rules shall be adopted for the selection and employment of consultancy firms and individuals, and for the payment and procurement of goods and services for the project from the Special Account.
