



THIRTY-SEVENTH SESSION
13-18 December 2004
Yokohama, Japan

DECISION 3(XXXVII)

MEASURES TO IMPROVE AND STRENGTHEN THE ITTO PROJECT CYCLE

The International Tropical Timber Council,

Recalling Decision 7(XXXIII) that adopted measures to improve efficiency and effectiveness of the Organization which included, inter alia, measures related to project formulation, monitoring and evaluation; and Decision 11(XXXIV) on Measures to Improve Project Formulation and Appraisal;

Taking note of the Report of the Expert Panel on Measures to Improve Project Formulation and Appraisal ITTC(XXXVI)/5 and Report of the Working Group on Improving Effectiveness and Efficiency of Project Work CEM,CRF,CFI,CFA(XXXIV)/2, and the recommendations thereof;

Also taking note of Decision 7(XXII) on the Expert Panel for the Technical Appraisal of Pre-Project and Project Proposals, Decision 8(XXII) on "Revision of Project Related Guidelines and Manuals", report of the "25th Expert Panel on Measures to Improve ITTO Project Formulation and Appraisal" [ITTC(XXXIV)/6], and on-going Project on "Assistance for Project Identification and Formulation" PD 73/89 (M,F,I);

Recognizing the importance of the effective measures to improve the different phases of the Project Cycle, namely: (a) Identification; (b) Formulation; (c) Appraisal; (d) Decision/Financing; (e) Implementation; (f) Evaluations (Mid-term, Terminal, Ex-post); and (g) Completion;

Further taking note of the work done by the Executive Director in requesting the ITTO Members to take actions to improve the ITTO Project Cycle, and of actions being implemented by the ITTO Secretariat, pursuant to the deliberations at the Thirty-sixth Session of the Council and the Joint Session of the Committees, held in Interlaken, Switzerland, from 20-23 July 2004;

Recognizing the further potential positive impacts of implementing the recommendations of the 27th Expert Panel and of the Working Group on Improving Effectiveness and Efficiency of Project Work CEM,CRF,CFI,CFA(XXXIV)/2,

Stressing that projects and pre-projects need to be developed, approved, implemented and evaluated in an efficient and transparent manner;

Underscoring the roles of the technical committees and their responsibilities to ensure that projects and pre-projects submitted to Council, including their subsequent effective implementation, conform to the criteria set forth in this Decision;

Decides to:

1. Strongly encourage Member Countries to act on the recommendations detailed in the Annex of this Decision, noting in particular the desirability of:
 - (i) establishing national clearing-houses for screening project and pre-project proposals, taking into account national priorities and their relevance to ITTO goals and adherence to the ITTO Manual for Project Formulation and other ITTO rules and procedures, prior to submission; undertaking an assessment of training needs in project formulation and the appraisal process;
 - (ii) limiting submission of new project proposals to no more than three per Expert Panel

- meeting, and ranking them in order of priority; and
- (iii) providing the name and curriculum vitae of the local experts on project formulation, for inclusion in the database of the ITTO Secretariat.
2. Request the Executive Director to make available the services of local experts in project formulation, to conduct training workshops in or for producer and developing consumer countries eligible in compliance with Decision 7(XXXIII) Annex I, Part C, to submit project proposals, with the participation of the focal point, future trainers and members of the national clearing house, as an extension of activities under the Project "Assistance for Project Identification and Formulation" PD 73/89 (M,F,I), based on the outcome of the assessment of training needs in Member Countries.
3. Request the Executive Director to organize, based on nominations from Member Governments and international organizations, a database of experts to assist eligible Member Countries (in compliance with Decision 7(XXXIII) Annex I, Part C), to develop project proposals.
4. Request the Executive Director to:
- (i) Engage two consultants, one from a producer member country and one from a consumer member country, to develop a qualifying method using qualitative award criteria and weighted scores to assess proposals;
- (ii) Extend by two days the duration of the 29th Expert Panel for the Technical Appraisal of Project Proposals to update the terms of reference for the expert panel and to review the consultants' proposals on qualitative award criteria and weighted scores for consideration by Council; and
- (iii) Limit the number of appraisals of project and pre-project proposals to three (original appraisal plus two).
5. Request the Executive Director:
- (i) To develop draft terms of reference for consultants who would be engaged to revise the ITTO Project Formulation Manual and related material and to prepare user-friendly and condensed Project Cycle manuals and guidelines and to propose those terms of reference to the Joint Session of the Committees at the Thirty-eighth Session of the Council. The draft terms of reference shall incorporate, among other issues, the recommendations listed in the Annex of this Decision;
- (ii) Following approval by the Joint Committee, to engage two consultants, one from a producer country and one from a consumer country, to implement those terms of reference and to present the results of their work to Council for its consideration; and
- (iii) Subsequently to develop computerized tools to facilitate project proposal and budget preparation via the ITTO website.
6. Request the Executive Director to implement as appropriate the recommendations that are listed in the Annex of this Decision, and to engage the Secretariat staff actively in the various phases of the project cycle.
7. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this Decision, not exceeding US\$497,000.00. If sufficient contributions are not received by 24 June 2005, the Executive Director is requested to use funds from the Sub-Account B of the Bali Partnership Fund.
8. Review, after two years, this Decision with a particular focus on the limitation in submission of proposals with a view to assessing its effectiveness and impact on improving the Project Cycle and the delivery of quality projects.

ANNEX

Measures for Improving the Effectiveness and Efficiency of Project Work

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
1. Identification	<p>Limited guidance by ITTO in project identification</p> <p>Lack of an effective process to identify and prioritize projects and activities of ITTO that are relevant to countries, beneficiaries, and ITTO</p>	<p>Develop a set of criteria which define the characteristics (e.g. relevance, wider value) of an ITTO project, to assist countries in project identification</p> <p>Establish an in-country diagnostic process</p> <p>Establish a clearing house of national experts to process proposals taking into account national priorities and those of ITTO (to assist focal point in screening projects)</p> <p>Consider organizing national calls for proposals which match national and ITTO priority areas</p> <p>To work at early stage with countries considering developing projects & potential donors</p>	<p>Council</p> <p>Member Countries</p> <p>Member Countries</p> <p>Focal Points</p> <p>ITTO</p>
2. Formulation	<p>Limited expertise in formulating projects</p> <p>Lack of understanding as regards the role and responsibilities of focal points</p>	<p>Pursue assistance for project formulation focusing on country needs based upon their request</p> <p>Develop consultant guidelines on assistance for projects formulation, and appropriate terms of reference that ensure institutional capacity building for the requesting member country.</p> <p>Identify need for financial support for focal points in project formulation process</p> <p>Ensure dissemination of project results to improve future project design</p> <p>Ensure focal points have sufficient in-house staff or other human resources that are familiar with ITTO's Manuals, Guidelines and Procedures, and have the time, experience and motivation to appraise new projects, and monitor projects under implementation</p>	<p>ITTO and Member Countries</p> <p>Member Countries</p> <p>ITTO and Member Countries</p> <p>Member Countries</p>

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
		Link focal points with relevant bodies, such as Objective 2000 Boards	Member Countries
		Require focal points to provide evidence of compliance (through a checklist) with ITTO's Manuals, Guidelines and Procedures, and countries' priorities as a condition for submission of projects	ITTO
		Develop a checklist for demonstrating compliance with ITTO's Manuals, Guidelines, and Procedures, and countries' priorities.	ITTO
		Inform ITTO on the assignment of a new focal point and/or focal person and if necessary any need for training	Member Countries
	Manuals, Guidelines, and Procedures are perceived as incomplete, overly complicated, and, in some cases, inadequate	Revise Manuals Guidelines, and Procedures, in consultation with members, to make them easier to understand and use, and eliminate unnecessary requirements, taking into consideration poverty issues and gender aspects	ITTO
		Clarify the role of focal points and focal persons with respect to project formulation, monitoring and evaluation, in ITTO's review of the Manuals, Guidelines and Procedures	ITTO
	Tools available for project formulation insufficient	Provide web-based tools for development of logical framework, budget, and other aspects of project design, formulation and implementation	ITTO
		Make resources available for development of project ideas into projects, and the use of pre-projects in formulating projects	ITTO and Member Countries
	Project design not coherent	Elaborate on the strategic value and project proposal development process	Executing Agency
		Demonstrate how projects relate to national policies on poverty reduction, sustainable forest management and the National Forest Programme	
		Document project formulation process in the project proposal, necessary to establish ownership of project and ensuring proper dissemination of results	Executing Agency
		Build time into project proposal and work plan for consummating agreement, submission of Yearly Plan of Operation, and preparation of updated financial and cash flow statement; and bringing on project management team	Executing Agency
	Lack of sufficient experience and/or	Recommend actions as necessary to build institutional capacity to address	Secretariat

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
	poor past performance on the part of some executing agencies/cooperating agencies	perceived problems	
	Weak application of logical framework	Improve application of logical framework and ensure participatory process in its development	Executing Agency
		Develop a process and methodology to assist in formulation of logical framework and assessment of project impact; ensure the participation of beneficiaries and/or stakeholders, taking into account gender aspects	ITTO and Member Countries
	Weak ownership and commitment by cooperating agencies, cooperating governments, and stakeholders impedes smooth project implementation and limits the impact of project	Seek early and firm commitment and input from cooperating agencies, cooperating governments, and stakeholders	Member Countries
		Document the involvement (or planned involvement), input and commitment of cooperating agencies, cooperating governments, and stakeholders in the project proposal	Executing Agency
		Develop guidelines (formulation and for implementation) of multi-national projects	ITTO
	Risks and assumptions not adequately accounted for in projects	Evaluate risks and assumptions associated with project design, particularly as it regards the ability of project to contribute to national development objectives	Executing Agency
		Develop guideline or checklist to assist in the evaluation of risks and assumptions	ITTO
	Monitoring/evaluation procedures in project proposals not well defined	Define monitoring/evaluation systems in project proposals	Executing Agency
	Projects often are not sustainable	Require and identify the elements of an exit strategy including transitional needs (the incorporation of exit strategy, i.e., post-project operation and maintenance,) into project proposal to ensure sustainability of project based upon anticipated outcome	ITTO and Member Countries
	Poor dissemination and use of project results	Require projects to have a capacity and extension component, and dissemination strategy, identifying target groups and purpose and type of messages	ITTO

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
	Long period between funding commitment and start of project	<p>To find modalities to increase potential donors to channel funds through ITTO thereby enhancing the long-term stability of ITTO</p> <p>Review imbalance and take actions to address the current imbalance in the number of projects and available resources</p> <p>Review sunset provisions</p>	<p>ITTO</p> <p>Council</p> <p>ITTO</p>
5. Implementation	<p>Implementation often exceeds anticipated duration</p> <p>Lack of understanding by project personnel of ITTO Manuals, Guidelines and Procedures</p> <p>Importance of monitoring/evaluation not always fully recognized</p>	<p>Ensure anticipated durations are reasonable</p> <p>Establish and implement monitoring and evaluation systems</p> <p>Establish good lines of communications to facilitate needed changes in project implementation, e.g. changes of executing agency</p> <p>Make allowances in project proposals for a start-up workshop</p> <p>Provide training for project implementation</p> <p>Improve current monitoring and evaluation process and methodology, taking into account the project reporting process</p> <p>Provide assistance to countries in developing procedures for monitoring/evaluation</p> <p>Strengthen linkages between executing agency, focal points, Secretariat, regional officers, particularly in area of monitoring and evaluation</p> <p>Require joint monitoring and evaluation of projects (ITTO, focal points and executing agency)</p> <p>Consider options to strengthen project monitoring and evaluation processes</p>	<p>Executing Agency</p> <p>Member Countries and Executing Agency</p> <p>ITTO, Member Countries and Executing Agency</p> <p>ITTO and Executing agency</p> <p>ITTO</p> <p>Member Countries</p> <p>ITTO</p> <p>ITTO, Member Countries, Focal Points, and Executing Agency</p> <p>ITTO</p> <p>ITTO</p>

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
	<p>Lack of capacity</p> <p>Problems with the selection and commissioning of project personnel, lack of continuity of project personnel, etc.</p> <p>Ineffective use of steering committee</p> <p>Deficiencies in project design that come to light in implementation bring into question the sustainability of project</p>	<p>within Member Countries and ITTO, including regional levels</p> <p>Incorporate needed capacity building into project, to capacitate institutions (e.g. beneficiaries, stakeholders), not individuals</p> <p>Institute transparent and objective process for selection of project personnel and equipment</p> <p>Develop a pool of experts</p> <p>Make more effective use of steering committees, including in monitoring/decision making</p> <p>Strengthen the role of steering committee and reconsider composition and procedures of the steering committees</p> <p>Provide input regarding need for changes in budget, within ITTO Guidelines and Procedures</p> <p>Define role of steering committee in approving remedial changes</p> <p>Provide process to allow for sufficient flexibility and/or tools to correct deficiencies in project designs during implementation, as long as nature and/or overall objectives of projects are not changed</p>	<p>Executing Agency ITTO</p> <p>ITTO and Member Countries</p> <p>ITTO and Member Countries</p> <p>ITTO and Executing Agency</p> <p>ITTO</p> <p>Steering Committee</p> <p>ITTO</p> <p>ITTO</p>
6. Evaluations (Mid-Term, Terminal, Ex-post)	No consistent systematic evaluation of projects	<p>Review current evaluation process and develop systematic evaluation process, taking into consideration monitoring and reporting processes, incorporating mid-term and terminal evaluations</p> <p>Make use of progress reporting and monitoring system as an evaluation tool</p> <p>Require terminal evaluation of a phase before the submission of subsequent phases</p> <p>Conduct ex-post evaluations in cooperation with countries and focus on carefully selected issues, paying attention to gender aspects</p> <p>Make adequate provisions in the budget of the projects for evaluations</p>	<p>ITTO and Executing Agency</p> <p>ITTO and Executing Agency ITTO</p> <p>ITTO</p> <p>Executing Agency</p>

Phase of Project Cycle	Problems and Implications	Remedial Measures	Responsible Party(ies)
	Financial aspects not sufficiently analyzed in evaluations	Include financial expertise on evaluation team	ITTO
7. Completion	<p>No clear significance attached to completion of project</p> <p>Projects not attaining objectives and outputs</p>	<p>Review the terms and process for declaring projects completed</p> <p>Require assessment of project objective(s) as part of project completion process, making effective use of completion report</p> <p>Implement the remedial measures recommended by WG to improve projects and project cycle</p>	<p>ITTO</p> <p>ITTO</p> <p>ITTO</p>

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