

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO

PROJECT PROPOSAL

TITLE:	STRENGTHENING THE FOREST SECTOR VALUE CHAIN THROUGH SUSTAINABLE FOREST MANAGEMENT AND HARVESTING IN COSTA RICA
SERIAL NUMBER:	PD 951/25 (I)
COMMITTEE:	FOREST INDUSTRY
SUBMITTED BY:	GOVERNMENT OF COSTA RICA
ORIGINAL LANGUAGE:	SPANISH

SUMMARY:

Costa Rica has an internationally recognized track record for forest and biodiversity conservation, as well as effective actions to combat climate change. This has allowed Costa Rica's forests to become a net sink for greenhouse gases since 2014. Despite the progress made in the conservation agenda, the country's forest sector faces several challenges to improve its performance, as the forest industry is currently underdeveloped and obsolete, requiring support in the development of innovation in production processes and forest products.

This project includes the following main activities:

1. Conduct a diagnostic assessment of timber availability for the industry, documenting the status of timber forest resources and the installed capacity of the primary processing industry and identifying commercial species by volume, distribution and source of supply.
2. Facilitate access to the use of timber products by proposing simplified procedures and providing training on issues such as legal requirements and business formalization.
3. Propose investment programs with a wide range of incentives, developing marketing strategies and training programs aimed at timber industry technicians.

EXECUTING AGENCY	FORESTRY, TIMBER AND INDUSTRY ASSOCIATION OF COSTA RICA
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COLLABORATING AGENCIES	CARBON REVENUE SERVICES S.A. (CRS)
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DURATION	12 MONTHS
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PROPOSED BUDGET AND OTHER FUNDING SOURCES	Source	Contribution in US\$
	ITTO	160,000
	Government of Costa Rica	52,500
	TOTAL	212,500

PROJECT BRIEF

Costa Rica has an internationally recognized track record in forest and biodiversity conservation, as well as effective actions to combat climate change. This has allowed Costa Rica's forests to become a net sink for greenhouse gases since 2014. Despite the progress made in the conservation agenda, the country's forest sector faces several challenges to improve its performance, as the forest industry is currently underdeveloped and obsolete, requiring support in the development of innovation in production processes and forest products.

Nearly one million hectares of secondary forests in the country are threatened with degradation, because the available timber resources are hardly used, preventing society from fully appreciating the value of the available resource base. This proposal aims to provide tools to address these challenges, on the one hand, by contributing to reducing pressure on mature forests and, on the other, by improving the sustainable management and valuation of secondary forests through the production and marketing of high-value timber products from a variety of native species with the participation of local communities.

Importantly, most of these forests are owned by small producers, which can result in a more dynamic local economy and contribute to reducing the vulnerability of rural areas. Project activities will incorporate the gender action plan of the National REDD+ Strategy and the Gender Equality in Production Units Award (GIGUP) and will involve local communities, particularly women and youth, providing them with new opportunities for decent work and thus improving their livelihoods.

This project includes the following main activities: (i) Conduct a diagnostic assessment of timber availability for the industry; (ii) Facilitate access to the use of timber products; and (iii) Propose investment programs with a wide range of incentives, developing marketing strategies and training programs aimed at timber industry technicians.

For the implementation of the proposed actions, local companies with extensive experience in secondary forest management and the development of high-commercial-value products have been encouraged to participate in and contribute to the different stages of the project.

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LIST OF ACRONYMS AND ABBREVIATIONS

AFE: Administración Forestal del Estado
(*State Forestry Administration*)

CAF: Certificado de Abono Forestal (*Forestry Certificate*)

CIAGRO: Colegio de ingenieros agrónomos
(*Society of Agricultural Engineers*)

CIF: Cost, Insurance and Freight

CODEFORSA: Comisión de Desarrollo Forestal de San Carlos (*Forest Development Commission of San Carlos*)

COMEX: Ministerio de Comercio Exterior de Costa Rica (*Ministry of Foreign Trade of Costa Rica*)

ERF: Estado de los Recursos Forestales
(*Status of Forest Resources*)

FAO: Food and Agriculture Organization of the United Nations

FAOSTAT: FAO Statistical Portal

FOB: Free on Board

FONAFIFO: Fondo Nacional de Financiamiento Forestal (*National Fund for Forest Financing*)

FRA: Global Forest Resources Assessment (FAO)

FSC: Forest Stewardship Council

FTA: Free Trade Agreement(s)

FUNDECOR: Fundación para el Desarrollo de la Cordillera Volcánica Central (*Foundation for the Development of the Central Volcanic Range*)

GDP: Gross Domestic Product

ha: hectare(s) (10,000 m²)

ITTO: International Tropical Timber Organization

km: kilometer

MEIC: Ministerio de Economía, Industria y Comercio de Costa Rica (*Ministry of Economics, Industry and Trade of Costa Rica*)

MINAE: Ministerio de Ambiente y Energía de Costa Rica (*Ministry of Environment and Energy of Costa Rica*)

m³: cubic meter(s)

m³(r): cubic meter(s) of roundwood equivalent

ONF: Oficina Nacional Forestal (*National Forestry Office*)

PES: Payment for Environmental Services

Pmt: Pulgada maderera Tica (*unit of measurement used in Costa Rica*)

SEMEC: Informe Anual Estadísticas SINAC
(*SINAC Yearly Statistical Report*)

SETENA: Secretaría Técnica Ambiental
(*Environmental Technical Secretariat*)

SFOs: Sustainable Forestry Operations

SINAC: Sistema Nacional de Áreas de Conservación (*National System of Conservation Areas*)

SOFO: The State of the World's Forests

TEC: Instituto Tecnológico de Costa Rica
(*Institute of Technology of Costa Rica*)

UNA: Universidad Nacional (*National University*)

USD: US dollar(s)

UTN: Universidad Técnica Nacional (*National Technical University*)

MAP OF PROJECT AREA

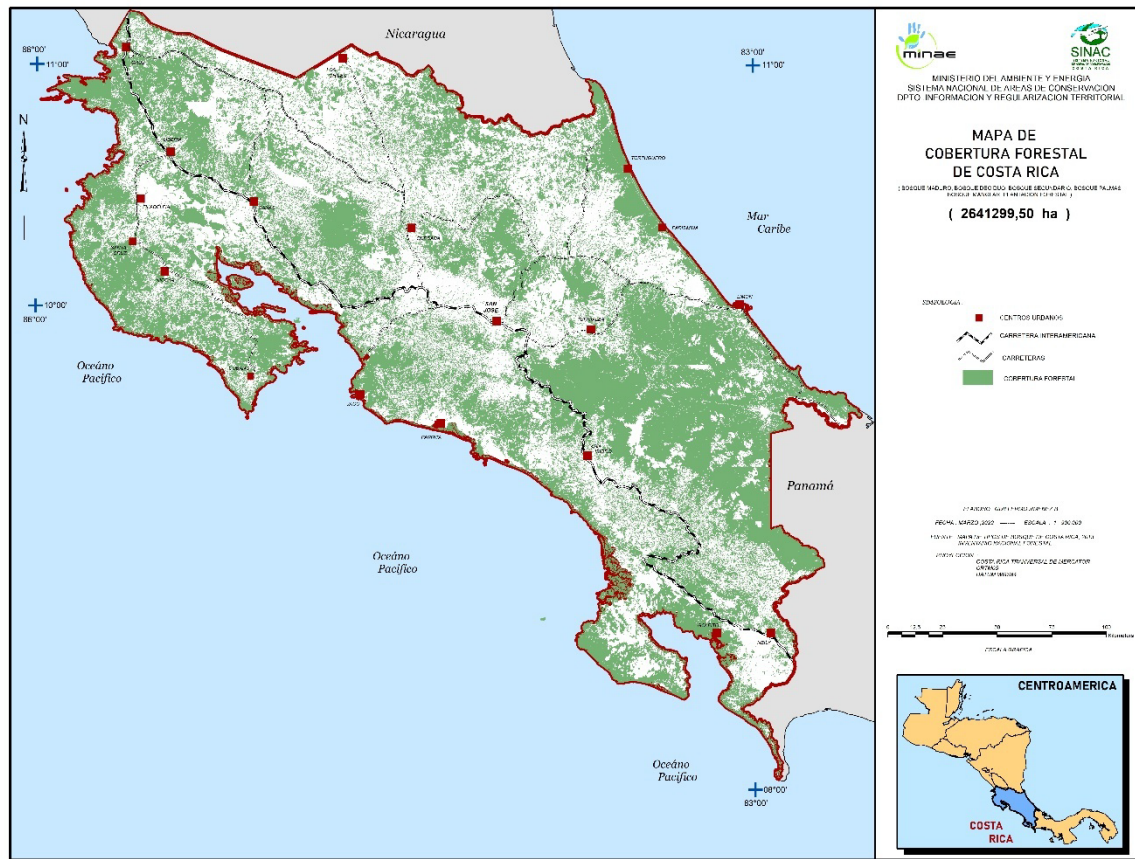


Figure 1. Map of forest cover in Costa Rica and overall project area.

Part 1. PROJECT CONTEXT

1.1 Origin

The project is framed within a context of increasing deterioration of the timber value chain in Costa Rica, evidenced by inefficiencies in the harvesting, processing and marketing of this resource. This situation is aggravated by the high risks associated with deforestation and, above all, forest degradation, supported by forest capital stock reduction monitoring reports, which not only affects environmental sustainability, but also has direct impacts on the economic stability of rural communities.

If this situation were to continue, it would mean a reversal of almost 40 years of efforts that has made Costa Rica one of the few examples in the world with a forest cover that has experienced a remarkable increase in recent decades, thanks to the success of the conservation and reforestation policies implemented in the country.

The consequences of these challenges are particularly critical for rural populations, where environmental impacts translate into loss of biodiversity, depletion of natural resources and disturbances in traditional life cycles. In this regard, women and young people, who represent a vulnerable and fundamental segment in socioeconomic development and in the preservation of ancestral knowledge, are disproportionately affected. Forest degradation limits their opportunities for employment, access to resources and development of sustainable production activities, generating a vicious circle of exclusion and impoverishment.

Against this background, the project aims to strengthen the timber value chain by establishing effective mechanisms for sustainable timber management. The initiative seeks not only to improve efficiency in the production and marketing of timber products, but also to mitigate the environmental and social risks associated with deforestation, promoting comprehensive and equitable development for the benefit of all stakeholders, especially women and young people in rural areas.

As an ongoing process of study and improvement of enabling conditions, the Forestry, Timber and Industry Chamber Association of Costa Rica (*Asociación Cámara Forestal Madera e Industria de Costa Rica* – CFMI) has developed this project proposal, which is aimed at strengthening the timber value chain.

A number of public and private partners with extensive experience in the management and use of native timber species and secondary forests have been considered for the implementation of this project. It is also vitally important to involve the academic sector, such as public universities and the National Forest Financing Fund (*Fondo Nacional de Financiamiento Forestal* – FONAFIFO), which has been instrumental in the successful submission of this project to the International Tropical Timber Organization (ITTO).

1.2 Relevance

The proposed project is consistent with all ITTO objectives as set out in the ITTA 2006. In particular, the project fully contributes to the objectives of the ITTA, 2006 as follows:

1. Strengthening the value chain: By establishing effective mechanisms for timber harvesting and processing, the project will promote practices to ensure the sustainable management of timber resources, while improving product traceability and quality.

2. Promoting sustainable forest management: Through the diagnostic assessment of timber availability and the identification of critical areas, strategies to avoid deforestation and degradation will be optimized, in line with ITTO's sustainability and conservation standards.

3. Boosting investment and training: The proposal for investment programs, together with marketing strategies and technical training, will strengthen local capacities and encourage the adoption of responsible practices. This will not only improve the sector's competitiveness, but will also ensure the incorporation of environmental and social sustainability criteria throughout the chain.

4. Positive socioeconomic impact: By focusing efforts on rural communities, especially women and youth, the project will contribute to generating employment and development opportunities, which is in line with ITTA objectives related to the inclusion and well-being of local populations.

Furthermore, the project will improve the understanding of national forest resources, in particular the availability of adequate sustainable timber volumes for the industry, and will contribute to the process of sustainable development, based on national policies and strategies. By improving the links in the production chain, the project will support the restoration of natural forests and the rehabilitation of degraded forest lands, with the participation of local communities.

The Costa Rican forest sector has managed to position itself globally thanks to its fight against climate change, the expansion of forest cover, and the implementation of public policies in favour of the environment. However, there are a number of internal and external factors causing the weakening and loss of links along the timber production chain, which, as has been repeatedly noted, could jeopardize the country's achievements in terms of conservation and increased forest cover.

Based on these factors, this project has been formulated with the aim of establishing effective mechanisms for sustainable timber product harvesting, processing and marketing. Thus, the project will contribute to the process of sustainable development, based on national policies and strategies, improving the capacity of the private sector to process and market timber products.

1.2.1 Conformity with ITTO objectives and priorities

The project is consistent with ITTO's overall objective (as set out in Article 1 of the ITTA, 2006), namely, to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber producing forests, as described below:

- Contributing to sustainable development and to poverty alleviation by generating rural employment through the secondary forest value chain (objective c);
- Enhancing the capacity of secondary forest owners and processors, as well as public institutions, to implement strategies for achieving exports of timber products coming from sustainably managed sources (objective d);
- Promoting improved understanding of conditions in national and international markets, including factors affecting market access, consumer preferences and prices, and conditions leading to prices that reflect the costs of sustainable secondary forest management (objective e);
- Promoting and supporting knowledge of secondary forest structure and composition, with a view to improving forest management and efficiency in the utilization of available species, as well as increasing the capacity to conserve and enhance other forest values in timber producing secondary forests (objective f);
- Improving market intelligence on innovative products, including the development of forest legality requirements, particularly for markets with established regulations for importing legally sourced and deforestation-free products (objective h);
- Promoting increased and further processing of tropical timber from sustainably managed forests (objective i).

In addition, this project is consistent with the priorities established in the ITTO Strategic Action Plan 2022-2026. The main aspects considered in the proposal are as follows:

- Promote good governance and policy frameworks to enhance legal and sustainable forest product supply chains and related trade (Strategic priority 1)
- Increase the contribution of secondary forests to national and local economies and resilient livelihoods, including through the further processing and trade of innovative timber products (Strategic priority 2)
- Reduce secondary forest deforestation and degradation by enhancing their value and sustainable use, as well as through the marketing of innovative products (Strategic priority 3)
- Improve the quality and availability of information on innovative timber product markets, supply chains and international trade, including challenges and opportunities related to market access, expansion and diversification (Strategic priority 4)

All of this includes the contribution of sustainably produced timber products to climate change mitigation and the generation of rural employment with the involvement of women and youth.

1.2.2 Relevance to submitting country's policies

The most important instrument of Costa Rica's national planning is the National Development Plan, where the following objective has been included in the Strategic Area on Infrastructure, Mobility and Land Use Planning, to which the project will directly contribute, in particular by advancing towards carbon neutrality with the broad contribution of the forest sector and other key sectors such as public transport, agriculture and livestock production, and by promoting the involvement of local governments in climate change mitigation.

Likewise, project activities are framed within the National Decarbonization Strategy, in focus area 10 - objective 10.1, which states "10.1 Implement the REDD+ Strategy to promote the reduction of emissions from deforestation, avoided degradation and conservation of forests and ecosystems, both in rural and urban areas". At the level of objectives that can be impacted by REDD+, it is proposed to stop deforestation and rehabilitate degraded lands through forest restoration and reforestation.

In addition, Costa Rica's Nationally Determined Contribution (NDC) proposes the need to maintain and increase forest cover as an element of climate change mitigation and adaptation. The country also has a National REDD+ Strategy that establishes, *inter alia*, that one of the drivers of deforestation is the lack of an efficient and successful forest sector in the production, industrialization and marketing of timber products.

The Strategy also has two relevant policies that are considered in project activities: Policy 3: Incentives for conservation and sustainable forest management; and Policy 4: Restoration of forest landscapes and ecosystems, including, more specifically, Measure 3.3.1 Promotion throughout the wood and forest products value chain; and Measure 4.1.1 Restoration in degraded watersheds.

1.3 Target area

The project's area of influence covers the entire country.

1.3.1 Geographic location

The project will focus on the whole country.

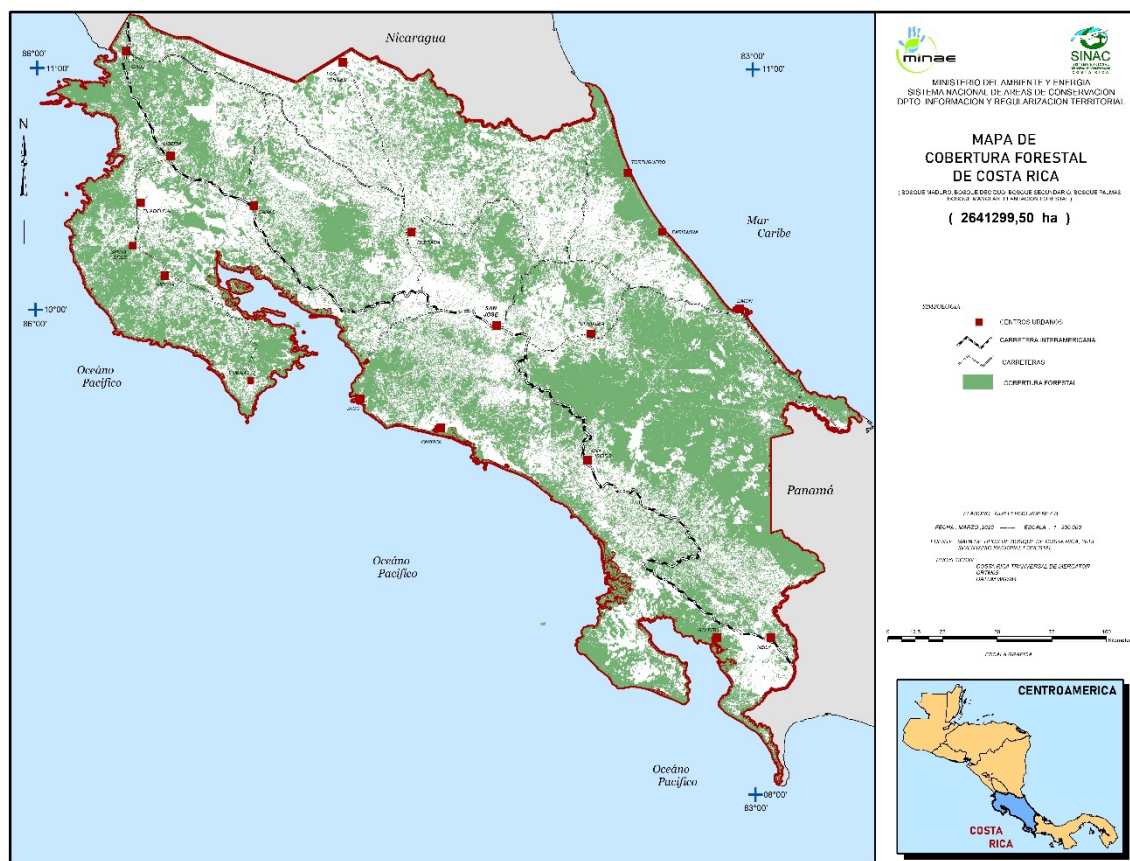


Figure 2. Forest cover map of Costa Rica, overall area of influence of the project.

The project's area of influence covers the entire country. The following is a general characterization of the five forest regions of the country, considering forest cover, forest types and forest development, based on analysis schemes commonly used in countries with high forest diversity (such as Costa Rica):

1. Chorotega Region

In terms of forest cover, the Chorotega region has historically had less forest cover due to its seasonal nature and agricultural pressures, although in recent decades there has been a process of reforestation and restoration. Tropical dry forests and shrublands are dominant, with areas of regenerated secondary forest; mangroves can be found in coastal areas.

2. Huetar Atlantic Region

This region has a high forest cover, which is largely preserved thanks to the presence of protected areas and indigenous territories, although there is some fragmentation in areas of increased population and agricultural pressure. Tropical moist forests and gallery forests are prevalent; there are also wetlands and flood zones of particular ecological significance.

3. Central Region (Central Valley and adjacent areas)

The forest status in this region is mixed –although there are protected areas and remnants of primary forest, urban and agricultural expansion has led to significant fragmentation. There are some

remnants of tropical moist and montane forests, along with fragmented areas of secondary forest resulting from regeneration processes.

4. Brunca Region

This region is characterized for having a high proportion of primary forests in protected areas and remnants of very fragmented tropical moist forests. These forests are threatened by tourism and agricultural expansion. There are rainforests, montane forests and coastal areas with mangroves, which harbour a significant diversity of species.

5. Northern Huetar Region

The Northern Huetar Region has a forest cover that, although historically affected by agricultural expansion and urban development, still retains significant remnants of primary forest and regeneration areas. The implementation of conservation policies and reforestation programs in recent decades has contributed to the partial restoration of forest cover, strengthening ecological connectivity in the area.

The region has moist and mixed tropical forests, which include areas of primary forest, characterized by their high biodiversity and structural complexity, as well as secondary forests in the process of regeneration. In addition, in transition zones and on hill slopes, there are gallery forest formations and small remnants of dry forests, giving the region a diversity of forest ecosystems.

1.3.2 Social, cultural, economic and environmental aspects

The project will promote greater participation of women and enhance their role as key stakeholders, which is in line with ITTO's Policy Guidelines on Gender Equality and Empowering Women. Its design is aligned and consistent with the principles and standards of ITTO's Environmental and Social Management Guidelines, especially those related to the forest industry, such as Environmental and Social Standard – ESS 7: Forest product production and processing.

The following is a summary of the social, cultural, economic and environmental aspects of the five regions of the country, taking into account their particular characteristics.

1. Chorotega Region:

This region geographically coincides with the province of Guanacaste, bordering Nicaragua to the north and the Pacific Ocean to the west and south. Characterized by its lowlands and diversity of landscapes, it is an important tourist destination. According to Inder's "Land Baseline Report", the Chorotega Region has a population of approximately 370,906, accounting for around 7.4% of the country's total population. The regional economy is centred on livestock and agriculture, especially the production of grains such as rice, corn, and beans. However, it faces problems such as unequal land distribution, deforestation, and lack of water supplies. The region has important remnants of dry forests and regeneration areas; however, agricultural pressure has reduced part of its forest cover. Reforestation initiatives mainly with teak and a high rate of forest restoration have restored and connected the different ecological corridors.

2. Huetar Atlantic Region:

This region covers the province of Limón and part of Heredia, bordering Nicaragua to the north and the Caribbean Sea to the east. The plains and mountainous areas of the Central Volcanic and Talamanca mountain ranges are predominant. According to Inder's "Land Baseline Report", the Huetar Atlantic Region has a population of approximately 386,862, accounting for around 7.7% of the country's total population. The economy is focused on agriculture, especially banana, cacao, and palm oil crops, as well as fishing and port activities, with Limón being a key port for foreign trade. The

region faces challenges such as high levels of deforestation, unemployment, and public security issues.

There is abundant biodiversity with tropical moist and mixed forests, while some sectors still retain primary forest conditions. There are challenges in managing agricultural and urban expansion, which require comprehensive conservation strategies.

3. Northern Huetar Region

Located in the northern part of the country, the region borders Nicaragua and includes cantons of Alajuela and Heredia. Characterized by its flat and fertile lands, its economy is based on the farming of staple grains, sugar cane, coffee and export products such as citrus and pineapple. Tourism has grown, highlighting natural attractions such as the Arenal Volcano and the Caño Negro Biological Reserve. However, the region faces challenges related to road infrastructure and access to basic services.

There is a mix of primary and secondary forests; there have been reforestation and conservation efforts to restore degraded areas. There is a need to mitigate impacts from land conversion and resource use pressures.

4. Central Region

This region covers the entire province of Cartago and significant parts of San José, Alajuela and Heredia. It is the political and economic centre of the country, accounting for a large part of the national population. According to Inder's "Land Baseline Report", the Central Region has a population of approximately 2.7 million, accounting for around 54% of the country's total population. Its economy is based on the farming of coffee, sugar cane, legumes and dairy products, in addition to being the area with the greatest industrial development and home to the majority of state institutions. Challenges faced by this region include accelerated population growth, environmental pollution, and public security problems. There are protected areas and biological corridors that face fragmentation due to urban development. There have been ecological restoration efforts aimed at improving ecosystem connectivity and resilience.

5. Brunca Region

Located to the south of the country, this region is bordered by Panama and the Pacific Ocean. It includes cantons of Puntarenas and San José, with San Isidro de El General as its main economic centre. According to Inder's "Land Baseline Report", the Brunca Region has a population of approximately 386,862, accounting for around 7.7% of the country's total population. The regional economy is based on agriculture, with coffee, tobacco, rice and palm oil crops, as well as fishing and livestock activities. Despite its natural wealth, it is one of the regions with the highest poverty rates in the country, facing problems of unemployment, poor infrastructure and social marginalization, especially in indigenous communities.

It has a diversity of ecosystems, including tropical forests and areas of high ecological value, although it also faces pressures from agricultural expansion. It is important to use integrated strategies for conservation and responsible use that include the participation of local communities.

This summary shows that, despite differences in terms of cultural identity and economic activities, all regions share the need to strengthen the sustainable management of their forest and natural resources within a framework that promotes balanced social, cultural, economic and environmental development.

1.4 Expected outcomes at project completion

The following outcomes are expected to be achieved:

- Increased knowledge and awareness for the use of available timber resources.
- Improved sustainability and access to raw materials.
- Investment and market growth driving economic growth in the forest industry.
- Increased involvement of women and youth in the forest value chain.
- Improvement of local economy.
- Use of processing, innovation and development technologies in industrial processes.

As previously stated, the project's expected outcomes will have a high impact on rural areas and their population. It is expected that at the end of the project, capacities will have been built to improve the livelihoods of families and increase productive networks; the sustainability of outcomes over time must be accompanied by business policies and the participation of local governments and the private sector.

Part 2. PROJECT RATIONALE AND OBJECTIVES

2.1 Rationale

The project is based on the need to promote the sustainable management of forest resources, optimizing the timber value chain through the implementation of innovative technologies, responsible management practices and local capacity building. This approach seeks not only to increase the efficiency and quality of timber products, but also to ensure the preservation of forest ecosystems.

In terms of its contribution to the timber value chain, the project will help eliminate bottlenecks and upgrade harvesting, processing and marketing processes. This will result in greater competitiveness for local producers and improved access to national and international markets.

From an environmental perspective, the project will contribute to forest conservation by reducing deforestation and forest degradation through sustainable management practices and reforestation. It will also help mitigate climate change by increasing carbon sequestration and maintaining biodiversity.

With regard to the rural economy, the project will promote the development of local communities by generating decent employment, training workers, and strengthening small businesses linked to the forest sector. This will contribute to improving the income and quality of life of rural populations, promoting inclusive and sustainable economic growth.

2.1.1 Institutional set-up and organizational issues

The country has a robust institutional framework with the Ministry of Environment and Energy (MINAE) as the governing body. Actions for the management of forest resources are undertaken through the State Forest Administration (AFE) attached to the National System of Conservation Areas (SINAC) in collaboration with FONAFIFO and the National Forestry Office (ONF). These institutional stakeholders promote different agendas that require an integrated strategy for forest planning, management and industry projects in the country, linking them to the academic sector through the country's public and private universities.

At present, the private forest sector is not sufficiently consolidated to adapt to the changing environment of local and international markets. In this context, the leadership of CFMI in conjunction with other relevant institutional stakeholders is crucial for the transition towards the reestablishment of the timber production chain. All of this makes it possible to determine an organizational structure that will facilitate the full implementation of the project.

To strengthen its technical capacity, CFMI has signed a Consortium Agreement with the consulting firm "Carbon Revenue Services S.A." (CRS), for the implementation of projects that require experts in different areas, such as forest management and administration, forest policies and governance, forest harvesting, timber industry, commercialization and marketing.

Thus, CRS is proposed to be subcontracted for the implementation of some of the activities under the supervision of CFMI.

CRS has experts with extensive experience in forestry, forest investment funds, forest industry, wood products commercialization, marketing and climate change.

2.1.2 Stakeholder analysis

Table 1. Stakeholder analysis

Stakeholder group	Characteristics	Problems, needs, interests	Strengths	Involvement in the project
Primary stakeholders				
Forestry, Timber & Industry Chamber (<i>Cámara Forestal Madera e Industria -CFMI</i>)	Trade association representing the private forest sector in Costa Rica.	Strengthening its operational capabilities and leadership role in the development of the private forest sector.	Backing of 30 member companies, including % representation of forest, plantations, industry, international experts, honorary members	Coordination and counterpart contribution
Carbon Revenue Services S.A. (CRS)	Consultancy firm specialized in the forest sector and climate change.	Providing technical support to CFMI	A team of experts with extensive experience	Collaborating agency
Sectoral institutions	FONAFIFO, ONF, SINAC, MINAE, CIAGRO.	Improving forest governance	National coverage and financing possibilities	Support and uptake of project results
Financial sector	SBD, State Banks, Private Banks, Cooperatives, non-financial institutions.	Designing and offering financial mechanisms for timber production and industry.	Availability of economic and financial resources.	Support and uptake of project results
Private sector	Small and medium-sized producers, industrialists, organizations.	Lack of associations, financial and human capital, technological improvement and management updating.	Resource managers and owners	Beneficiaries and counterpart
Communities	Development Associations, other community organizations.	No comprehensive vision of landscape management, high levels of unemployment and low levels of schooling, which generates migration to the Greater Metropolitan Area.	Manpower, networking capacity	Beneficiaries
Secondary stakeholders				
Municipalities	Local governments.	Poor capacity to implement actions aimed at improving livelihoods through forest resources; faced with challenges in addressing vulnerability to climate change.	Supporting legislation for the appropriate management of land use planning.	Beneficiaries
Academia	UNA, TEC, UTN, UCR, EARTH, CATIE, private agencies	Curriculum updating and research relevance	Intellectual capacity with financial support	Beneficiaries and counterpart
Complementary institutions	MEIC, PROCOMER, COMEX, MAG, CFIA, CACR	Lack of integration of the forest sector in the policies and strategies of each institution due to weak sector involvement.	Support to enabling conditions, national and international presence	Support and uptake of project results

2.1.3 Problem analysis

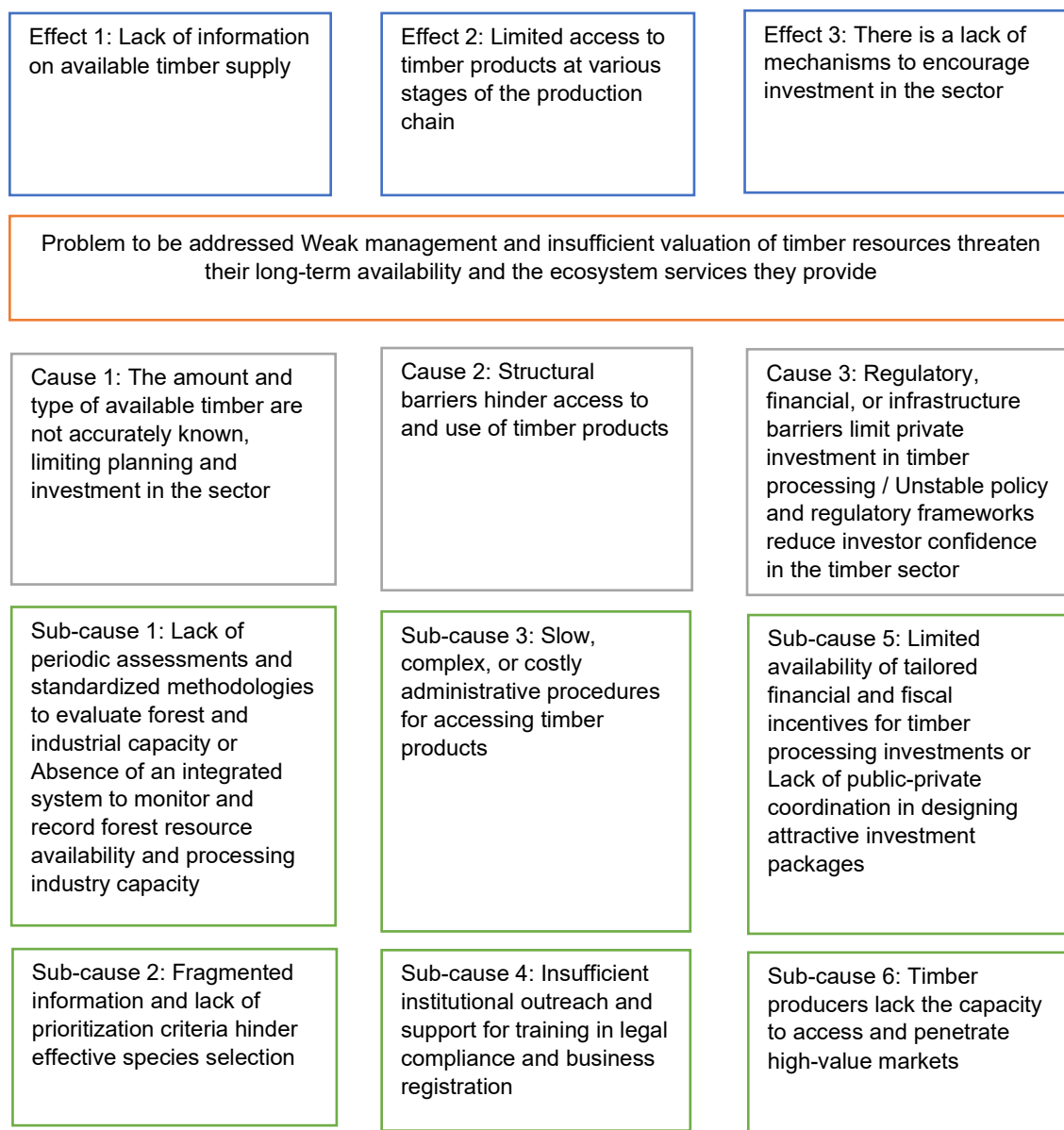
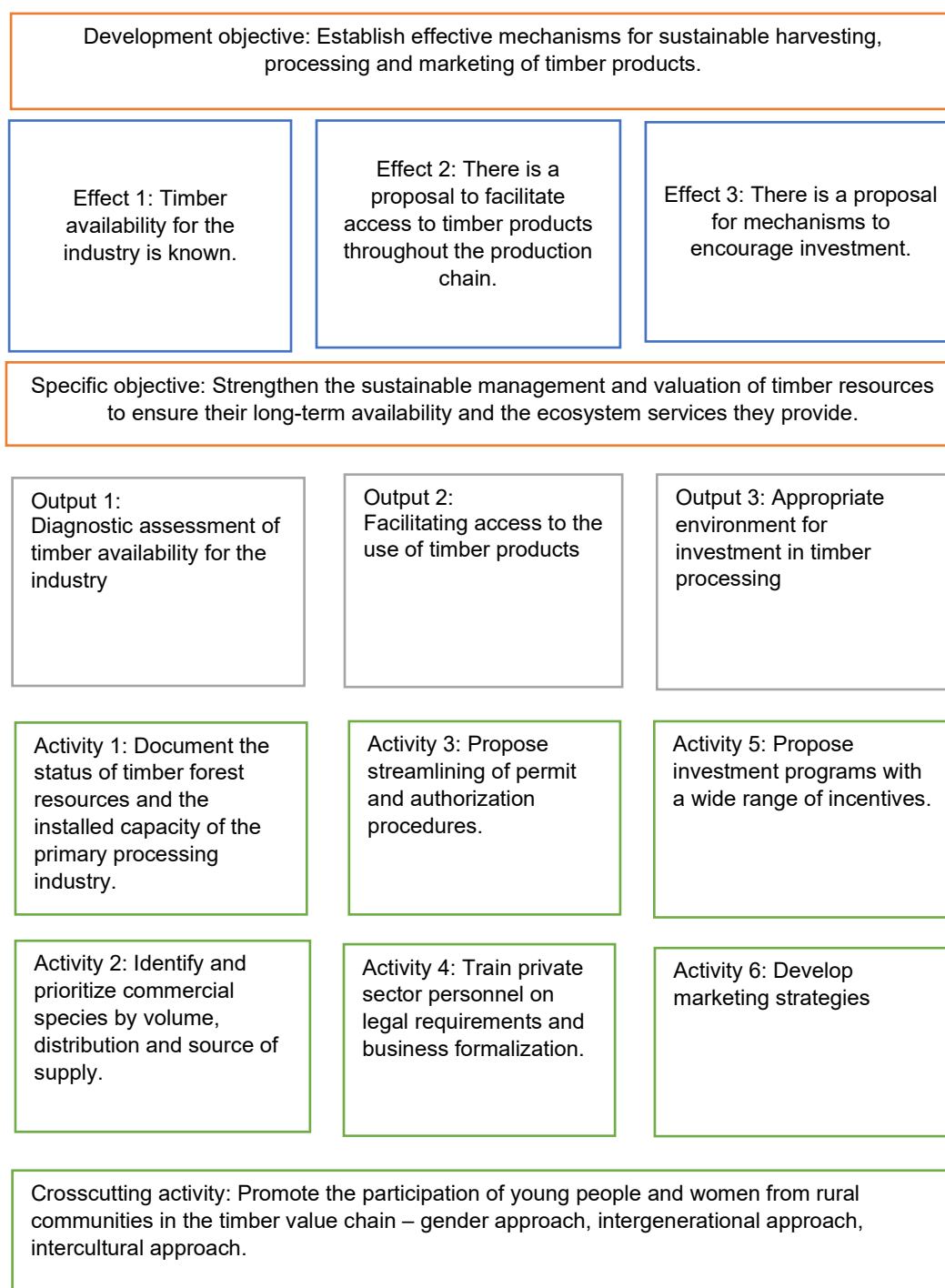


Figure 3. Problem Tree, CFMI 2025.

Figure 4. Solutions Tree, CFMI 2025



2.1.4 Logical framework matrix

Table 2. Project logical framework matrix

Intervention strategy	Measurable indicators	Means of verification	Key assumptions
Development objective			
Establish effective mechanisms for sustainable harvesting, processing and marketing of timber products	30% increase in sustainable timber production in 3 years	Project report, subsequent annual reports	Ongoing support from local authorities and availability of resources.
Specific objective:			
Strengthen the sustainable management and valuation of timber resources to ensure their long-term availability and the ecosystem services they provide	Number of management plans submitted and implemented	Records	Commitment of local authorities, capacity of forestry professionals and strengthening of the forest industry.
Outputs	Output indicators	Sources and methods	Operational assumptions linking outputs with specific objective
1. Diagnostic assessment of timber availability for the industry	Present and future availability is known for each of the country's forested areas.	Project report	Access to reliable data
2. Facilitating access to the use of timber products	Proposal document validated	Document validation workshop report	Positive response from value chain actors
3. Appropriate environment for investment in timber processing	Number of proposed investment programs with incentives, marketing strategies and training programs aimed at timber industry technicians.	Reports to identify investment needs in the forest sector. Market analysis to design appropriate strategies.	Investors are interested and willing to participate in investment programs. Availability of financial resources to implement the programs. Government support

2.2 Objectives

2.2.1 Development objective and impact indicators

Table 3. Development objective and impact indicators

Objective	Impact indicators
Development objective: Establish effective mechanisms for sustainable harvesting, processing and marketing of timber products	Solutions are proposed for the development of effective mechanisms for the sustainable harvesting, processing and marketing of timber products.
Specific objective: Strengthen the sustainable management and valuation of timber resources to ensure their long-term availability and the ecosystem services they provide	A strategy for sustainable forest management is agreed upon to benefit rural communities, forest landowners and adjacent populations through options for the use of timber products.
Output 1: Diagnostic assessment of timber availability for the industry	Scientific knowledge is obtained in the field on the availability of sustainably sourced raw materials for the timber industry, thus strengthening local communities, generating new employment options for women and youth, and contributing to community development.
Output 2: Facilitating access to the use of timber products	Awareness raised among government, private sector and civil society of the key role of the sustainably managed primary timber production and processing subsectors in contributing to the three pillars of sustainability (economic, social and environmental), including the achievement of SDGs and other global forest-related goals and commitments.
Output 3: Appropriate environment for investment in timber processing	There are proposals promoting an investment climate in the different links of the timber production chain, thus facilitating long-term sustainability.

2.2.2 Specific objective and outcome indicators

Table 1. Specific objective and outcome indicators

Objective	Outcome indicators
Development objective: Establish effective mechanisms for sustainable harvesting, processing and marketing of timber products	There are proposals for streamlining procedures, capacity building, design of financial mechanisms and other incentives for the timber industry.
Specific objective: Strengthen the sustainable management and valuation of timber resources to ensure their long-term availability and the ecosystem services they provide	Options for sustainable forest management are proposed for the benefit of the population linked to the timber value chain.
Output 1: Diagnostic assessment of timber availability for the industry	The availability of timber species suitable for processing and marketing as well as the installed capacity of the primary processing industry are known.
Output 2: Facilitating access to the use of timber products	A proposal is generated for streamlining procedures aimed at the government sector and business capacities are developed, including the formalization of MSMEs.
Output 3: Appropriate environment for investment in timber processing	Proposals are developed for financial mechanisms and incentive packages that encourage investment in the industry.

Part 3. DESCRIPTION OF PROJECT INTERVENTIONS

3.1 Outputs and activities

3.1.1 Outputs

The following outputs are expected to be produced in the project:

- Output 1: Diagnostic assessment of timber availability for the industry.
- Output 2: Facilitating access to the use of timber products.
- Output 3: Appropriate environment for investment in timber processing.

A cross-cutting intergenerational and gender approach will be used in the production of each output with the aim of generating opportunities for the most vulnerable communities in the project's target area.

3.1.2 Activities

A number of activities and sub-activities will be implemented for the production of each output to ensure the success of the project. These activities are listed below:

For Output 1: Diagnostic assessment of timber availability for the industry

Activity 1.1: Document the status of timber forest resources and the installed capacity of the primary processing industry.

A compilation and analysis of information on the current status of timber forest resources in the country will be carried out, using data from forest inventories, harvesting records and previous studies. In addition, the installed capacity of the primary processing industry will be assessed through surveys and interviews with key stakeholders in the sector. This information will help identify gaps and opportunities in timber availability and processing.

Activity 1.2: Identify and prioritize commercial species by volume, distribution and source of supply.

An analysis of forest species of commercial interest will be carried out, considering their available volume, geographic distribution and source of supply (natural forests, plantations or agroforestry systems). This will be done using existing databases, information from forest permits, as well as consultations with experts in the sector. Subsequently, prioritization criteria will be established to identify those species with the greatest potential for sustainable supply to the industry.

For Output 2: Facilitating access to the use of timber products

Activity 2.1: Propose streamlining of permit and authorization procedures.

The current procedures and requirements for obtaining forest sector permits and authorizations will be examined in order to identify bottlenecks and opportunities for improvement. Based on this analysis, streamlined administrative procedures will be proposed, in line with current regulations and

best practices. Feedback from key stakeholders, including government agencies and the private sector, will be sought to ensure the viability of the proposals.

Activity 2.2: Train private sector personnel on legal requirements and business formalization.

A training program will be designed and implemented for private sector personnel to improve their knowledge of legal requirements applicable to forestry activities and the formalization of enterprises. Training materials will be developed, and face-to-face and virtual workshops will be organized in collaboration with government institutions and legal experts. Training will include regulatory aspects, administrative procedures and the benefits of business formalization.

For Output 3: Appropriate environment for investment in timber processing.

Activity 3.1: Propose investment programs with a wide range of incentives.

Proposals will be developed for investment programs aimed at strengthening the timber industry, incorporating a variety of economic, fiscal and technical incentives. Successful national and international experiences will be analyzed and appropriate financing mechanisms will be identified. The proposal will be discussed with key stakeholders in the sector, including investors, financial institutions and government agencies.

Activity 3.2: Develop marketing strategies.

Marketing strategies will be developed to promote timber and timber products, highlighting their environmental, social and economic benefits. Potential markets will be identified and awareness campaigns will be designed for both consumers and investors. In addition, forest certifications will be promoted and partnerships with strategic sectors will be explored to strengthen the marketing of timber products.

In addition to these activities, project actions will also include administrative and coordination processes such as the preparation and delivery of reports, organization of workshops, meetings of the project steering committee, as well as meetings with counterparts and follow-up with ITTO.

3.2 Implementation approaches and methods

The project will be implemented in cooperation with stakeholders and beneficiaries who are directly or indirectly involved in sustainably sourced timber production and processing. A participatory approach, including both men and women, as well as youth, will be ensured to achieve the proposed objective. Participation in the implementation of activities will be promoted through a shared vision aimed at raising the level of competitiveness of timber producers and the timber product industry, to favour rural development, natural resource conservation, and their contribution to climate change mitigation.

The project will have a clear gender equity approach, as a cross-cutting aspect of all project activities, to ensure the equal participation of men and women throughout the production chain from forest management, commercial reforestation, timber harvesting, industrial processing and marketing of products. In each activity, the project will ensure that gender, forest and forest industry issues are given due attention.

In addition, a participatory approach will be used during the different stages of the project through consultations with local stakeholders, producers and timber processors to determine training needs with a managerial approach and to consolidate the value chain.

The project will take into account technical studies on installed capacity in primary timber production and processing, complemented by participatory consultation processes, in strategic partnership with MEIC. A participatory consultation process with timber traders, consumers and processors, CFIA, INA and timber research centres is also envisaged.

Cultural aspects will be taken into consideration, with a gender focus, as well as the environmental and intergenerational benefits and contribution to climate change mitigation, through interviews with stakeholders involved in the management and restoration of secondary forests.

For the implementation of the different activities, the Forestry Timber & Industry Chamber has established a Consortium agreement with the consulting firm Carbon Revenue Services S.A. (CRS), which will act as a "collaborating agency" and which has professionals with extensive experience in forest management and administration, GIS techniques, forest policy, governance, training, timber product design, commercialization and marketing.

3.3 Work plan

Table 6. Project work plan

Outputs/Activities	Responsible Party	Month											
		1	2	3	4	5	6	7	8	9	10	11	12
Output 1: Diagnostic assessment of timber availability for the industry.	Coordinator												
Activity 1.1: Document the status of timber forest resources and the installed capacity of the primary processing industry	Executing Agency												
Activity 1.2: Identify and prioritize commercial species by volume, distribution and source of supply.	Executing Agency												
Output 2: Facilitating access to the use of timber products	Coordinator												
Activity 2.1: Propose streamlining of permit and authorization procedures.	Executing Agency												
Activity 2.2: Train private sector personnel on legal requirements and business formalization.	Executing Agency												
Output 3: Appropriate environment for investment in timber processing.	Coordinator												
Activity 3.1: Propose investment programs with a wide range of incentives.	Executing Agency												
Activity 3.2: Develop marketing strategies.	Executing Agency												

3.4 Budget

3.4.1 Master budget schedule

Table 7. Project master budget

Outputs/Activities	Description	Budget component (US\$)	Quantity	Unit	Unit cost (US\$)	Total cost (US\$)	Counterpart
Output 1: Diagnostic assessment of timber availability for the industry							
Activity 1.1: Document the status of timber forest resources and the installed capacity of the primary processing industry							
	Forester	21.2	10	Day	400	4 000	2 000
	Forester/GIS Specialist	21.3	22	Day	400	8 000	
	Local transport	33.1	1	Month	300	300	1 000
	DSA	31.1	5	Day	120	600	1 000
Activity 1.2: Identify and prioritize commercial species by volume, distribution and source of supply							
	Forester	21.2	10	Day	400	4 000	2 000
	Timber Industry Specialist	21.4	20	Day	400	8 000	
	Local transport	33.1	1	Month	300	300	1 000
	DSA	31.1	6	Day	120	720	1 000
Output 2: Facilitating access to the use of timber products							
Activity 2.1: Propose streamlining of permit and authorization procedures							
	Legal Expert	21.6	20	Day	400	8 000	
	Forester	21.2	10	Day	400	4 000	2 000
	Local transport	33.1	1	Month	300	300	1 000
	Workshop costs	61	7	Day	200	1 400	4 000
	DSA	31.1	5	Day	120	600	4 000
	Vehicle rental	43	3	Day	250	750	
	Fuel	52	1 000	Liter	2	2 000	
Activity 2.2: Train private sector personnel on legal requirements and business formalization							
	Forester	21.2	10	Day	400	4 000	
	Timber Industry Specialist	21.4	17	Day	400	6 800	
	Legal Expert	21.6	5	Day	400	2 000	2 000
	Local transport	33.1	1	Month	300	300	1 000
	Workshop costs	61	7	Day	200	1 400	4 000
	DSA	31.1	5	Day	120	600	4 000
	Vehicle rental	43	3	Day	120	360	
	Fuel	52	1 000	Liter	2	2 000	

...Table 7 (cont.) – Master budget

Outputs/Activities	Description	Budget component (US\$)	Quantity	Unit	Unit cost (US\$)	Total cost (US\$)	Counterpart
Output 3: Appropriate environment for investment in timber processing							
Activity 3.1: Propose investment programs with a wide range of incentives							
	Investment Specialist	21.5	20	Day	400	8 000	
	Timber Industry Specialist	21.4	10	Day	400	4 000	2 000
	Local transport	33,1	1	Month	300	300	1 000
	Vehicle rental	43	3	Day	120	360	
	Fuel	52	505	Liter	2	1 010	
	DSA	31.1	5	Day	120	600	2 000
Activity 3.2: Develop marketing strategies							
	Timber Industry Specialist	21.4	10	Day	400	4 000	2 000
	Marketing Specialist	21.5	11	Day	400	4 400	
	Local transport	33.1	1	Month	300	300	2 000
Office equipment							
	Leasing/renting vehicle	44,1	2	Unit	10 000	10 000	
	Laptop computer	44,1	2	Unit	2 500	5 000	
Office supplies/materials							
	Outreach materials	54	1	Unit	7 304	7 304	1000
	Stationery and office supplies	54	2	Unit	800	1 600	500
Sub-total						108 104	52 500
Fellowships and training		15				20 000	
Sub-total						128 104	52 500
ITTO monitoring and evaluation						10 000	
Project audit funds to be retained by ITTO						5 000	
ITTO programme support cost						16 896	
Total						160 000	52 500

3.4.2 Consolidated budget by component

Table 8. Consolidated budget by component

Item	Description	Total Cost (US\$)	ITTO (US\$)	Counterpart (US\$)
15	Fellowships and training	20 000	20 000	
20	Sub-contracts	82 000	70 000	12 000
21.1	Forester	24 000	16 000	8 000
21.2	Forester/GIS Specialist	8 800	8 800	
21.3	Timber Industry Specialist	26 800	22 800	4 000
21.4	Legal Expert	10 000	10 000	
21.5	Investment Specialist	8 000	8 000	
22.6	Marketing Specialist	4 400	4 400	
30	Travel	23920	4 920	19 000
31.1	DSA	15 120	3 120	12 000
33.1	Local transport	8 800	1 800	7 000
40	Capital items	19470	16 470	3 000
43	Vehicle rental	1470	1 470	
44.1	Leasing/renting vehicle	10 000	10 000	
44.1	Laptop computer	8 000	5 000	3 000
50	Consumable items	24 414	13 914	10 500
52	Fuel	2 000	5 010	
54	Stationery, licenses, ink	1 505	8 904	10 500
60	Miscellaneous	15 800	7 800	8 000
61	Sundry	2 000	2 800	8 000
62	Auditing	5 000	5 000	
Sub-total		185 604	133 104	52 500
80	Project monitoring and administration			
81	ITTO monitoring and review	10 000	10 000	
83	ITTO programme support costs	16 896	16 896	
Sub-total			26 896	
Total		212 500	160 000	52 500

3.4.3 ITTO budget by component

Table 9. ITTO budget by component

Item	Description	ITTO (US\$)
15	Fellowships and training	20 000
20	Sub-contracts	70 000
21.1	Forester	16 000
21.2	Forester/GIS Specialist	8 800
21.3	Timber Industry Specialist	22 800
21.4	Legal Expert	10 000
21.5	Investment Specialist	8 000
22.6	Marketing Specialist	4 400
30	Travel	4 920
31.1	DSA	3 120
33.1	Local transport	1 800
40	Capital items	16 470
43	Vehicle rental	1 470
44.1	Leasing/renting vehicle	10 000
44.1	Laptop computer	5 000
50	Consumable items	13 914
52	Fuel	5 010
54	Stationery, licenses, ink	8 904
60	Miscellaneous	7 800
61	Sundry	2 800
62	Auditing	5 000
Sub-total		133 104
80	Project monitoring and administration	
81	ITTO monitoring and review	10 000
83	ITTO programme support costs	16 896
Sub-total		26 896
Total		160 000

3.4.4 Executing agency budget

Table 10. Executing agency budget

Item	Description	Counterpart (US\$)
15	Fellowships and training	
20	Sub-contracts	12 000
21.1	Forester	8 000
21.2	Forester/GIS Specialist	
21.3	Timber Industry Specialist	4 000
21.4	Legal Expert	
21.5	Investment Specialist	
22.6	Marketing Specialist	
30	Travel	19 000
31.1	DSA	12 000
33.1	Local transport	7 000
40	Capital items	3 000
43		
44.1	Leasing/renting vehicle	
44.1	Laptop computer	3 000
50	Consumable items	10 500
52	Fuel	
54	Stationery, licenses, ink	10 500
60	Miscellaneous	8 000
61	Sundry	8 000
62	Auditing	
Sub-total		52 500
80	Project monitoring and administration	
81	ITTO monitoring and review	
83	ITTO programme support costs	
Sub-total		
Total		52 500

3.5 Assumptions, risks and sustainability

3.5.1 Assumptions and risks

Table 11. Project assumptions and risks, CFMI 2025.

Key assumptions	Risks
<i>Sustainability assumptions</i> Positive response from authorities and other stakeholders	The priorities of authorities/stakeholders and the administrative procedures might slow down project progress.
<i>Development scenario linking the specific objective with the development objective</i> Commitment of trade associations, companies, investors, as well as forest and plantation owners and agroforestry producers. Willingness of the government to initiate the proposed changes.	Some forest landowners and companies may not be interested in project activities, which reduces the government's interest in managing the proposed changes.
<i>Operational assumptions linking outputs with specific objective</i>	
Information on volumes, species, harvested areas and installed capacity is available.	The available information may not be readily accessible due to bureaucratic formalities.
There is constructive participation by the different relevant stakeholders	Poor participation due to lack of credibility on the part of the relevant stakeholders.
MEIC is open to a marketing initiative	Historical lack of interest of the production forest sector in working together with MEIC.

3.5.2 Sustainability

The aspects that will ensure the sustainability of the project are as follows:

- Political leverage of the project and positive impact on beneficiaries and participants.
- Sufficiently sound technical, scientific and economic outputs of the project for employment generation (mainly women and youth) and biodiversity conservation.
- The executing agency has the required connections to access the database.
- Engaging capacity by showing the economic, social and environmental significance of the project.
- Timely completion of requirements and paperwork, thus contributing to the public interest of project outcomes.
- The executing agency has the tools and information to encourage the engagement of stakeholders with PROCOMER and MEIC.

Part 4. IMPLEMENTATION ARRANGEMENTS

4.1 Organization structure and stakeholder involvement mechanisms

Stakeholder and beneficiary involvement mechanisms will be coordinated by the executing agency; to this end, an organizational chart is detailed below, together with actions and mechanisms required for due compliance.

4.1.1 Executing agency and partners

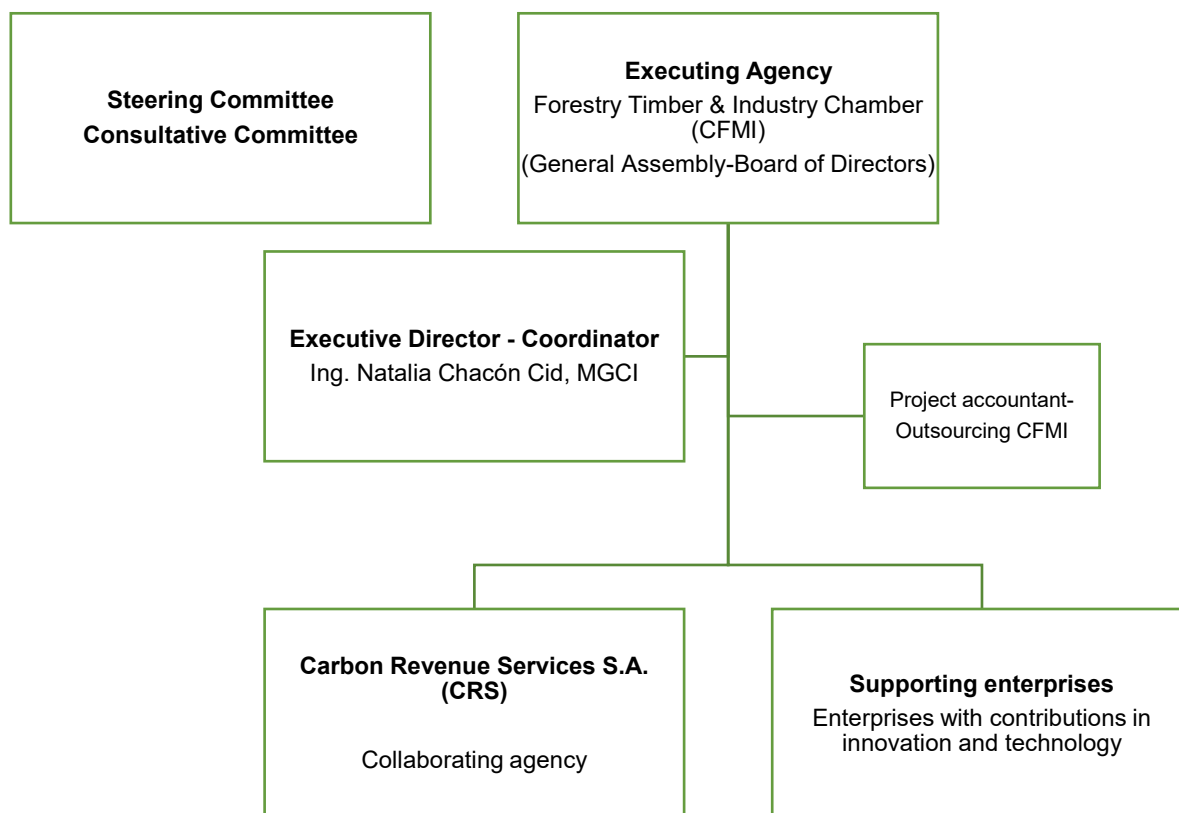


Figure 5. Project organization structure

4.1.2 Project management team

The Forestry Timber & Industry Chamber Association (CFMI) of Costa Rica will be the executing agency, with the technical support of the firm "Carbon Revenue Services S.A." as a Collaborating Agency, with which it has created a Consortium as it has the benefit of a technical team with extensive experience in forestry issues, climate change, forest financing, industry, forest product commercialization and marketing.

CFMI will act as the coordinator, under the direction of engineer Natalia Chacón Cid, MGCI, who will provide the management team with office space and Internet access for the management of the project and adequate production of outputs proposed in this project.

It should be noted that the CFMI was established in 1994 to lead and integrate the forestry value chain, and currently has 30 associated companies and the support of 8 honorary members. Its main activities are: (a) Promoting the development and integration of the forestry and timber industry sectors; (b) Promoting the use of legal timber from sustainable sources by identifying new market opportunities; (c) Promoting a change in the perception of forest harvesting and the use of timber.

In addition, it has a declaration of public interest certified by the Ministry of Justice and Peace of Costa Rica, which provides security and support to implemented projects. Since 2019, it has been developing consulting projects for national agencies such as FONAFIFO through REDD+ and international agencies such as the World Bank, all with the objective of generating tools to improve the current conditions of the country's productive forest sector.

Recent consultancies include:

2019-2020 "Development of a strategic and operational plan for the Forest Cluster in Guanacaste (including the Nicoya Peninsula), in order to contribute to sustainable forest management and enhance forest carbon stocks" – FONAFIFO-REDD+.

2022 "Rapid Assessment of Opportunities for Recovery via Productive Uses of Natural Assets in the Forest Sector" – World Bank.

ID:CN-21004. Enhancing the value of the secondary natural forest through its sustainable use, contributing to climate change mitigation, and generating rural employment, within a post-covid context, ITTO.

As a complement to these actions, CFMI carries out a commercial, political and operational agenda with the business and academic sectors. This allows it to keep abreast of legislative and market changes, which is a comparative advantage for the development of updated technical and technological information. Furthermore, CFMI has a positive budget record for the 2021-2023 period, including consultancy projects, tender management (promoting the use of timber in construction and developments), membership and contributions from members (private companies), and internal management projects, which have enabled the organization to manage an average total annual income of US\$70,000 and a total annual outflow of US\$66,000.

4.1.3 Project Steering Committee

The Project Steering Committee will be made up as follows:

- Chair of CFMI
- A representative of CRS
- A representative of ITTO
- A representative of participating ministries (MINAE-MEIC-COMEX)
- A representative of academia

- A representative of NGOs
- A representative of donors (Government of Japan)
- Project Coordinator

4.1.4 Stakeholder involvement mechanisms

Stakeholder participation mechanisms will focus on the organization of workshops with a participatory approach and virtual and/or face-to-face sessions to raise awareness of the outcomes and proposals outlined in the activities. Based on this consultation process, a consultative committee will be established, with representatives of local leaders, organizations, authorities and experts in the field. In each case the relevant announcement will be made and the required materials or tools will be provided according to the participation modality.

4.2 Reporting, review, monitoring and evaluation

This section includes a schedule for reporting on project progress and finances, all in accordance with the Manual on Standard Operating Procedures for the ITTO Project Cycle.

These activities will be carried out virtually through the zoom platform in coordination with ITTO. In the case of the workshop and completion report, ITTO will provide on-site follow-up.

Project stakeholders will be consulted in the workshops to be organized and in work sessions for the monitoring and awareness-raising process. The monitoring process will verify compliance with the impact and outcome indicators outlined in sections 2.2.1 and 2.2.2 of this project document.

Table 12. Proposed schedule for project reporting and monitoring

Activity/Output	Delivery date
Report I – Output 1: <i>Diagnostic assessment of timber availability for the industry</i>	31 May 2025
<i>Submission of Report I to ITTO</i>	First week of June 2025
Report II – Output 2: <i>Facilitating access to the use of timber products</i>	31 October 2025
<i>Submission of Report II to ITTO</i>	First week of November 2025
Report III – Output 3: <i>Appropriate environment for investment in timber processing</i>	31 January 2026
<i>Submission of Report III to ITTO</i>	First week of February 2026
Closing event	Second week of February 2026
Completion report	29 March 2026
<i>Submission of completion report to ITTO</i>	Last week of March 2026

4.3 Dissemination and mainstreaming of project learning

Actions will be implemented to disseminate and share project experiences, including actions aimed at various sectors such as beneficiaries (secondary forest owners, timber industrialists, institutions, ministries, architectural specifiers, carpenters, builders, and joiners, among others) with the objective of maximizing the scope of project outcomes and achieving project sustainability over time.

4.3.1 Dissemination of project results

Three types of materials will be used to disseminate project results: brochures, infographics and documents (reports, summaries, newsletter articles), all in digital format. Each of these materials will be shared through face-to-face workshops, talks and virtual meetings, in addition to dissemination through social networks and websites of strategic partners and collaborating agencies.

4.3.2 Mainstreaming of project learning

For the mainstreaming of project learning, a media plan will be incorporated for the design and digital marketing of the materials generated. Dissemination media will include web pages, social networks, newsletters, participatory workshops, consultation sessions and academic journals. Complementary virtual events are planned for the launching and conclusion of the project; for project closing, the adoption of improved enabling conditions is expected through proposals to enhance the institutional regulatory and operational framework, as well as the involvement of local community members, mainly women and youth.

ANNEXES

Annex 1. Profiles of executing agency and collaborating agencies

Profile of the Executing Agency

1) Background information

Name: Forestry Timber & Industry Chamber Association

Location of Headquarters: Sabana Norte, Mata Redonda, San José, Costa Rica

Institutional mission:

Promote the development, integration and national recognition of the forest, timber and industry sectors in Costa Rica, through an adequate representation of the interests of its members before the public sector, non-governmental organizations, international cooperation and the different social, economic and environmental sectors of the country.

Promote the use of legal timber from sustainable sources as an environmentally friendly material with a low carbon footprint, identifying new market opportunities for our members.

Promote the appropriate legal framework to ensure legal security and enabling conditions for the sector.

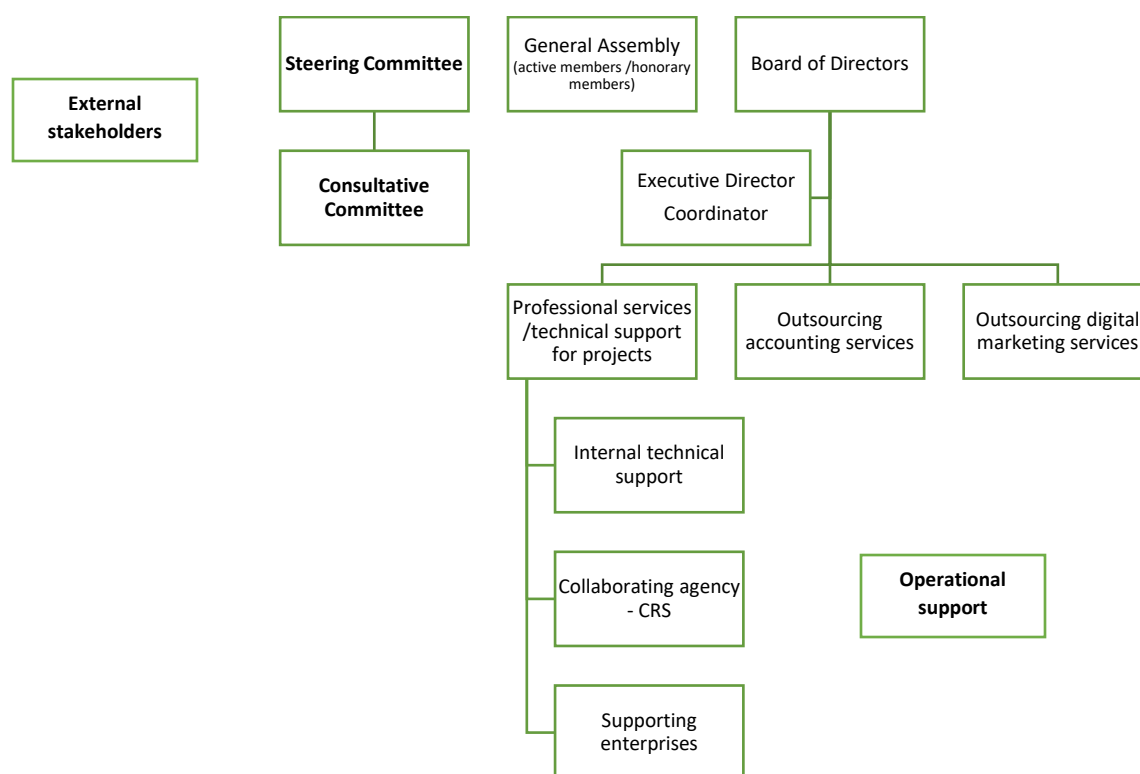
Establish modern and participatory communication channels among sector stakeholders, promoting information sharing in search of better development opportunities for members.

Promote a change in the culture and perception of forest harvesting and timber use.

Date of establishment: 1994

Fields of expertise: Private forest sector development, marketing and promotion of forest products, forest policy agenda, business agenda, and rural and urban forest landscape development.

Organizational chart:



List of the main projects and studies undertaken in the past three years

2019-2020 "Development of a strategic and operational plan for the Forest Cluster in Guanacaste (Including the Nicoya Peninsula), in order to contribute to the sustainable management of forests and the enhancement of forest carbon stocks", financed by the REDD+ strategy, FONAFIFO.

2021-2024 "Habitat, Innovation and Wood" tender project, financed by the Swiss Embassy in Costa Rica.

2022 INNOVAMBIENTE" tender project, financed by the Swiss Embassy in Costa Rica.

2022 "Rapid Assessment of Opportunities for Recovery via Productive Uses of Natural Assets in Forest Sector", financed by the World Bank.

List of projects and pre-projects submitted to ITTO

ID:CN-21004. Enhancing the value of secondary natural forests through their sustainable use, contributing to climate change mitigation and generating rural employment, within a post-Covid context. Completed.

ID: CN-24032. Strengthening the forestry sector value chain through sustainable forest management and utilization in Costa Rica. Approved – financed.

2) Infrastructure

CFMI has offices, meeting rooms and a dining area located in San José, Costa Rica, with wireless Internet access and furniture available for the implementation of the project. In addition, its members have laboratory farms and manufacturing laboratories that will support the organization's counterpart contribution.

3) Budget

CFMI has a positive budget record for the 2021-2024 period, including consultancy projects, tender management (promoting the use of timber in construction and developments), implementation of workshops/seminars, membership and contributions from members (private companies), and internal management projects, which have enabled the organization to manage an average total annual income of US\$70,000 and a total annual outflow of US\$66,000.

4) Personnel

CFMI has recruited one person for the development of the different agendas as follows:

- Full-time Executive Director, with a master's degree.

If required, the hiring of part-time technical-administrative support staff, with a university bachelor's degree, will be considered.

Profile of Carbon Revenue Services S.A. (CRS)

Carbon Revenue Services S.A. (CRS) is a service company established in 2008 with headquarters in San Jose, Costa Rica. During the first few years, it provided services to private sector clients to understand and implement the opportunities offered by carbon reduction and climate change mitigation activities. The use of biomass in the form of wood pellets or charcoal briquettes was then its main business, with clients in Asia, Europe and Central America, while promoting project opportunities based on the Clean Development Mechanism (CDM) of the Kyoto Protocol.

In 2022, a team of international experts with more than 30 years of experience took over the company's activities. They have sound expertise in forest and climate change issues, including investment mechanisms and funds in the forest sector, reducing emissions from deforestation and forest degradation (REDD+), monitoring of emission reductions, forest management, as well as innovative timber processing practices and markets.

Business models are developed based on existing mechanisms and standards for forest carbon credit trading and results-based payments, monitoring, reporting and verification of emission reductions and safeguards.

CRS professionals have vast experience in the design and implementation of projects, including concept notes, pre-feasibility and feasibility studies, which have been implemented in several Latin American countries.

The company's technical team members are:

- Héctor Arce, Financial mechanisms for the forest sector, timber industry
- Olman Serrano, Forest industries and marketing
- Mercedes Montero Murillo. MSME Development
- Luis Ángel Aguilar Salas, GIS expert.

The geographical area of work of the members of the technical team has included Latin America, sub-Saharan Africa, Europe and some Asian countries. The team's working languages include Spanish, English, German, French, Italian and Portuguese.

Expertise

The members of the technical team of Carbon Revenue Services S.A. have more than 30 years of experience in the design, development and implementation of multiple projects in the areas of climate change, natural resources, indigenous groups, water harvesting, investment funds, financial mechanisms and instruments with a special focus on forests, and promotion of carbon sequestration through innovative timber processing practices and market access.

Clients include regional and international development agencies (World Bank, CABI, UNDP, FAO, COSUDE, WWF, GIZ, HELVETAS, European Union) and government institutions, as well as the private sector.

Web page: www.carbonrevenuecr.com

Annex 2. Tasks and responsibilities of key experts provided by the Executing Agency

The tasks and responsibilities will be developed by the Consortium under the coordination and monitoring of the executing agency, according to the Terms of Reference included in Annex 3. The CVs of the consultants are listed below:

- *Natalia Chacón Cid, Costa Rica national*

Education

2015 Degree in Forest Engineering, National University of Costa Rica.

2019 Higher Bachelor's Degree in Forest Engineering with a major in Forest Product Trade.

2022 MSc in International Trade Management. International Center of Economic Policy for Sustainable Development. National University. Forest Trade Expert.

Work experience

International consultant for various international cooperation agencies including the World Bank, UNDP, CABI and FAO, on issues related to local and international trade in forest products and green growth strategies.

She was President, Founder and Northern Coordinator of the Latin American Association of Forestry Science Students (ALECIF), Costa Rica headquarters, actively participating in the development of the Latin American Congress of Forestry Science Students, during the period 2014-2021.

She participated in the Forestry Outreach project aimed at sectoral projection from the Institute of Forestry Research and Services (INISEFOR) of the National University. She was coordinator of volunteer-led projects with the National University, coordinating workshops, and participating in the achievement of goals and objectives according to the established guidelines.

As an assistant at INISEFOR of the National University, she collaborated in the project "In Search of Exemplary Cases of Sustainable Forest Management in Latin America and the Caribbean", of the Food and Agriculture Organization of the United Nations (FAO), in the systematization and evaluation of sustainable forest management cases in Costa Rica. She participated in the project "Plan for Ecosystem Intervention and Restoration in Carara National Park and La Cangreja National Park", in the development, systematization and execution of the project, in conjunction with the International Institute for Conservation and Wildlife Management (ICOMVIS) and the National System of Conservation Areas (SINAC).

She has participated in various seminars as coordinator through the Chamber of Forestry, Timber and Industry on tree breeding, FSC certification, management and commercial training, and planning and execution of the seminar on "Opportunities for Innovation and Development in the Production Forestry Sector 2024". She has been facilitator of wood construction tender processes (Habitat, Innovation and Wood 2021, 2022 and 2023) and forest entrepreneurship tenders (Innovambiente 2022). She is currently the Executive Director of the Chamber of Forestry, Timber and Industry, performing administrative tasks, coordination of projects such as "Enhancing the value of secondary natural forests through their sustainable use, contributing to climate change mitigation and generating rural employment, within a post-Covid context" to be implemented through the International Tropical Timber Organization (ITTO) and with funding from the Government of Japan, legislative agenda and institutional liaison committees at national and international levels. She is the treasurer of the Union of Private Forest Sector Organizations of Mexico, Central America and the Dominican Republic (UNIFOR), Guatemala Office.

- Mercedes Montero Murillo, Costa Rica national, English B1+

Education

2024 – Forest Engineer, National University of Costa Rica.

2024-present – Master's Degree student in international trade management. International Centre of Economic Policy for Sustainable Development. National University.

Work experience

She actively participated in the development of the Latin American Congress of Forestry Science Students in 2017-2018.

She participated in the professional training program of the National Learning Institute (*Instituto Nacional de Aprendizaje* - INA) (2020) aimed at strengthening key skills for the business and commercial environments, including training in techniques to optimize customer service and satisfaction, focused on improving user experience. Development and management of new business projects, with a practical focus on innovation and sustainability. Structuring and presentation of business plans, with emphasis on the identification of market opportunities. Training in the use of essential computer tools for the execution of administrative and operational tasks. Sales strategies adapted to small and medium enterprises, with a focus on customer loyalty and increased profitability. Direct marketing techniques, designed to increase visibility and sales of products and services of SMEs.

She obtained certification in SAP (2020), an integrated business management system, which strengthened her knowledge on the administration of business resources and the optimization of internal processes.

Knowledge of FONAFIFO's forestry credits (2022). Mechanisms and procedures related to access to forestry credits, focused on development and industry.

Knowledge of bioeconomy and circular economy (2023). Acquisition of fundamental knowledge on the principles of bioeconomy, which promotes the efficient and sustainable use of resources, and the circular economy, focused on optimizing resources through reuse and recycling to reduce environmental impact.

She provided technical and administrative support in the organization and implementation of the seminar "Opportunities for innovation and development in the production forestry sector" of the Chamber of Forestry, Timber and Industry (2024)", contributing to the planning, coordination and logistics of the event.

- *Olman Serrano - Nationality: Costa Rican-Italian. Proficient in oral and written Spanish, English, German, Italian, French and Portuguese.*

Education

1970 - 1974 Lycée Franco-Costaricien (French-Costa Rican High School), San José, Costa Rica, High School Certificate

1975 - 1976 Institute of Technology of Costa Rica, Wood Technology (not completed since he continued his studies in Germany).

1976 - 1978 Studienkollege, Coburg, Germany, German University Level.

1978 - 1982, Fachhochschule Rosenheim (University of Applied Sciences), Engineering in wood technology, Rosenheim, Germany, Dipl.-Eng. (FH)

Work experience

Member of the CRS advisory team. Honorary member of the Forestry Timber & Industry Chamber. Expert in forest industry and marketing.

He has worked in timber industry facilities in different countries. He has also worked for FAO (Food and Agriculture Organization of the United Nations) in different positions for industry issues, including timber processing, timber products trade, wood supply and climate change.

He was President of the International Tropical Timber Technical Association (ATIBT). He was Emergencies Coordinator, FAO Mozambique and FAO Representative for Mozambique and Equatorial Guinea in his fields of expertise: agriculture, livestock, forestry, climate change, nutrition and fisheries.

He was Coordinator of the Mountain Partnership Secretariat, Director of Economics, Policy and Forest Products, Associate Secretary of the Forest Products and Industries Division and Head of the Timber and Non-Timber Products Service for FAO (Food and Agriculture Organization of the United Nations).

He was the Technical Department Manager, Director and Project Engineer at Heilborn GmbH, Rosenheim, Germany, where he managed multiple forest industry projects, including technical assistance and product marketing.

He was Operations Manager and CEO for Vipha Plywoods and Allied Industries Ltd. (Viply) where he managed forest industry and timber processing operations.

- *Héctor Julio Arce Benavides, Costa Rica national*

Education

National University, Graduate in Forest Engineering.

Technological Institute of Costa Rica, Bachelor of Forest Engineering

Haywood Community College. Technician in Sawmilling and Saw Doctoring. Clyde, North Carolina, USA

Work experience

Member of the CRS advisory team. Knowledge of Forest Carbon Standards (FCPF, ART and LEAF). Development of the financial strategy for forest carbon in Costa Rica. Knowledge of the timber sector and the forest industry in Costa Rica. Written and verbal communication skills in English.

He served as the Director of the National REDD+ Strategy at the Costa Rican National Forest Financing Fund (FONAFIFO), responsible for coordinating the negotiations with the Forest Carbon Partnership Facility (FCPF), UNDP, the GCF and the Emergent Coalition, and responsible for the preparation REDD+ financing strategy in Costa Rica.

He served as the Director of Forestry Promotion at the Costa Rican National Forestry Financing Fund (FONAFIFO), responsible for the development of financing mechanisms for small and medium-sized forestry producers. He was responsible for a credit portfolio of over USD6 million.

He was Chair of the Sustainable Biodiversity Trust Fund (FUNBAM) Committee and Director General of Forestry.

- *Luis Ángel Aguilar Salas, Costa Rica national*

Education

Forestry Engineer, Costa Rica Institute of Technology.

Master's degree in information resources administration from Universidad Latina.

WORK EXPERIENCE

Private forestry consultant, current member of CRS.

May 1995 to August 2016: Foundation for the Development of the Central Volcanic Range (FUNDECOR): From specialist in forest management and inventories to Research and Development Manager.

More than 27 years' experience in the development and management of institutional programs and innovative (bottom-up) projects in Rural Development linked to the management and conservation of natural resources, through the implementation of REDD activities, adaptation activities in productive systems to maintain and/or improve biodiversity, water, carbon and soil conservation and the livelihoods of local communities. Valuation of environmental goods and services and use of technologies to ensure the sustainability of natural resources, as well as experience in projects with the application of technologies for data management and generation of useful information.

Experience in silvicultural data management (forest management and conservation, permanent sample plots, forest production, among others); geospatial databases for the management and registration of properties at the regional or national levels and overlapping analysis to reduce risk in the identification of corresponding rights; databases for Payments for Environmental Services (PES); Registration and long-term monitoring for natural forest management; geospatial databases for registration and management of applications and potential beneficiaries (indigenous territories, protected areas and private landowners) for the Emissions Reduction Program (ERP) of the REDD Secretariat in Costa Rica; Design and construction of spatial databases for the calculation of carbon, growth and composition of tropical forests.

Member of the Observatory of Forest Ecosystems - The observatory manages 372 Permanent Sample Plots in primary and secondary natural forests, totalling an area of 194.3 hectares, with measurements taken since the 1990s and in the case of OTS since 1969, with approximately 500,000 records of measurements in 90,000 registered trees. Design and supervision of technological tools for the implementation of national public policies, such as SIG-UMF first and currently SIPLAMA for the implementation of SINAC's National Forest Management Standards (sirefor.go.cr). Costa Rica Forest Zoning Study based on floristic information from the 2013 National Forest Inventory, Permanent Sample Plots and standardized Forest Management Plans.¹

¹ https://www.sirefor.go.cr/pdfs/Documento-final-de-la-consultoria-14-06-18_3.pdf

Annex 3. Terms of reference for ITTO-funded staff, consultants and subcontracts

TERMS OF REFERENCE

FOR THE CONSORTIUM ESTABLISHED BETWEEN THE FORESTRY TIMBER & INDUSTRY CHAMBER ASSOCIATION AND CARBON REVENUE SERVICES S.A.

Strengthening the forest sector value chain through sustainable forest management and harvesting in Costa Rica

1. Background

Costa Rica is internationally recognized for its commitment to forest and biodiversity conservation, as well as its efforts to combat climate change. Since 2014, the country's forests have served as net greenhouse gas sinks, reflecting the success of its environmental policies. However, the forest sector still faces significant challenges, as its industry is underdeveloped and lacks innovation in production processes and in the use of forest products, which limits its economic and environmental potential.

One of the main problems is the degradation of approximately 1.5 million hectares of production forest due to the underutilization of available timber resources. As a result, society is unable to adequately value these ecosystems, which in turn exerts pressure on mature forests. The proposal seeks to address these challenges by promoting sustainable management and the valorisation of secondary forests through the production and marketing of high-value timber, taking advantage of native species and integrating local communities in the process.

The project also seeks to boost the rural economy, as most of these forests belong to small producers. In addition, gender equity approaches will be integrated and opportunities for women and youth will be promoted through the National REDD+ Strategy and the Gender Equality in Production Units Award. Key activities such as assessing timber availability, streamlining access to timber products, and promoting investment in the industry, including marketing and training strategies, will be implemented. Companies with experience in secondary forest management will be key players in the implementation of the project.

2. Development objective

Establish effective mechanisms for sustainable harvesting, processing and marketing of timber products.

3. Specific objective

Strengthen the sustainable management and valuation of timber resources to ensure their long-term availability and the ecosystem services they provide.

In order to achieve these objectives, the following outputs are expected to be produced:

Output 1: Diagnostic assessment of timber availability for the industry.

Output 2: Facilitating access to the use of timber products.

Output 3: Appropriate environment for investment in timber processing.

Scope of work

In order to obtain the proposed outcomes, the Consortium will carry out the following activities, within the timeframes set forth in the Work Plan and according to the costs detailed in the proposed budget:

<i>Output 1: Diagnostic assessment of timber availability for the industry</i>
Activity 1.1: Document the status of timber forest resources and the installed capacity of the primary processing industry
Activity 1.2: Identify and prioritize commercial species by volume, distribution and source of supply
<i>Output 2: Facilitating access to the use of timber products</i>
Activity 2.1: Propose streamlining of permit and authorization procedures
Activity 2.2: Train private sector personnel on legal requirements and business formalization
<i>Output 3: Appropriate environment for investment in timber processing</i>
Activity 3.1: Propose investment programs with a wide range of incentives
Activity 3.2: Develop marketing strategies

4. Duration

The duration, as detailed in the Work Plan, will be 12 months from the date of signature of the contract between the Forestry Timber & Industry Chamber Association and ITTO.

5. Specific criteria

The Consortium has the technical and administrative capabilities and time availability for the implementation of activities, through national and international personnel with extensive experience in forestry, rural development, industry and marketing of forest products (see CVs of team members).

6. Method of payment

Payments will be made as established by ITTO.