**INTER-AMERICAN DEVELOPMENT BANK**

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**MEXICO**

**FINANCIERA RURAL – MÉXICO**

**ME-L1055**

**ENVIRONMENTAL AND SOCIAL MANAGEMENT REPORT**

**ESMR**

**September 2011**

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1. **PROJECT DESCRIPTION**
	1. **The Borrower:** Financiera Rural (FR) is a Mexican development bank whose aim is to promote sustainable rural development in Mexico. FR was incorporated in 2002 as part of a comprehensive strategy of the Mexican government to expand the supply of financial services in rural areas. The main objective of FR is to promote development of economic activities linked to rural areas by lending money, generating tools and innovative credit schemes, and by providing technical assistance. During the period 2002 to 2010, FR lent more than US$10.6 billion, and in 2010, FR had total assets of US$2.15 billion. FR’s headquarters is in Mexico City, and it has 5 regional offices (Northeast, North, Central-West, South, and Southeast), and 94 local offices around the country (see Figure 3).
	2. The transaction is a US$20 million loan to FR to finance investment projects in Mexico in sectors that have historically had limited access to credit and which will have a high impact on the generation of environmental and social benefits in rural communities. FR will on-lend the IDB (“the Bank”) loan proceeds to projects in the following sectors:
* Forestry, both commercial plantations and community forests;
* Renewable energy, including wind farms, bio-digesters, and soil improvement; and
* Rural tourism, focusing on marginalized communities.

Specific projects will be determined by FR under eligibility criteria to be developed and incorporated into the operations procedures of the program.

* 1. **Financial Intermediary:** Based on Directive B.13 of the Bank’s Environment and Safeguards Compliance Policy (OP-703), and given that the borrower of the proposed credit facility is considered a financial intermediary (FI); this transaction is not categorized according to its potential environmental and social risks and impacts in the same way that a limited-recourse Project Finance transaction would be. Some of the sectors identified for the loan funds are low or medium risk, equivalent to a environmental impact category B under the IDB’s classification system (i.e., renewable energy and rural tourism); however, the forestry sector has the potential to have significant social and environmental risks and thus some of this transactions could fall under environmental impact category A (see Section IV). Subsequently, this is considered as a “high risk” FI operation for the Bank. For FI transactions financed by the Bank, risk in underlying projects is identified, analyzed and managed by the FI using its own internal management system. Therefore, the Bank will require that FR develop and implement an Environmental and Social Management System (ESMS) that is commensurate with the risks and impacts of the projects in its portfolio.
	2. **Technical Cooperation:** To satisfy the Bank’s requirement that FR have an ESMS (and in parallel with this operation), IDB is supporting a Technical Cooperation with FR to upgrade the institution’s environmental and social risk management operations procedures, which includes designing and implementing an ESMS.
	3. **Management System:** Although FR does not have a dedicated environmental and social management system, they follow a thorough process to ensure legal compliance with Mexican law and go through a detailed credit risk analysis for all potential projects. FR follows this process throughout the life of the loan from client development to the analysis, decision, dispersal, monitoring, and repayment of loan funds (see Section V).
1. **TRANSACTION OVERVIEW**
2. **Existing Portfolio**
3. **Sectors:** FR finances projects that involve production, industrialization, marketing, and services. As of September 2010, FR’s portfolio consisted of operations in the following sectors: business and services (44.2%), agriculture (39.5%), livestock (11.9%), industry (3.4%), and forestry (0.9%). FR finances an extremely diverse portfolio of projects in these sectors, including annual crop production (corn, wheat, soy, beans, oats, cotton, sugarcane, etc.), fruit trees (citrus, banana, platano, etc.), coffee, aquaculture, fishing, small businesses, vegetable production, and forest plantations (palm oil, pine, eucalyptus, cedar, teak, cacao, chicle, and Gmelina, among others).
4. **Clients:** FR provides both first tier and second tier financing. First Tier Financing involves individual producers and small and medium rural enterprises with a financially viable project. Second Tier Financing involves credit unions, non-bank financial institutions, microfinance institutions, cooperatives, etc. In 2010, FR had 14,005 clients (13,649 Tier 1 clients, and 356 Tier 2 clients), and loaned a total of US $1.861billion (US $950.6 million to Tier 1 clients, and US $910.8 million to Tier 2 clients).
5. **Credit Loan Programs**: FR currently operates sixteen (16) credit loan programs focused on specific sectors and industries that FR considers important for rural development. As of 2010, there were thirteen (13) programs focused on Tier 1 clients, and three (3) programs focused on Tier 2 clients. The thirteen (13) Tier 1 programs are:
6. Financial Support Program for the Livestock Sector in the State of Yucatán
7. Pre-authorized Credit Program
8. Financing Program for the Acquisition of Machinery
9. Vehicular Purchase Program
10. Program for the Purchase of Productive Assets as a Financial Option (ALCAFIN)
11. Young Rural Entrepreneurs Program
12. Natural Disaster Relief Program (FINAYUDA)
13. Agro-Industry Suppliers Program
14. Forestry Sector Financing (FINARBOL)
15. Rural Tourism Financing
16. Financing in US Dollars
17. Financing Program for Productive Activities in the State of Tabasco
18. Financing Program in the Humid Tropics of South-Southeast Region

The three (3) Tier 2 programs are:

1. Financing Program for Financial Institutions
2. Program for Financing in the Sugar Cane Sector
3. Financing Value-Generating Products
	1. **Financial Services**: Depending on the type of financing needed, FR uses one of eight (8) financial products (see Figure 1):
4. Working Capital Loan
5. Multi-Cycle Working Capital Loan
6. Traditional Line of Credit
7. Current Account Loan
8. Fixed Asset Loan
9. Secured Loan
10. Repurchase Agreement
11. Factoring
	1. **Technical Assistance:** FR has developed training, and advisory and technical assistance services, which help potential borrowers access formal credit markets, make better use of their resources, and enable greater project financial viability. These services include: developing business plans, feasibility studies, as well as specialized consulting and training. In many cases, these services can be provided before a credit line is given so as to facilitate financial readiness.
12. **New/Proposed Operations**
	1. **Forestry:** Through its FINARBOL program, FR would finance forestry producers who receive support from the National Forestry Commission ("CONAFOR") through the Pro Tree Program (“PROARBOL”) and the Program for the Development of Commercial Forest Plantations ("PRODEPLAN"). FR would also finance forestry producers who have sustainable and viable forest projects that do not receive support from CONAFOR (collectively "Other Forest and Forestry Projects" or "OPFS") and who wish to engage in productive activities from timber harvesting to processing, to final sale.
	2. **Community and Plantation Forestry Projects:** FR would lend to both plantation forestry projects and to community managed forest projects. The community forestry projects would be with both ejidos and comunidades[[1]](#footnote-1). In its pipeline, FR already has16 commercial plantation projects totaling 10,000 hectares, and up to 260,000 hectares of community forestry projects. FR worked jointly with CONAFOR and Rainforest Alliance to identify the community forestry pipeline projects based on their financial maturity and level of interest in working with FR. FR subsequently performed preliminary site visits to these community projects in order to further evaluate them. From these visits FR realized that, prior to awarding them a line of credit; these projects required financial advisory and other technical assistance services (see Section 2.5). Therefore FR will focus on providing technical assistance to these projects to build their management and financial capacity prior to providing them with financial assistance.
	3. **Rural Tourism:** Through its Rural Tourism Financing Program, FR would encourage the development and strengthening of the national tourism industry linked to rural areas, through the financing of profitable projects that generate jobs and encourage development in rural areas. FR does not currently have any Rural Tourism projects in its pipeline.
	4. **Renewable Energy:** Through various programs, FR will finance wind farms, bio-digesters at dairies and pig farms, and projects to increase the soil carbon content of farms with depleted soils. In its pipeline, FR currently has a US $16 million wind project, a US $4.75 million project for the purchase of machinery for soil remediation, and a US $680,000 project to fund bio-digesters on livestock farms.
13. **INSTITUTIONAL AND LEGAL FRAMEWORK**
	1. **Applicable Sectors and Institutional Framework:** The sectors designated to receive financing are (1) forestry, (2) renewable energy, and (3) tourism. The main Mexican institutions involved in the applicable sectors and the lending process are:
* SEMARNAT – The Ministry of Environment and Natural Resources;
	+ CONAFOR – National Forestry Commission;
	+ CONAGUA – National Water Commission;
	+ CONANP – National Commission on Protected Areas;
	+ CONABIO – National Commission for the Knowledge and Use of Biodiversity, Invasive Species Program, Mexico.
* SAGARPA – The Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food;
* SENER – The Ministry of Energy;
* SRA – Ministry of Agrarian reform;
* SECTUR – Ministry of Tourism;
* SALUD – Ministry of Health;
* STPS – Ministry of Labor and Social Welfare;
* SEDESOL – Ministry of Social development;
* SHCP – Ministry of Finance and Public Credit;
* BM – Mexican Central Bank;
* CNBV – National Commission on Banking and Securities; and
* INEGI – National Institute of Statistics and Geography.
	1. **Applicable Legislation:** FR uses the following national legislation when evaluating loans:
* Ley del Banco de México
* Código de Comercio
* Ley de Ahorro y Crédito Popular
* Código Civil Federal
* Ley de Presupuesto, Contabilidad y Gasto Público Federal
* Ley Federal de las Entidades Paraestatales y su Reglamento
* Ley Federal de Responsabilidades Administrativas de los Servidores Públicos
* Ley General de Sociedades Mercantiles
* Ley General de Organizaciones y Actividades Auxiliares del Crédito
* Ley Monetaria de los Estados Unidos Mexicanos
* Circular 2019/95 del Banco de México
* Disposiciones de Carácter General y específicas para la Financiera Rural que emita la Comisión Nacional Bancaria y de Valores
* Ley de Instituciones de Crédito
* Ley para Regular las Agrupaciones Financieras
* Ley para Regular las Sociedades de Información Crediticia
* Ley General de Títulos y Operaciones de Crédito
* Ley de Sociedades de Inversión
* Ley del Mercado de Valores
* Ley de Uniones de Crédito
* Ley de Desarrollo Rural Sustentable
* Ley Agraria
* Ley de Aguas Nacionales
* Ley General de Desarrollo Forestal Sustentable
* Ley de Capitalización del PROCAMPO
	1. **Compliance Status:** FR performs an analysis and due diligence to ensure that all of its projects are in compliance with all applicable Mexican legislation (see Section V). By applying the temporary recommendations on the use of loan proceeds in this ESMR (Section 6.A) and creating an ESMS under the TC, the Project will be compliant with all applicable Bank policies.
	2. **Forestry Projects:** Both plantation projects and community forestry projects must obtain prior approval from SEMARNAT and CONAFOR. For projects greater than 250 ha, developers must create a SEMARNAT-approved “advanced” forest management plan. For projects between 20 and 250 ha, developers must create an “intermediate” plan, and for projects of less than 20 ha, developers must create a “simple” management plan. The advanced plan must contain:
* A designation of the project as one of the following: production, conservation, restoration, or protection;
* Planting and harvesting schedule/timeline;
* A description of the management plans of any previous forestry projects on the land to be used for the project;
* Classification and quantification (i.e., size) of the project site, including any areas designated for preservation (i.e., riparian strips);
* A description of the physical and biological conditions at the site including climate, soils, topography, hydrology, and flora/fauna;
* Inventory methodology;
* Reforestation commitments if the project is not dedicated to restoration;
* Justification of the silvicultural system and complementary treatments;
* Annual distribution of expected harvest;
* Description and plan for infrastructure needed;
* Methods to prevent, control, and combat forest fires, infestations, and diseases;
* Description and timing of environmental impact prevention and mitigation measures. The description must include a description of the impact, the expected timing and duration of the impact, the affected resource (i.e., soil, water, flora/fauna), and methods of prevention and mitigation. Additionally, at-risk species (according to NOM-059-SEMARNAT-2001) must be identified and any impacts to them must be described along with prevention and mitigation measures for those impacts;
* Actions for the rehabilitation of any preservation areas on the project site;
* The method that will be used to identify the trees that will be harvested;
* Registration in the National Forest Registry; and
* Maps of the areas specified in the management plan.

**3.5** Forrenewable energy, and tourismprojects, SEMARNAT establishes environmental requirements based on the type, location and duration of the potential environmental and social impacts.

1. **ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS**
2. **Existing Portfolio**
	1. **Reputational Risk:** The Bank faces potential reputational risks from FR’s current portfolio of projects, which includes palm oil. The palm oil industry has come under increasing scrutiny from NGOs regarding the environmental impacts associated with its production, including the conversion of natural habitat and loss of biodiversity. It is possible that NGOs could relate the name of the Bank with these operations. However, this is unlikely because palm oil is an extremely small portion of FR’s portfolio[[2]](#footnote-2) and Mexican regulations regarding the clearing and conversion of natural forest for plantations are relatively robust. Imposing a restriction that the Bank’s loan proceeds cannot be on-lent to palm oil producers who convert natural forest would mitigate this risk.
	2. Other reputational risks for the Bank could potentially arise from FR projects involving agriculture, fishing, aquaculture, and livestock. These potential risks include the possibility that projects have directly or indirectly caused the conversion of natural habitat and loss of biodiversity, increased soil erosion and sedimentation, used banned pesticides, violated Mexican labor laws, or used land without a clear title. The large number of projects and short average loan tenure makes it virtually impossible to fully assess the reputational risk to the Bank from FR’s current portfolio. However, FR is a respected national development bank and enforces a rigorous evaluation process to ensure compliance with Mexican law, which is fairly comprehensive and provides reasonable safeguards against major social and environmental risks and impacts. Therefore, the probability of a major reputational risk to the Bank is low.
3. **New/Proposed Operations**
	1. Below is a list of the potential social and environmental risks and impacts associated with the sectors in which the loan funds will be invested. Many of these risks (especially in the forestry sector) are considered “significant” by the Bank, which necessitates the development of an ESMS for FR to apply to its potential projects.
	2. **Forestry Projects:** The environmental and social risks and impacts involved with forestry projects in general include habitat alteration, loss of biodiversity, introduction of non-native or invasive species, impacts on water quality, loss of soil productivity from erosion, hazardous materials management, aesthetic impacts, occupational health and safety issues, and community health and safety issues.
	3. Conversion of Natural Habitats and Loss of Biodiversity: the establishment of plantation forests and subsequent timber harvesting activities involves the conversion of the existing vegetation cover to native and/or non-native commercial species, resulting in the potential loss of habitat diversity and a corresponding loss of wildlife and plant species. Loss of biodiversity in managed natural forests may be caused by several factors. Certain species of plants and animals may be unable to tolerate the disturbance caused by forest management and harvesting activities, and subsequently leave the area. Other species may not survive habitat conversions caused by forest harvesting practices: for example, canopy dependent species may be unable to cross road openings and become cut off from a resource critical to their survival.
	4. Exotic Species: intentional or accidental introduction of alien, or non-native, species of flora and fauna into areas where they are not normally found can be a significant threat to biodiversity, since some alien species can become invasive, spreading rapidly and out-competing native species.
	5. Water Quality:forest operations (e.g. timber harvesting operations and road construction) may negatively impact water quantity and quality of streams, water bodies, and ground water resulting in seasonal hydrologic changes and potential negative impacts on downstream river biota, communities, and fisheries. Impacts to water quality may result from erosion and accumulation of sediment and organic debris in water bodies (e.g. at stream crossings of forest roads and skid trails); chemical contamination (e.g. from use of pesticides, fuels, lubricants, and coolants); increased nutrient loads (e.g. from erosion and use of fertilizers); and changes to temperature levels and stream flows which may affect fish and aquatic biota populations. Impacts to water quantity and timing of flows may occur due to the amount and spatial distribution of vegetation removed in response to the precipitation regime and remaining ecosystem processes.
	6. Soil Erosion: soil erosion in forests may result from natural causes (e.g. wind and rain), timber harvesting operations, and from construction and use of road infrastructure. Plantations typically operate on a rotational, clear felling basis, and reduced vegetative cover immediately following the final harvest will expose soil to erosion from rain and wind. Ripping may also lead to water channeling and large-scale erosion. Stacking of brush and slash and use of extraction lanes may also act to funnel water down erodible channels. In natural forests, erosion of topsoil generally results when protective soil cover and anchoring roots have been removed. Further erosion may occur especially where large-leaved species (e.g. teak) funnel water onto bare soil surfaces. Unstable soils may be compromised by some forest management activities, causing mass wasting and debris flows on slopes during heavy rain events or under saturated soil conditions.
	7. Soil Productivity:soil productivity is integral to the sustainability of timber harvesting and the overall health of forest ecosystems and wildlife. Forest harvest operations and road construction may result in physical impacts to soil including compaction, rutting, displacement, and erosion impacts (see sections on Soil Erosion above). Impacts to the chemical properties of soil may include changes to the pH level and nutrient balance. Impacts to the biological properties of soil may include changes to micro-flora and micro-fauna populations that are critical to soil formulation, decomposition services, and nutrient cycling to promote tree growth (e.g. mycorrizhae).
	8. Hazardous Materials Management: forestry operations and road construction involve the use of machinery, vehicles, and related fuels, lubricants, and other materials which may cause negative impacts if accidentally spilled. Pesticide use may be extensive to deter wood boring insects from damaging stockpiled wood prior to removal from the forest concession. Because native forest pests are part of the forest ecosystem, any attempt to suppress pests with extensive pesticide use will undoubtedly influence the other components of the ecosystem. The use of pesticide may be justified for plantation forest operations, whereas their use in managed natural forests should be primarily limited to localized use.
	9. Visual Impacts: forestry operations and road systems may result in negative visual impacts to resources associated with other uses of the forest (e.g. recreation, tourism).
	10. Occupational Health and Safety: occupational health and safety hazards in forestry projects primarily include the following:
* Physical Hazards from cutting and log extraction equipment, falling trees, and vehicles;
* Noise and vibrations from mechanical equipment;
* Forest Fires; and
* Exposure to Pesticides.
	1. Community Health and Safety: community health and safety hazards from forestry projects primarily include the following:
* Forest fires;
* Water: for communities dependent on the surface and/or groundwater resources from forests, reduction in water quality or quantity caused by forestry operations may affect water supplies needed for drinking, hygiene, and other ecosystem services (e.g. fisheries);
* Vehicles: large vehicles carrying heavy forest product loads on major and minor roads that pass through local communities may expose the public to significant risks. Road transport may also lead to other impacts on communities such as unacceptable levels of dust and noise disturbance; and
* Pesticides: where pesticides are used on a large-scale, accidental spraying of local properties may expose the public to unacceptable pesticide concentrations. Pesticides may affect community health in the same ways that they affect individual operators through dermal contact or through inhalation of such chemicals as a result of application. The potential for community exposure to pesticides in the environment may be considerably influenced by climatic conditions, such as wind velocity, while the potential for exposure to residual levels in post-harvest products may depend on adherence to pesticide use instructions. There may also be a risk to the community caused by dermal contact with residues in containers, packaging, etc. Improper disposal of containers used for transporting and storing pesticides is an additional risk when communities may reuse them, for example, for drinking water.
	1. **Renewable Energy:** the social and environmental impacts from wind farms include habitat loss and biodiversity issues, soil erosion and sedimentation, noise, bird/bat collisions, occupational health and safety, community health and safety, and aesthetics.
	2. **Soil Improvement:** soil improvement projects have many of the same social and environmental impacts as agricultural projects, which include stress on water resources, pesticide use, eutrophication of aquatic environments, loss of biodiversity, management of crop residues and other solid waste, atmospheric emissions, occupational health and safety, and community health and safety.
	3. **Bio-digesters:** bio-digesters have environmental and social impacts that are similar to other waste management facilities, which include vehicle traffic and emissions, odor, contaminated runoff, noise, the emission of greenhouse gases during the digestion process, solid digested wastes, occupational health and safety, and community health and safety.
	4. **Rural Tourism:** the environmental and social impacts and risks from rural tourism include resource consumption, air emissions, generation and treatment of wastewater, hazardous materials management, waste generation and disposal, biodiversity and habitat conservation, noise, and the use of pesticides.
	5. Resource Consumption: water consumption is related to personal use by guests and facility requirements for housekeeping, laundry, cooking, swimming pools, spa facilities, and grounds maintenance. The hospitality industry consumes large amounts of energy in the form of heat and power. Building siting, design, construction and operating patterns all influence energy use.
	6. Emissions to air: Potential air emissions generated from tourist facilities include products of combustion (e.g. carbon dioxide, nitrogen and sulfur oxides, and hydrocarbons) and particulates from fossil fuel-operated boilers, stoves, and generators. Tourism facilities may emit volatile organic compounds (VOC) from dry-cleaning, refrigeration, and air conditioning services.
	7. Wastewater: The most significant wastewater flow generated by tourism and hospitality facilities is domestic sewage from bathing and toilet flushing, but important streams are also produced by the laundry and dry-cleaning, housekeeping, maintenance, and kitchen departments. These streams may include cleaning agents, disinfectants, and linen washing agents, including liquid bleach and ionic and nonionic detergents, which may release excessive phosphates and cause eutrophication of natural waterways. Effluents from kitchens may contain oils and grease.
	8. Hazardous Materials Management: Tourism and hospitality facilities may use a variety of hazardous materials and pesticides.
	9. Waste: Waste generated by tourism and hospitality facilities normally includes paper and cardboard items, glass and plastic items, organic waste, building materials and furniture, and used oils and fats. Hazardous wastes may include batteries, solvents, paints, antifouling agents, and some packaging wastes. Tourists typically may generate up to twice as much solid waste per capita as local residents, resulting in increased stress on local waste management infrastructure.
	10. Biodiversity Conservation: Construction of tourism and hospitality facilities may result in impacts to biota, and vegetation can also be affected by the presence of tourists in ecologically sensitive areas engaging in activities (e.g. picking flowers, felling young trees, damage to coral reefs) that may damage biodiversity. Over time, only the more tolerant species survive these impacts, and some invasive species may be introduced, thus affecting local ecosystems and reducing species diversity. Soil compaction (caused by erosion and water and nutrient loss) may also affect plant growth and the age structure of vegetation.
	11. Noise: The areas and sources of noise emissions include mechanical rooms, kitchens and laundries, waste management areas (including compactors), garages, entertainment areas, and lobby areas. Noise management is largely an issue relevant to indoor environmental quality and guest comfort. It is, however, important to include noise management measures in the overall external design concept to prevent potential impacts on nearby
	12. Pesticide use: Tourism resorts with large land tracts (e.g. golf courses, vineyards, and sports fields) may use significant quantities of chemicals (e.g. chemical fertilizers and pesticides, including herbicides, rodenticides, and insecticides).
	13. Occupational Health and Safety: The following applies to occupational health and safety during operations potentially affecting facility workers and, where noted, facility guests:
* Noise: Workers and guests may be subject to noise, including from the kitchen, laundry, housekeeping, and other guest rooms. In the case of the workforce, repetitive exposure over long periods may impact hearing. For guests, unnecessary noise in public areas and rooms is a nuisance;
* Physical Hazards: Facility guests may also be susceptible to slip and fall accidents in hotel room showers or common areas (e.g. lobbies, restaurants, and recreational areas);
* Food Safety: Food safety is an issue for facility guests;
* Indoor Air Quality: Typical indoor air quality contaminants may include ammonia (from cleaning products), VOCs (from use of interior products, such as solvents, paints, adhesives, dry cleaning, and cosmetics), odors, dust, formaldehyde (from fabrics, insulation, furniture, and cigarette smoking), carbon dioxide and nitrogen oxides, and bacteria and fungi (mold and mildew from carpets, HVAC filters).
* Chemical Cleaners: Occupational dermatitis from chemical cleaners is one of the main occupational hazards for housekeeping and laundry workers;
* Pesticides: Potential exposures to pesticides include dermal contact (e.g. in storage rooms or from leaking containers) and inhalation during their preparation, storage, and application. The effect of such impacts may be increased by climatic conditions, such as wind, which may increase the chance of unintended drift, or high temperatures, which may be a deterrent to the use of personal protective equipment (PPE) by the operator.
	1. Community Health and Safety: Community health and safety hazards from tourism and hospitality projects primarily include the following:
* Swimming Pool Safety: Swimming pool issues are related to the health and safety of workers and guests and include water sanitization and drowning hazards; and
* Fire Safety.
	1. **Positive Impacts/Benefits**: The loan programs have the potential to create numerous positive impacts in the rural sector in Mexico, including increased employment, increased household incomes, increased tax revenues for the local municipalities, better management of current projects, better capacity to manage future projects, improved environmental management of impacts, reduced emissions of greenhouse gasses, better health and safety practices, and increased awareness of sustainability issues.
	2. **Credit risk:** Credit risk relates to the risk of nonpayment of a loan because of environmental or social problems (droughts, fires, political instability, work stoppages, etc.). Currently, FR has a default rate on its loan portfolio of approximately 6%. FR holds AAA and F1+ rating from Fitch Ratings and an Aaa.mx y MX-1 rating from Moody’s Investor Services.
	3. **Indigenous Peoples:** Due to the nature of the projects that will be part of the loan, it is likely that indigenous peoples will be involved in the use of the loan funds. There is a risk that indigenous peoples will be excluded from the benefits resulting from increased rural access to credit, disproportionally affected by the adverse social and environmental impacts from sub-projects, or deprived of tenure over lands which they have used historically without legal title. To comply with OP-765 (Operational Policy on Indigenous Peoples and Strategy for Indigenous Development), there is a need to ensure the adequate participation and consultation of indigenous peoples.
	4. **Restriction of Access:** There is a small risk that projects financed under the loan might lead to restricted access to natural resources (including access to forests and forest products), and restricted access to land which a community has used historically without legal title. Those indigenous and other low income ethnic minority communities whose identity is based on the territory they have traditionally occupied are particularly vulnerable to the disruptive and impoverishing effects of restricted access. They often lack formal property rights to the areas on which they depend for their subsistence, and find themselves at a disadvantage in pressing their claims for compensation and rehabilitation.
1. **ENVIRONMENTAL, HEALTH & SAFETY, SOCIAL, AND LABOR MANAGEMENT**
	1. **Environmental, Social, Health and Safety Management Systems:** FR does not have an Environmental and Social Management System (ESMS) per se; FR does not identify social and environmental issues or risks outside of Mexican law with which it requires borrowers to comply. FR relies exclusively on their client’s compliance with Mexican laws and regulations and supervision by regulatory agencies to mitigate social and environmental risks.
	2. **Eligibility Criteria:** The only legal requirements that applicants must meet to be eligible for financing from FR are:
		* + The borrower must be a legal entity (i.e. person, legally recognized group, or corporation);
			+ The project must be in a community of less than 50,000 people (according to INEGI);
			+ The project must be in compliance with all applicable Mexican legislation.

FR’s internal policies prohibit it from considering race, sex, age, religion, or social status when evaluating loan applications. FR considers project financial viability as the most important requisite for all loan applications; however, it only invests in projects that, per its mission, promote sustainable rural development.

* 1. FR applies a four (4) stage loan process (see Figure 2):
* Stage 1: Business Development;
* Stage 2: Analysis and Decision;
* Stage 3: Instrumentation and Dispersal; and
* Stage 4: Monitoring and Repayment.
	1. **Stage 1 – Client Development:** To begin the loan process, a borrower must fill out a loan application (“*Cliente*”) that includes information on the legal aspects of the person or entity requesting the loan, other loans applied for, collateral the borrower will offer, and credit/banking history. FR then reviews the loan application to determine if it fits the overarching goals of FR (“Mercado *Objetivo*”). FR conducts a site visit to all potential borrowers to ensure the existence of the project and any collateral offered (“*Promoción Dirigida*”). FR then performs a preliminary analysis of the project to determine if it meets all eligibility and legal requirements and is financially feasible (“*Preanálisis*”). Finally, FR proposes the type, rate, tenure, and amount of the loan to the borrower based on the preliminary analysis of the project, the borrower’s creditworthiness, and the ability to repay the loan. There is no minimum or maximum loan amount, but FR can only finance up to 80% of a given project (i.e., the borrower must provide at least 20% of the project costs).
	2. **Stage 2 – Analysis and Decision:** According to the nature of the project and type of credit sought, the applicant is required to provide any additional information and documentation necessary to process the request, including legal and environmental permits (FR keeps copies of all required permits on file). The loan officer requests and assembles this detailed information regarding the applicant, the project, and its legal and regulatory compliance (“*Recopilación de la Información*”). All credit requests go through an analysis whose scope depends on the type of project and the amount requested. Smaller projects (< US $1,500,000) can be approved by regional credit directors. Larger projects (> US $1,500,000) must be approved by the FR National Credit Committee. Projects that FR considers to be “high-risk” (e.g. forestry) are approved by the National Credit Committee regardless of size. All projects must also receive a decision on the legal compliance of the project from the FR legal department (“*Procesamiento de Información*”). The Deputy General Manager of Credit is responsible for designing, disseminating and assisting in the development and implementation of a credit analysis or “Analisis de Credito”, which includes methodologies for assessing legal approvals, credit applications, and credit risks (“*Desarrollo de Análisis*”). All credit applications must have a comprehensive and objective opinion on the outcome of the analysis by the Regional Credit Manager (“*Revisión del Análisis*”). After considering all of the available information, the Credit Manager/Committee makes a final decision on whether or not to approve the loan (“*Decisión*”).
	3. **Stage 3 – Loan Instrumentation and Dispersal:** After approving the loan, FR draws up official loan documents (“*Formalización de la Decisión*”), and passes them on to the borrower to sign (“*Formalización con el Cliente*”). The head of the local FR office is responsible for requesting the funds from the FR Credit Control Bureau (“*Solicitud de Recursos*”). The Credit Control Board is responsible for checking that all of FR’s internal requirements are met before dispersing the funds (“*Mesa de Control*”). All documents, including permits and forest management plans, are retained and originals are kept by the local, regional, or national offices (“*Guarda Valores*”).
	4. **Stage 4 – Portfolio Monitoring and Loan Repayment:** The Executive Directorate of Operations is responsible for developing, implementing and controlling the day-to-day management of the portfolio as well as managing and updating the portfolio system (“*Cartera*”). The National Sub-Directorate of Monitoring and Collection is responsible for establishing controls and strategies for loan monitoring and collection, which include random or targeted monitoring visits. However, these visits are not focused on social or environmental performance, and only seek to verify that the project continues to be financially feasible and legally compliant with the loan agreement. Additionally, borrowers are required to submit financial reports on a periodic basis (yearly for projects < US $1,500,000 and quarterly for projects > US $1,500,000) (“*Seguimiento al Acreditado*”). The actual collection/recovery of loans is the responsibility of the Credit Agency that processed the loan. FR sets up an account for the disbursement and the repayment of the loan at one of a number of national banks. The FR Credit Agencies use a number of methods to maintain on-time payment (depending on the length of delinquency), including telephone calls, site visits, e-mail, and late payment notices (“*Recuperación Preventiva y Administativa*”, and “*Recuperación Extrajudicial*”). If these methods fail, FR takes legal action, including seizing of the loan collateral (“*Recuperación Judicial*”).
1. **RECOMMENDATIONS**
	1. Because of the reputational, environmental, and social risks involved with projects that have not gone through a complete environmental and social due diligence, the Bank will require that FR use a temporary screening and exclusion criteria (refer to sections 6.2, 6.3, and 6.4) to determine eligibility for projects using Bank funds while an adequate ESMS is completed. Upon completion of the technical cooperation (TC) and developing an ESMS that is acceptable to the Bank, FR may use the loan funds for forestry, renewable energy, or rural tourism projects which pass the social and environmental safeguards included in the ESMS.
2. **Exclusion Criteria:** FR should not use Bank loan proceeds to finance projects with the following attributes:
* Any activities on the IDB exclusion list (see Appendix A);
* Any projects that are unlikely to comply with the IDB environment and social policies or projects that are expected to be environmental impact category A under the IDB’s classification system[[3]](#footnote-3), which include but are not limited to:
	+ - * Plantation projects on lands converted[[4]](#footnote-4) from natural habitat;
			* Any forestry projects within a nationally or internationally recognized protected area or their buffer zones;
			* Projects that involve the resettlement of relocation of more than 20 families;
			* Projects that have the potential to significantly convert or degrade critical natural habitats or that damage critical cultural sites[[5]](#footnote-5); and
			* Loans to Tier 2 clients where FR does not have control over the ultimate use of the funds or the social and environmental due diligence of the projects to which the Tier 2 client on-lends the loan funds.
* Projects that are in violation or that would result in the violation of the Fundamental Principles of Right at Work.
1. **Operations that require consultation and non-objection from the IDB :** FR should consult with the Bank before using its loan proceeds to invest in any projects that include any of the following attributes:
* Activities which do not meet the requirements of the Indigenous Peoples Framework (see Annex B).
* Activities which may result in restricted access to natural resources or land which a community has historically used without clear legal title;
* Activities that have the potential to involve significant amounts of migrant labor;
* Activities that involve non-native or potentially invasive species.
	1. Operations that do not fall under the preceding exclusion criteria and consultation and non-objection from the IDB requirement are eligible for the use of proceeds while the ESMS is completed. Issues pertaining to indigenous peoples should be managed according to the Indigenous Peoples Framework (see Annex C). If a project will result in restricted access to natural resources or land which a community has historically used without clear legal title, a plan should be developed based on OP-710 that includes a study of baseline information, consultations with the affected communities, compensation/rehabilitation (including the legal and institutional framework in which the compensation/rehabilitation will be carried out), and monitoring/evaluation.
	2. An ESMS will be developed in conjunction with the Bank under a Technical Cooperation (see Section 1.4). Based on the analysis of FR’s existing management of environmental and social issues, the ESMS should include the following characteristics:
* **Environmental and Social Requirements.** The ESMS will include the Bank’s applicable environmental and social policies to be applied to this operation. The ESMS will also include the Indigenous Peoples Framework (see Annex C).
* **Environmental and Social Management:** As part of its ESMS, FR should create a dedicated environmental and social risk management department that will be involved in the analysis of all loan projects. Staff in this department should have the necessary environmental and social competence (education, training or experience) and authority to conduct the actions required in the ESMS. The implementation of the ESMS should be analyzed periodically and adjustments and enhancements conducted on a reasonable frequency.
* **Eligibility, Screening and Categorization:** The ESMS should contain eligibility, screening, and categorization tools to assess the environmental and social risks involved in potential new investments. These tools should follow the Bank model of an exclusion list, a screening process to identify potential environmental or social risks or impacts, and a classification of projects into A, B, and C, depending on the level of risk involved.
* **Mandate:** FR should advise potential clients in its commitment letter that they will be expected to comply with the environmental and social requirements of FR’s ESMS, which will include an environmental and social due diligence with the level and scope dependent on the project category and sector, as well as reporting requirements.
* **Environmental and Social Due Diligence:** As part of its ESMS, FR should conduct an environmental and social due diligence for each potential project, the scope of which should depend on the category assigned to the project (i.e. A, B, C). In all cases the Loan Officer and the Environmental Manager should ensure the implementation of the appropriate level of environmental and social due diligence in parallel with the corresponding financial due diligence of the prospective investment opportunity prior to the submission of the credit application for approval. In all cases, the due diligence process should include a site visit by qualified environmental and social professionals.(e.g. Environmental Manager or third party consultant), during which due attention should be paid to environmental and social aspects of the potential project and the borrower. Investments in Category A will be subject to IDB’s non-objection.
* **Public Disclosure and Consultation:** The due diligence process should ensure that prospective borrowers provide adequate information on environmental and social matters related to each potential project to the affected people, communities and other stakeholders, and that these groups are given sufficient opportunity to voice their opinions and concerns in a timely manner. On a yearly basis FR should publish a web-based summary of the environmental and social performance of its portfolio.
* **Credit Agreement:** The Loan Officer should ensure that the credit agreement or equivalent financing documents include all environmental and social Requirements, considerations, and obligations. All credit agreements should contain appropriate representations and warranties, covenants, reporting requirements, and events of default, and require that the financed project be designed, constructed, operated and maintained in compliance with Mexican environmental and social laws and regulations and any other applicable environmental and social requirements, including compliance with FR’s ESMS.
* **Consistency with Mexican Law:** The TC should include a comprehensive review and evaluation of the consistency of Mexican Law with the applicable policy requirements of the Bank for the sectors included in the loan. Where the two are consistent, FR’s existing system of ensuring compliance with Mexican Law will suffice to ensure compliance with Bank policies. Gaps where Mexican Law and the Bank’s policies are inconsistent should be identified at the beginning of the TC, and subsequently closed using the ESMS.
* **Supervision and Monitoring:** For the entire life of FR’s investment in a project, the Loan Officer or responsible department should monitor the project for continuous compliance with the environmental and social requirements. The periodic monitoring of projects for compliance with loan covenants and reporting requirements included in the financing documents, combined with periodic due diligence by the Loan Officer, Environmental Manager, and any external consultants, as required, will provide the necessary information for good portfolio management . The scope of the due diligence during the active phase of any investment should be commensurate with the category assigned to the project (i.e., A, B, C).
	1. Safeguard requirements must be incorporated into the project contract documents, its operating or credit regulations, or the project bidding documents, as appropriate, setting out as necessary milestones, timeframes and corresponding budgetary allocations to implement and monitor the plan during the course of the project. These commitments agreed upon by the Bank and FR will serve as binding obligations during the execution of the loan. The proposed project budget set out in the project document and incorporated into Annex A of the loan contract should include, as necessary, explicit budgeting for safeguard or mitigation measures.
	2. Safeguard indicators, as appropriate, should be clearly defined in the logical/results framework, followed up in project monitoring reports, and reviewed in mid-term reviews and project completion reports. Compliance with safeguard commitments and identification of unexpected safeguard issues will be analyzed, reviewed and reported as part of Bank’s administration and portfolio review missions.
	3. **Certifications and International Programs:** FR should encourage the use of international programs and certifications, including the UN Clean Development Mechanism (CDM), Forest Stewardship Council (FSC), and Rainforest Alliance (SmartWood Program, Tourism), amongst others.
	4. **Forest Investment Program:** The Bank and FR are considering dedicating a portion of the loan to finance projects in conjunction with the Forest Investment Program (FIP). If FIP funds are used to finance projects with this project, the Bank would need to work out issues associated with the applicability and use of environmental and social safeguards from the FIP member institutions (including the World Bank), and the FIP Operational Guidelines.
1. **ANNEXES**
2. **Figures and Diagrams**

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**Figure 1 – Types of financial services provided by FR.**

**Figure 2 – Conceptual diagram of the FR’s lending process showing the four major stages and the five sub-steps in each stage.**

**Figure 3 – Financiera Rural’s regions and the locations of regional headquarters.**

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**Figure 4 – Financiera Rural’s Corporate Structure.**

# ANNEX B. IDB’s Exclusion List

FR should not finance projects or companies involved in the production, trade, or use of the products, substances or activities listed below:

1. Those that are illegal under host country laws, regulations or ratified international conventions and agreements
2. Weapons and ammunitions
3. Tobacco[[6]](#footnote-6)
4. Gambling, casinos and equivalent enterprises[[7]](#footnote-7)
5. Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)[[8]](#footnote-8)
6. Radioactive materials[[9]](#footnote-9)
7. Un-bonded asbestos fibers[[10]](#footnote-10)
8. Forestry projects or operations that are not consistent with the Bank’s Environment and Safeguards Compliance Policy
9. Polychlorinated biphenyl compounds (PCBs)
10. Pharmaceuticals subject to international phase outs or bans[[11]](#footnote-11)
11. Pesticides/herbicides subject to international phase outs or bans[[12]](#footnote-12)
12. Ozone depleting substances subject to international phase out[[13]](#footnote-13)
13. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length
14. Trans-boundary trade in waste or waste products[[14]](#footnote-14), except for non-hazardous waste destined for recycling
15. Persistent Organic Pollutants (POPs)[[15]](#footnote-15)

# ANNEX C. Indigenous Peoples Framework

**Marco de Manejo de la Estrategia de Participación Indígena**

**Antecedentes**

El sector primario en México, (incluyendo actividades agropecuarias, silvícolas y de pesca), contribuye en su conjunto contribuye con menos de 4% al PIB nacional y sus indicadores de desempeño son insatisfactorios. La población ocupada en el sector rural es principalmente de bajo ingreso. Se estima que en 2004 había un total remunerado de 5.13 millones, de los cuales 2.7 millones ganaban menos de 1 salario mínimo[[16]](#footnote-16).

Esta situación es resultado de diferentes factores entre otros la dificultad del sector rural de acceder a servicios financieros, especialmente hacia pequeños productores, dado los mayores riesgos asociados a él frente a otros sectores[[17]](#footnote-17) y por los altos costos de transacción implícitos por la dispersión geográfica y por el tamaño de las unidades productivas.

En el caso del aprovechamiento forestal, prácticamente no existe acceso al financiamiento, ya sea público o privado. De los créditos otorgados al sector privado, tanto por la banca comercial como por la de desarrollo, la cartera de prestatarios del sector silvícola representó en 2008 apenas el 0.01% y al interior del sector primario significó 0.55%.

Esta situación afecta en particular a comunidades y ejidos que son los propietarios del 60% de los bosques y selvas en México. En términos de la superficie y volumen autorizado cerca del 81% corresponden a ejidos y 75% a comunidades. No obstante, existe un desaprovechamiento del bosque por los ejidos y comunidades, debido, en parte, a la carencia de recursos financieros para llevar cabo actividades productivas.

Las razones del bajo financiamiento al sector forestal incluyen: las características de la propiedad social, dado que por su naturaleza no es posible gravar una porción o su totalidad y, por tanto, no puede ser puesta en garantía; los periodos largos de maduración. La duración de los ciclos biológicos forestales –que son relativamente largos-, incrementa el nivel de riesgo de la actividad; la escala de la producción. La atomización de aprovechamientos forestales, obstaculiza la generación de economías de escala que pudieran incrementar la rentabilidad de proyectos forestales.

Ante esta situación, Financiera Rural se ha planteado como objetivo general aumentar la oferta de financiamiento para un mayor número de agentes económicos rurales y diversificar su cartera hacia sectores con alto potencial productivo en donde se requiere inversión a largo plazo, particularmente aquellos con alto impacto en la generación de beneficios ambientales y en reducción de pobreza. En cuanto al combate a la pobreza, FR está buscando dirigir una mayor proporción de sus recursos a proyectos en las zonas más marginadas, ya que cerca de la mitad de los recursos de la FR se destinan a productores de ingresos medios y bajos.

Respecto a la preservación del medio ambiente, está desarrollando programas que faciliten la inversión en técnicas agrícolas sostenibles, proyectos forestales, energías alternativas y aprovechamiento de los recursos naturales. En particular, está iniciando un programa para favorecer la producción forestal y reducir los altos índices de degradación y deforestación de los bosques naturales con financiamiento del Banco Interamericano de Desarrollo (BID).

**Programa de Financiamiento Rural**

El programa tiene como objetivo incrementar las inversiones en el sector rural, particularmente aquellas destinadas a generar beneficios ambientales o a la disminución de la pobreza, a través de un mayor acceso al crédito a largo plazo de las unidades productivas del sector.

Financiera Rural será responsable de la ejecución del Programa orientado a los sectores y actividades con alto potencial productivo en donde se requiere inversión a largo plazo y de la supervisión del uso adecuado de los recursos. Para el cumplimiento del objetivo del programa la operación cuenta con dos componentes:

**Componente 1:** **Programa de crédito multisectorial.** Financiera Rural canalizara recursos de crédito principalmente a las siguientes actividades:

1. de impacto en la generación de beneficios ambientales, incluyendo: (i) el sector forestal, tanto en proyectos de plantaciones comerciales como de empresas forestales comunitarias[[18]](#footnote-18); y (ii) de energías renovables en comunidades rurales, como es el caso de inversiones en biodigestores y maquinaria para recuperación de suelos.
2. de impacto en la disminución de la pobreza, incluyendo turismo rural, enfocados a comunidades marginadas de acuerdo con los criterios acordados con Financiera Rural.

**Componente 2:** **Programa de asistencia técnica para el fortalecimiento institucional.** Este componente incluye el fortalecimiento de la capacidad de Financiera Rural. Para tal fin este componente apoyará el establecimiento de un sistema de riesgos de activos y pasivos a largo plazo.

Adicionalmente, a través de una asistencia técnica complementaria, se desarrollará un sistema de manejo de riesgos ambientales y sociales.

En el caso del financiamiento al sector forestal, particularmente a empresas forestales comunitarias, se espera apalancar recursos del *Forest Investment Program* (FIP) dentro del *Climate Investment Fund*, lo cual tiene el potencial de crear un alto valor agregado para el Programa de cambio climático de Financiera Rural.

Los proyectos específicos serán determinados por la FR conforme a los programas (o líneas) que tienen con estos objetivos y a los criterios de elegibilidad definidos en el Reglamento Operativo del Programa (ROP).

**Aplicación de la Política de Pueblos Indígenas**

El Programa de Financiamiento Rural incluye actividades en el sector forestal en el cual predomina la propiedad social de los bosques y selvas ya que en un 60% pertenecen a ejidos y comunidades con un alto porcentaje de población indígena. El componente de financiamiento comunitario del Programa, representa una actividad que potencialmente puede favorecer a la población indígena. Esto, aunado al objetivo de favorecer actividades que tengan un impacto en la reducción de la pobreza indica la necesidad de aplicar la Política Operativa de Pueblos Indígenas (OP), dado que el BID está financiando parcialmente la operación. Aunque se espera que el Programa tenga un efecto positivo al facilitar el acceso al financiamiento a las comunidades forestales la aplicación de la política permitirá asegurar que el programe incluye medidas complementarias para beneficiar a las poblaciones indígenas[[19]](#footnote-19) como las siguientes:

* Identificar y focalizar a población indígena que potencialmente puede ser beneficiada por el Programa;
* Efectuar una consulta con los beneficiarios de manera apropiada a sus condiciones sociales y culturales;
* Actuar con respeto a sus tradiciones y valores sociales, culturales, organizativos.
* Adaptar las actividades del programa de manera tal de facilitar su participación;
* Diseñar de ser necesario medidas complementarias para promover su participación.

Para cumplir con estas medidas se ha diseñado el siguiente Marco de Participación de la Población Indígena en el Programa en el que se incluyen los elementos que apoyan y guían la promoción de la participación indígena. Para tal fin: (a) el Marco se integrara al Reglamento Operativo del Programa (ROP) en el que se establecen las normas que rigen la operación; (b) se llevará un registro de la participación de proyectos indígenas y se prepararán reportes específicos de su ejecución.; y (d) Financiera Rural incluirá en los arreglos institucionales de la operación mecanismo específicos para la aplicación del Marco el Programa y como parte del fortalecimiento de sus capacidades en el manejo social y ambiental de sus programas.

**Alcances de la Aplicación del Marco**

El presente marco es una propuesta que se ajustará conforme se desarrolle el proyecto de acuerdo con los siguientes alcances:

1. El Marco de Participación indígena aplicará en el Proyecto Piloto cuando se lleven a cabo actividades que potencialmente puedan beneficiar a las comunidades indígenas en proyectos de:
* Actividades Forestales Comunitarias
* Turismo Rural
1. El Marco aplicará, en su caso, en las actividades forestales comunitarias susceptibles de contar con financiamiento del FIP
2. El marco propuesto se desarrollará y ajustará con las experiencias anteriores dentro de la propuesta de asistencia técnica para fortalecer las capacidades institucionales de Financiera Rural en el manejo de los aspectos sociales dentro de sus actividades.

**Marco Legal de la Participación de la Población Indígena**

Los derechos de los pueblas indígenas en México están consignados en el Art. IV de la Constitución Política del país y en la Ley de Desarrollo de los Pueblos Indígenas aprobada en el 2007. Además, la Ley Agraria y la Ley Forestal. Por otro lado en la aplicación del Marco tiene como referencia el Acuerdo 169 de la OIT firmado por México.

**Actividad Forestal Comunitaria**

Con más de 30 años de experiencia la actividad forestal comunitaria comercial México se ha convertido en un líder en Latinoamérica para este tipo de manejo. Sin embargo muchos de los problemas que afectan su desarrollo persisten y no ha sido posible detener la persistente deforestación y la pobreza de estas comunidades. Donde se ha tenido éxito esta actividad ha demostrado ser el medio más eficaz para mejorar las condiciones sociales y ambientales.

La reforma a la Ley Forestal en 1986, permitió ala comunidades rescindir las concesiones de sus bosques e iniciar sus propios negocios forestales. Este cambio permitió el surgimiento de actividades comunales exitosas muchas de ellas de grupos indígenas organizados en Oaxaca, Quintana Roo y Michoacán por ejemplo. De acuerdo con algunos estudios, luego de las reformas los ingresos de las comunidades se elevaron hasta en 600 por ciento[[20]](#footnote-20) y tuvieron la capacidad de tecnificarse y capitalizarse.

De esta manera, mientras que en 1976 sólo el 2-3% de la madera se producía directamente en ejidos y comunidades, para 1980 el porcentaje se había elevado al 17%. Para 1992 se estimaba que el 40% de la producción de madera en tronco y el 15% de la producción de madera aserrada provenía de comunidades forestales[[21]](#footnote-21).

Para el año 2002, 21 comunidades en varias regiones de México manejaban 516,404 ha de bosque certificado. El reto en los años 90 era consolidar los logros alcanzados y mejorar el manejo financieros de las comunidades, obtener equipamiento y mejorar los accesos y la infraestructura.

La entrada de México al Tratado de Libre Comercio con Norteamérica dio lugar a modificaciones legales para adaptar la estructura forestal a las condiciones de libre comercio. La legislación elimino la prohibición de parcialización y venta de las tierras ejidales y bosques comunales. En 1997 se estableció PRODEFOR para promover las plantaciones forestales. Simultáneamente PRODEFOR implementó el Proyecto de Conservación y Manejo de Recursos Forestales Sustentables financiado por el Banco Mundial con programas piloto en Michoacán, Guerrero y Oaxaca orientado al fortalecimiento de la actividad forestal comunitaria.

En el 2001 el sector forestal se reorganizó y se estableció la Comisión Nacional Forestal que continua con el apoyo a las plantaciones forestales y a los dos programas de foresteria comunitaria PRODEFOR y ROCyMAF.

**Estrategia de Promoción de la Participación Indígena**

La Estrategia para promover la participación de las comunidades forestales indígenas comprende criterios de carácter social y de estímulos al buen manejo forestal que se han venido aplicando exitosamente:

*Criterios de focalización*: Para asegurar la participación de las organizaciones y/o comunidades indígenas se utilizarán como referencia los criterios de prelación establecidos en las Reglas de Operación de Pro-Árbol publicadas en el Diario Oficial de la Federación del 29 de diciembre del 2011. Concretamente los Procedimiento de selección y lineamientos de prelación del Artículo 14 siguientes:

|  |  |
| --- | --- |
| **Criterios Sociales** | Puntos |
| Ejidos o comunidades que nunca hayan recibido apoyos de ProArbol, salvo sanidad, incendios, capacitación y transferencia de tecnología | 7 |
| Solicitudes que estén dentro de los municipios de la estrategia 100 x 100 | 5 |
| Solicitudes que se encuentren en las zonas de atención prioritaria definidas por la SEDESOL con un índice de marginalidad alto y muy alto |  |
| El terreno está ubicado en un municipio con mayoría de población indígena | 3 |
| El solicitante es mujer | 2 |
| **Estímulo al buen manejo forestal** |  |
| Certificado de programa de manejo forestal maderable o no maderable o certificación forestal nacional o internacional | 3 |
| tiene auditoría técnica preventiva o certificación de buen manejo forestal en proceso | 1 |

*Promoción de la Participación:* Lograr la participación indígena requiere de un programa específico de comunicación que incluya información, promoción y capacitación. Este tipo de promoción se aplicará en áreas con alto número de comunidades forestales indígenas (Michoacán, Guerrero, Puebla, Oaxaca, Quintana Roo, Veracruz, Hidalgo, Chiapas, Durango, Chihuahua, etc.) de acuerdo con los criterios establecidos por la Comisión de Desarrollo Indígena (CDI).Esta estrategia incluirá actividades específicas como las siguientes:

1. Programa de comunicación para informar sobre el programa y los beneficios del mismo a través de la distribución de materiales bilingües y otros mecanismos de promoción adecuados a la región tales como radios comunitaria;
2. Proponer medidas para adaptar el proceso de financiamiento a las condiciones de las comunidades forestales indígenas tales como: apoyos para la preparación de las propuestas, asistencia técnica focalizada, etc.
3. Incorporar programas de fortalecimiento de las organizaciones comunitarias para facilitar la presentación de propuestas y elevar las posibilidades de éxito de los proyectos financiados;
4. Promover alianzas con entidades federales que puedan apoyar en la promoción (CONAFOR, CDI, BANSEFI, etc.) así como con organizaciones comunitarias locales.

*Participación de mujeres*: Se recomienda incorporar un enfoque de género en todo el proceso de promoción para promover la participación de las mujeres indígenas que son el grupo más vulnerable de la población rural pobre.

**Preparación de Planes Indígenas**

Cuando las acciones del Programa incluyan actividades forestales y/o de turismo rural con potencial de beneficiar comunidades indígenas se prepararán Planes de Desarrollo Indígena para detallar los alcances de aplicación de las medidas propuestas en este marco incluyendo:

1. Relevancia de la actividad forestal comunitaria para las comunidades indígenas.
2. Datos socioeconómicos básicos de la población beneficiaria (pueden ser de fuentes secundarias)
3. Caracterización etnográfica (CDI tiene información de comunidades indígenas)
4. Registro de consulta (acuerdos de asamblea por ejemplo)
5. Acuerdos para la ejecución del proyecto
6. Apoyos adicionales que proporcionará Financiera Rural para facilitar la participación tales como: capacitación, asistencia técnica; etc.
7. Definición de metas e indicadores de resultado.

**Diseminación de información**

De acuerdo con la Política de Pueblos Indígenas los planes se publicaran localmente y en la página web de Financiera Rural y serán enviados para la aprobación del BID.

1. In Mexico, “Ejidos” are collective land grants to groups of individuals that have occurred through the agrarian reform process, whereas “Comunidades” consist of lands redistributed to peasant communities that had been granted lands by the Spanish Crown. Although agricultural plots are usually individual usufruct, forests tend to be held as common properties in both cases. [↑](#footnote-ref-1)
2. Since the beginning of 2010, FR has financed 18 projects that include palm oil, mainly in the states of Chiapas, Guerrero, and Tabasco. The total amount loaned was approximately US $2.5 million, which is approximately 0.12% of FR’s loans for 2010. These projects contain a total of 6,622 ha of palm plantations, but the funds were used for maintenance, capital purchases, and working capital, in addition to the creation of palm plantations. [↑](#footnote-ref-2)
3. FR shall consult with IDB environmental and social staff should there be any questions or doubts on a proposed environmental impact categorization. [↑](#footnote-ref-3)
4. Converted lands are lands that have been converted for the purpose of developing the plantation, regardless of when the conversion took place. [↑](#footnote-ref-4)
5. For definitions, see the IDB’s Environment and Safeguards Compliance Policy. [↑](#footnote-ref-5)
6. This does not apply to project sponsors who are not substantially involved in these activities. “Not substantially involved” means that the activity concerned is ancillary to a project sponsor’s primary operations. [↑](#footnote-ref-6)
7. This does not apply to project sponsors who are not substantially involved in these activities. “Not substantially involved” means that the activity concerned is ancillary to a project sponsor’s primary operations. [↑](#footnote-ref-7)
8. www.cites.org. [↑](#footnote-ref-8)
9. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where it can be demonstrated that the radioactive source is to be trivial and/or adequately shielded. [↑](#footnote-ref-9)
10. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%. [↑](#footnote-ref-10)
11. Pharmaceutical products subject to phase outs or bans in United Nations, *Banned Products: Consolidated List of Products Whose Consumption and/or Sale Have Been Banned, Withdrawn, Severely Restricted or not Approved by Governments*. (Last version 2001, www.who.int/medicines/library/qsm/edm-qsm-2001-3/edm-qsm-2001\_3.pdf). [↑](#footnote-ref-11)
12. Pesticides and herbicides subject to phase outs or bans included in both the Rotterdam Convention (www.pic.int) and the Stockholm Convention (www.pops.int). [↑](#footnote-ref-12)
13. Ozone Depleting Substances (ODSs) are chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized ‘ozone holes’. The Montreal Protocol lists ODSs and their target reduction and phase out dates. The chemical compounds regulated by the Montreal Protocol include aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents. (www.unep.org/ozone/montreal.shtml). [↑](#footnote-ref-13)
14. Defined by the Basel Convention (www.basel.int). [↑](#footnote-ref-14)
15. Defined by the International Convention on the reduction and elimination of persistent organic pollutants (POPs)(September 1999) and presently include the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex, and toxaphene, as well as the industrial chemical chlorobenzene (www.pops.int). [↑](#footnote-ref-15)
16. SAGARPA. 2006. “El Sector Agropecuario Mexicano: evolución, retos y perspectivas”. [↑](#footnote-ref-16)
17. Destacan los riesgos climatológicos, de comercialización y de precios; así como la concentración de riesgo por actividad y zonas geográficas. Más aún, hay mayores limitaciones en términos de colateral disponible y su ejecución. [↑](#footnote-ref-17)
18. Las Empresas Forestales Comunitarias se basan en la explotación comercial de madera proveniente de bosques de propiedad comunal. Las EFC buscan la generación de ingresos, la conservación de los bosques, y la producción de bienes públicos para el beneficio comunitario. [↑](#footnote-ref-18)
19. Operational Policy on Indigenous Peoples and Strategy for Indigenous Development: Chapter IV Policy Directives: Mainstreaming indigenous specifically in projects with a general approach (p6) [↑](#footnote-ref-19)
20. (Wexler and Bray 1996,237; Bray and Wexler 1996) Citados en: Campesinos and Mexican Forest Policy during the Twentieth Century by Dan Klooster [↑](#footnote-ref-20)
21. Ibid [↑](#footnote-ref-21)