

Early Warning System

# IFC-42727

## Uumbal Veracruz Pine

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### Quick Facts

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| **Countries** | Mexico |
| **Financial Institutions** | International Finance Corporation (IFC) |
| **Status** | Proposed |
| **Bank Risk Rating** | B |
| **Voting Date** | 2021-03-31 |
| **Borrower** | AGROFORESTAL UUMBAL VERACRUZ, S.A.P.I DE C.V. |
| **Sectors** | Agriculture and Forestry |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 13.00 million |

## Project Description

Project Description (summary)

Agroforestal Uumbal Veracruz (“Veracruz” or the “Company”) is a pine forestry company established in 2011 as a JV between Industrias AlEn (“AlEn”), a leading Mexican household cleaning products company, and Ecom Agroindustrial (“ECOM”), a global agribusiness company. The Company was created to produce pine resin for the manufacturing of household cleaning products. From planting, trees take about 7 years to reach a meaningful resin production. The project will support the sustainable forestry operations to bring the plantation to its productive plateau.

Project Description

The proposed investment is a US$13 million loan to Agroforestal Uumbal Veracruz (“Uumbal Veracruz”). The company was established in 2011 as a joint venture between Industrias AlEn, a leading Mexican household cleaning products company, and Ecom Agroindustrial Corp. Ltd (ECOM), a global commodity trading and processing company. Uumbal Veracruz was created to produce pine resin for the manufacturing of household cleaning products. The company is located in the southeast of the state of Veracruz, where it owns 7,000 hectares and operates 3,700 hectares of pine plantations (Pinus caribaea x elliotti), the remaining area is dedicated to the preservation of forests and wetlands (2,000 ha), designated as potential for plantations (1,000 ha), or occupied by infrastructure (300 ha). The farms are located in the municipalities of Moloacán and Las Choapas (District 1 – seven farms with a total area of 5,500 ha) and Sayula de Alemán (District 2 – three farms with a total area of 1,500 ha). No additional expansion requiring land acquisition is envisaged. The distance between District 1 and 2 is about 70 km. The farms were acquired between 2011 and 2017 and no further expansion is planned. Between 2016 and 2018, Uumbal Veracruz planted an additional 915 hectares through a smallholders' program with 25 third-party producers in neighboring Tabasco.

Overview of IFC's Scope of Review

Given current travel restrictions related to the COVID-19 pandemic, review of this investment consisted of a virtual appraisal comprising technical, environmental and social information made available by Uumbal and a series of meetings via video conference with company representatives, including corporate environmental, health and safety (EHS), social, human resources and senior management representatives from Uumbal and its parent companies, from September 8th to October 1th, 2020. IFC also retained the services of a local social consultant to visit the site operations on the week of October 16th to interview local stakeholders, including community members, neighboring landowners, workers, union delegate, and associated producers (third-party suppliers) to assess working conditions and the company’s relations with stakeholders. IFC’s appraisal also used the Integrated Biodiversity Assessment Tool (IBAT) to screen for negative impacts on critical habitats, and IFC’s Gender-Based Violence (GBV) risk screening tool to screen for GBV risks in Uumbal’s direct and sourcing operations.

The appraisal will be supplemented with a field review, after travel restrictions arising from the COVID-19 pandemic are removed. The review will include a site visit to Uumbal’s headquarters in Tabasco and to its operations in Veracruz focusing on the implementation of its EHS, HR and Supply Chain management systems and plans at the plantation level. The supplemental field review will include a review of the implementation of stakeholder engagement practices and relations with the local communities, meetings with relevant stakeholders, and a review of EHS, labor, and working conditions at its farms’ operations and at the outgrower scheme.

## Investment Description

- International Finance Corporation (IFC)

| Private Actor 1 | Private Actor 1 Role | Private Actor 1 Sector | Relation | Private Actor 2 | Private Actor 2 Role | Private Actor 2 Sector |
|---|---|---|---|---|---|---|
| - | - | - | - | AGROFORESTAL UUMBAL VERACRUZ, S.A.P.I DE C.V. | Contractor | Agriculture and Forestry |

## Contact Information

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