

Early Warning System

IFC-42727

Uumbal Veracruz Pine

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Quick Facts

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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You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org