



Food and Agriculture  
Organization of the  
United Nations



**CPF**  
COLLABORATIVE PARTNERSHIP  
ON FORESTS

## Public and private international finance

# Lessons learned from the Forest Investment Program: Mexico's experience with the private sector



Food and Agriculture  
Organization of the  
United Nations



United Nations Convention  
to Combat Desertification



# Background

- Almost 11 million people depend on Mexico's forests → Any transformational change must include policies and practices to slow deforestation and forest degradation, but also improve **economic opportunities**.
- REDD+ in Mexico is based on **sustainable rural development**. All sectors related to forests must coordinate their activities to achieve an **integrated land management**.
- **Mexico's FIP Investment Plan** has a programmatic approach with **innovative elements**, so rural development policies are managed and aligned at the forest landscape level.

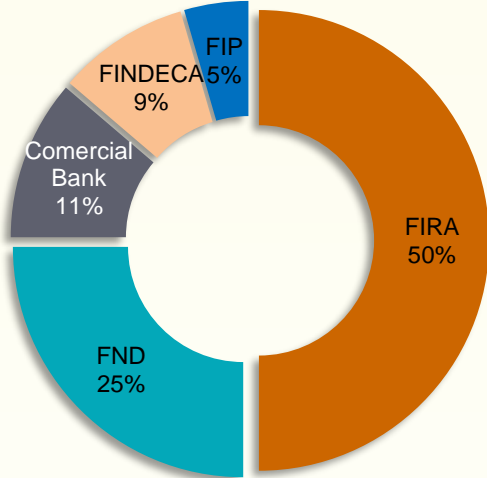


# FINDECA



- Private sector institution, Financial Intermediary for Producers and part of CEPCO Group
- Started in 2007 funded by Bank of Mexico and FIRA (National Development Bank)
- Disbursing 30 million dollars each year in credit to Mexican CFE's.
- In 2012, FINDECA was selected to implement Project FIP4.

## FINDECA funding sources 40 million dollars



# FIP Model

Technical Assistance  
from the start

Acompañamiento y asistencia  
desde el inicio



Capacitación (técnica,  
financiera, administrativa y legal)

Training

(technical, financial, administrative and legal)

Crédito a la medida

Tailored credit line



- + increased businesses
- + increased income
- + community and *ejid*os strengthened
- less deforestation and forest degradation



# Pueblos Mancomunados

## Oaxaca, México

- Wood industrialization, furniture creation (3 CFE's with 600 partners)
- US \$700, 000 credit strengthened the development of a **sustainable productive activity**.
- Employment increase (50 % of jobs generated, go to women).
- FSC CoC certification
- Coordination of public- private investments.
- Increase of national market share and competitiveness.



# Lessons learned

1. FINDECA's social roots improved communication with CFE's, providing agile, adequate and oportune financing.
2. The **inter-institutional coordination** provides a solid basis for the integrated land management approach. Also, collaboration with development agencies is crucial to coordinate donors, leverage more resources, and spread results.
3. The project **transformed and increased financing for low carbon sustainable projects**. It changed the way the forest sector is regarded: An attractive sector for investments, a vital alternative for climate change mitigation, and for the people who live in it, a steady income source.
4. Small-scale projects **contribute to social goals**, have a greater local content, targeted to the needs of the beneficiaries, which **encourages local engagement**. It is a **synthesis between development and climate** change.
5. The knowledge will stay within the institutions, applying these principles with more projects with their own resources, creating a **demonstrative effect**.  
This is a **sustainability element of the projects**.



# CPF Proposals

1. Design of financing lines specific for forest projects that are economically profitable, socially responsible and environmentally sustainable.
2. Development of **projects tailored to specific needs**, these investments have a high possibility of **success and further replication**. These projects might not be “big”, but under no circumstances are not “radical”, since they will **transform deeply** the way both forest enterprises and productive activities are regarded, inside and out of the forest sector.
3. Design of schemes that involves credit lines on local currency, with a concessional rate, specific technical assistance and guarantee funds, capitalizable for CFE’s that recurrently use the credit.
4. An integral landscape approach must be kept, involving *ejidos* and communities since project design, making sure they respond to their particular needs.



# Thank you

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