

IFAD member states presentation PDB Group progress



FIRA was FOUNDED in 1954 to support and finance agricultural, forestry and fishing activities in addition to the rural sector.

Primary production

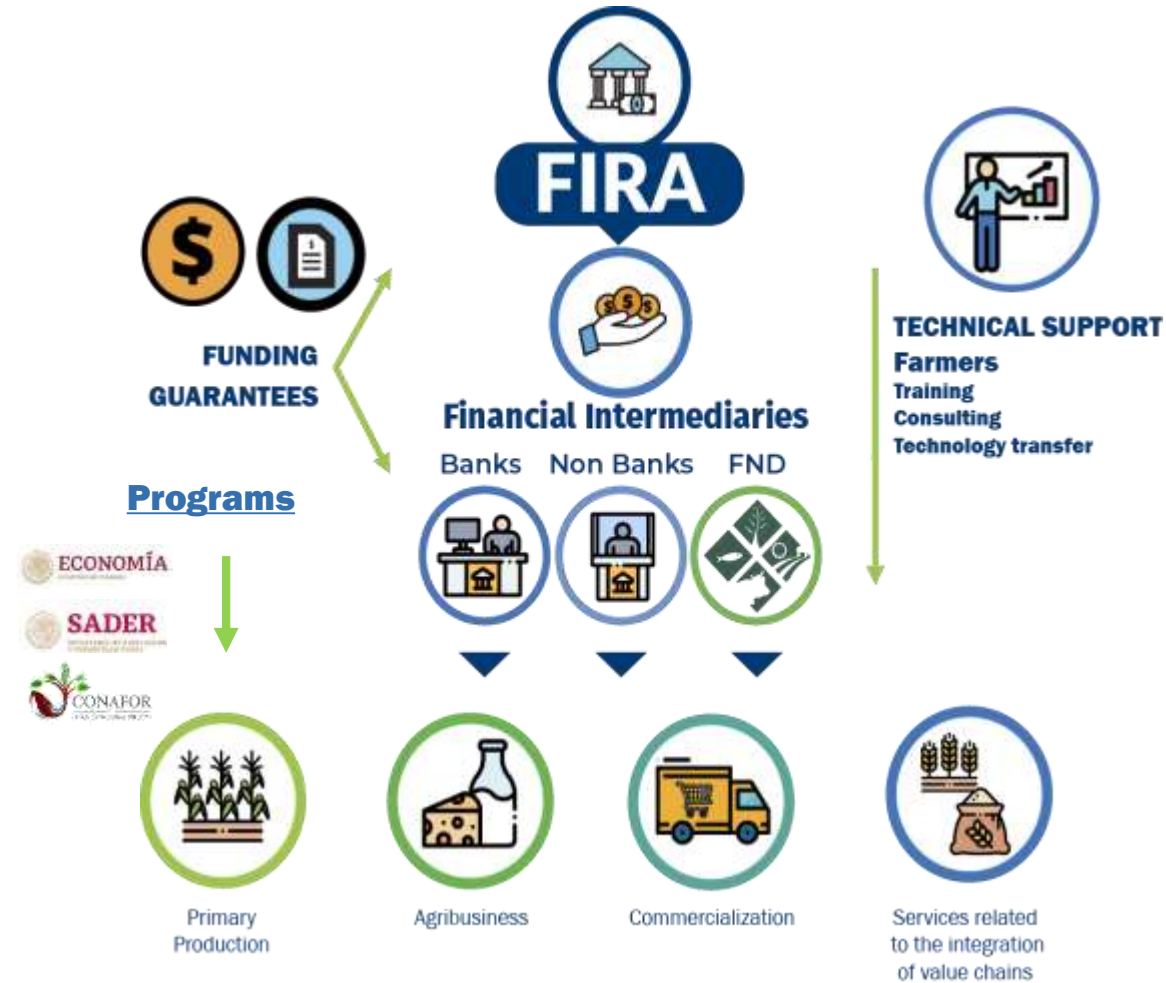
Agroindustry



Services related to the integration of value chains

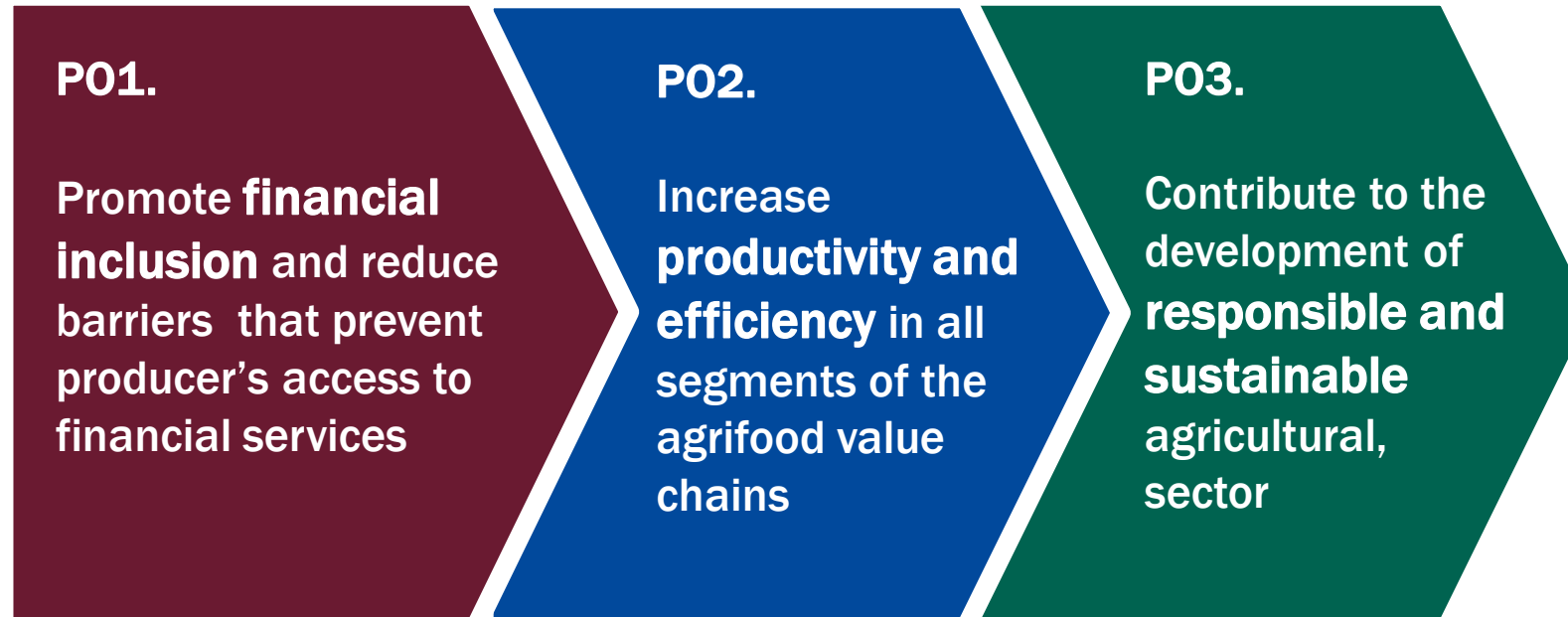
Commercialization

As a second-tier Development Bank, our business model is supported by a network of 82 Banking and Non-Banking Financial Intermediaries, which are the channel to get financing to producers and companies.



Clients: Agricultural producers, businessmen, merchants and service providers.

According to the instruments and capacities of FIRA three Primary Objectives (PO) were set to contribute to the mentioned SDGs



- These 3 objectives comprise 13 strategies (S1 to S13) designed to achieve them (see [Appendix](#)).

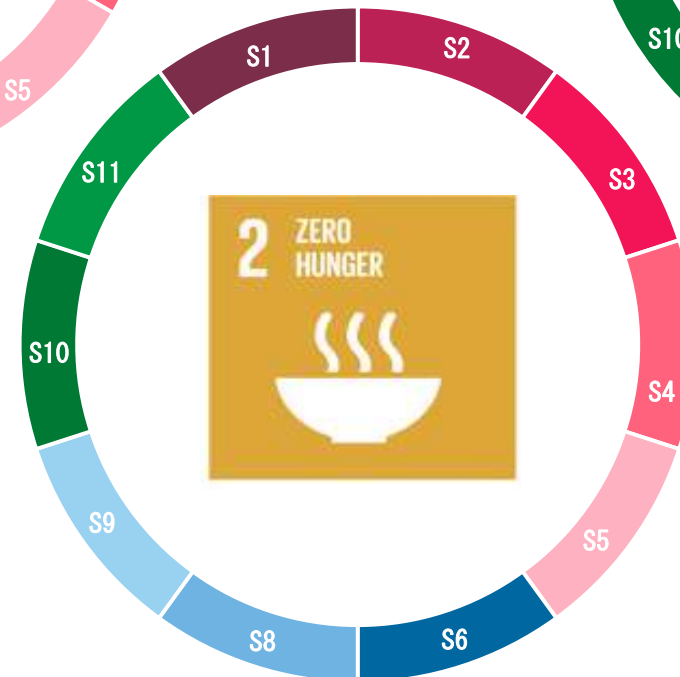
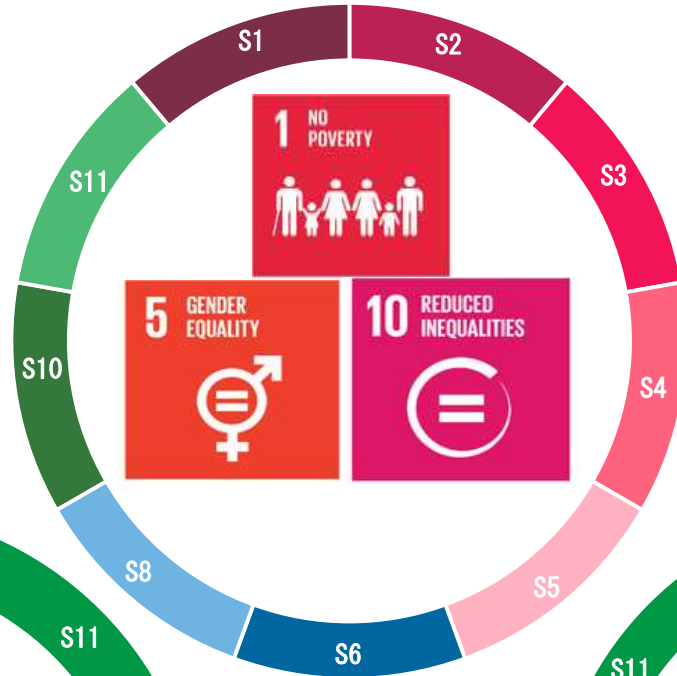


The link between the SDGs and the 3 PO's strategies is shown below

Primary Objectives



Strategies



DEVELOPMENT of a TAXONOMY



- FIRA determines the eligibility of bank loans by using a taxonomy of “*investment concepts*”.
- The taxonomy is aligned to the European Union’s taxonomy and to Sustainable Development Goals and classifies technologies in four concepts:
 - ✓ Energy Efficiency
 - ✓ Environmentally sustainable agriculture
 - ✓ Renewable Energy
 - ✓ Water Efficiency

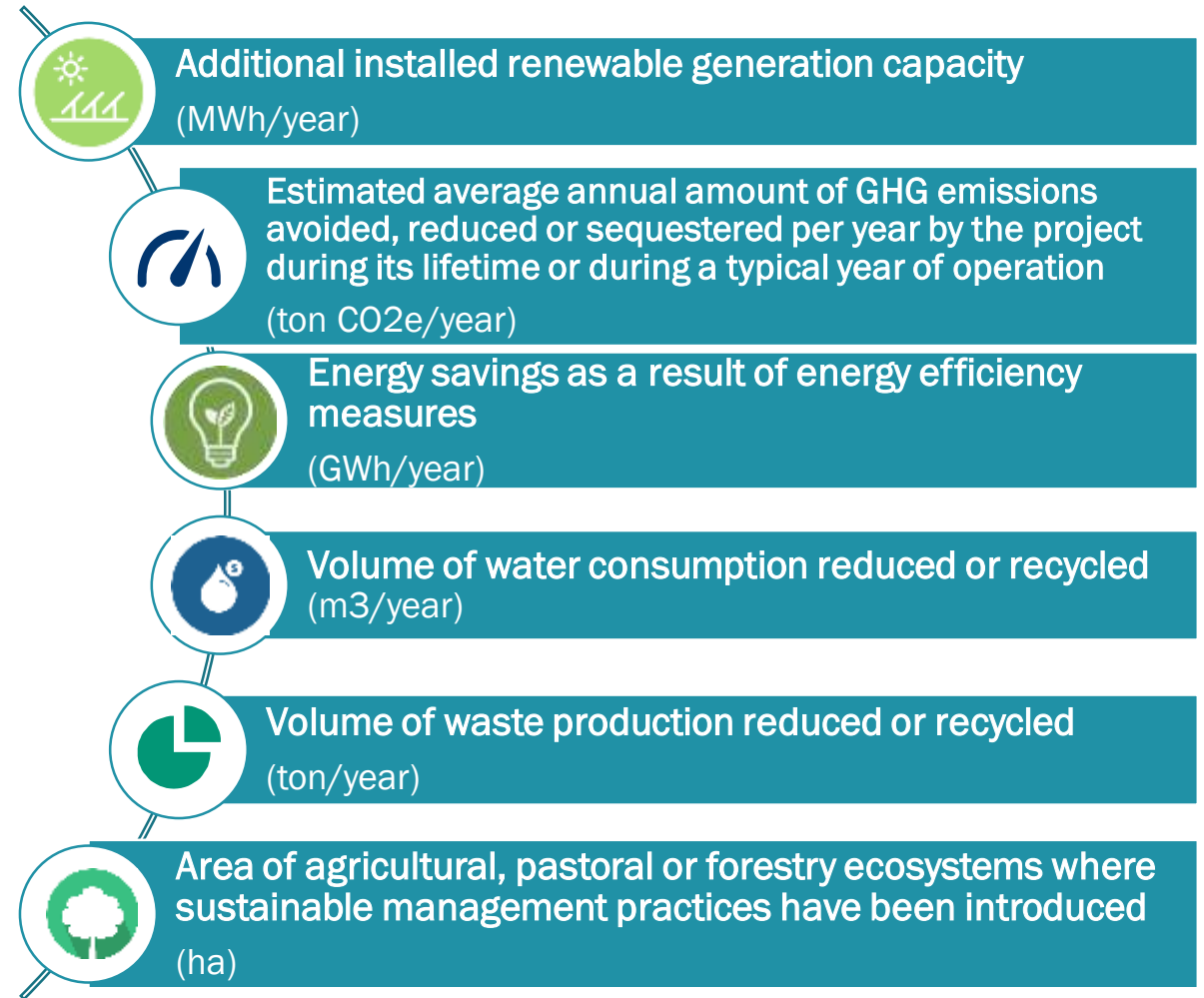
Development of Impact Indicators

- The framework developed identifies impact indicators of which 6 are related to environmental performance (8 indicators to social issues).



Dimensions of Sustainable Development:

Indicators (environmental performance)





Development of a Green bond standard

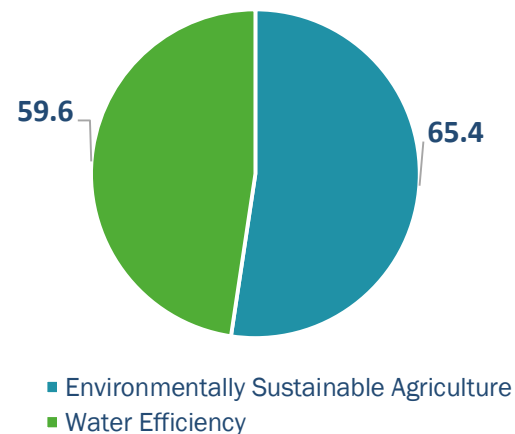


FIRA's green bonds are characterized by supporting hundreds of small, medium and large productive projects distributed across the territory (782 projects).

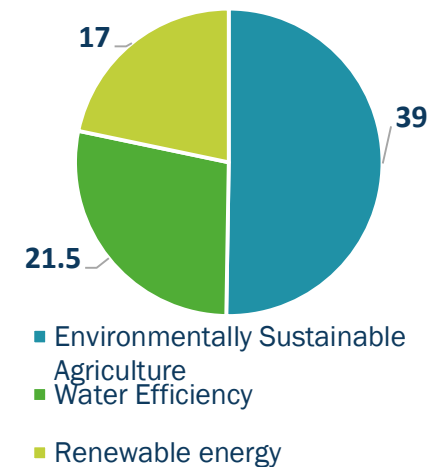
- ✓ The first green bond issue (FEFA18) for US\$125 million was fully allocated during (2019).
- ✓ The second green bond issue (FEFA19V) for US\$125 million USD is up to 62%.

Allocation of the GB funds (Per project category)

FEFA 18V
million dollars



FEFA 19V
million dollars



PDB Group

- Convergence or a cluster of agricultural PDBs
- Heterogeneity in the degree of development of participant countries
- Similarity of challenges and variety of approaches to problem solving
- Effective meeting point for knowledge sharing
- Rich source of information on international standards provided by participants or third parties.

PDB platform opportunity



Repository of documented knowledge, experiences, case studies and papers of specialized nature



Link to relevant initiatives and international meetings



Potential source of contact with relevant service providers in the area of knowledge and technology



Ideal platform for convergence of information for standard setters (i.e. sustainability, bond ratings, taxonomies, etc.)



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Con FIRA ¡SÍ es posible!

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In October 2020, FIRA launched an Environmental, Social and Governance (ESG) portal in its web page based on international standards.



Climate Change



Natural resources



Pollution and waste management



Environmental opportunities



Social opportunities



Human capital



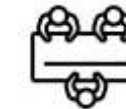
Stakeholders



Product responsibility



Corporate board & structure



Ethics

We invite you to visit new FIRA [ESG portal!](#)

FIRA's sustainability strategy

Emerges from a structure conformed by 3 pillars



Pillar 1

Do no harm

Do not contribute to make the problem bigger



Pillar 2

Do good

Contribute with solutions to the problem



Pillar 3

Involve

Provide information and a working framework for third parties to act



Pillar 1: Do no harm

Introduction of policies, rating methodology, analysis tools to manage socio-environmental risks,

SARAS¹

Based upon international best practice: Equator principles and IFC guidelines

Identification of risks

Risk evaluation and rating

Mitigating measures

Supervision

Example: Financing of a sugar mill in 2020

- Environmental risks (generation of wastewater and gas emissions) were identified, as well as social risks (handling of chemical substances).
- The loan was conditioned to the presentation of annual compliance reports: Official Mexican Standards related to contaminant limits in wastewater; the maximum gas emissions allowed; and on job security conditions.



Pillar 2: Do good

Promote projects that involve technologies that minimize the impact of rural activities on the environment.

Active promotion of sustainability related investments



Energy efficiency (e.g. efficient industrial boilers, specialized refrigeration equipment)



Environmentally sustainable agriculture (e.g. Protected agriculture, conservation agriculture, etc.)



Renewable energy (e.g. Solar photovoltaic and biomass energy generation projects)



Water efficiency (e.g. Irrigation System projects / efficient use of water)

Further details on FIRA's sustainability taxonomy and impact indicators are offered in the annex

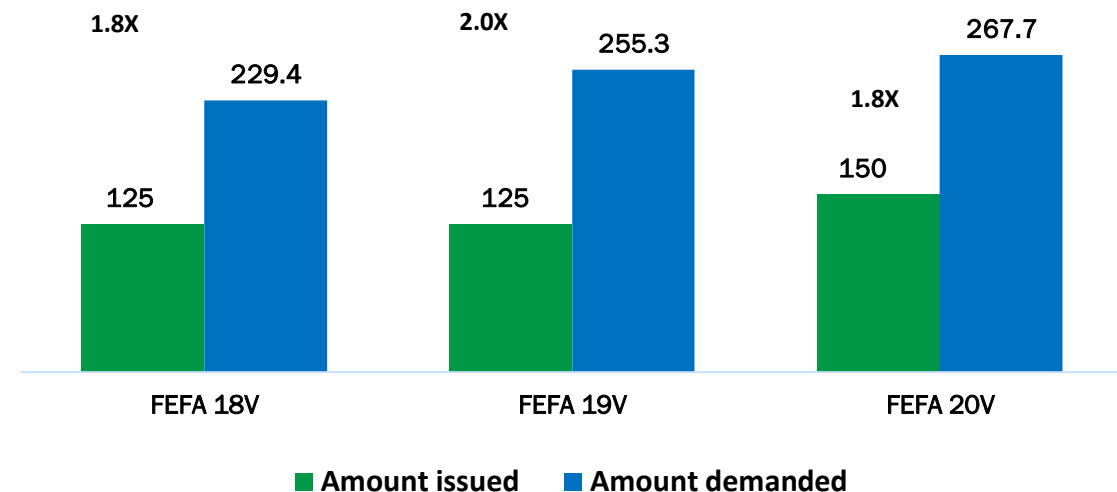


Pillar 3: Involvement

- Thematic bonds are the instrument of choice for sharing information of the effects of agriculture in the environment and propose solutions.
- FIRA has issued 3 Green Bonds (GB) for an approximate of 400 million USD (MXN\$8,000 million) which fund hundreds of small, medium and large projects distributed across Mexico.
- GBs have shown higher demand as compared to traditional bonds.

Category	Environmentally sustainable agriculture	Water efficiency	Energy efficiency	Renewable energy	
SDG	 2 ZERO HUNGER	 13 ACCIÓN POR EL CLIMA	 6 CLEAN WATER AND SANITATION	 13 ACCIÓN POR EL CLIMA	 7 AFFORDABLE AND CLEAN ENERGY

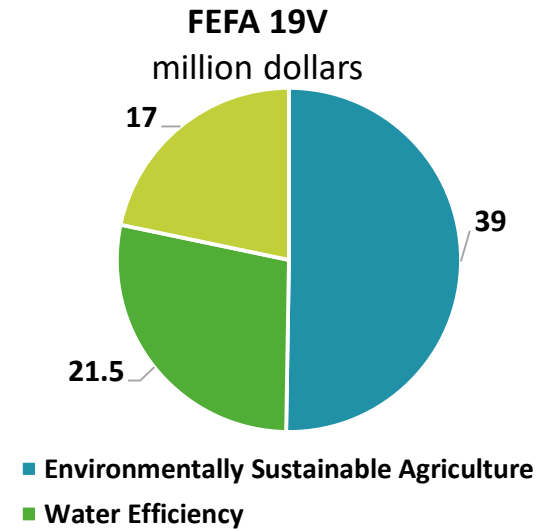
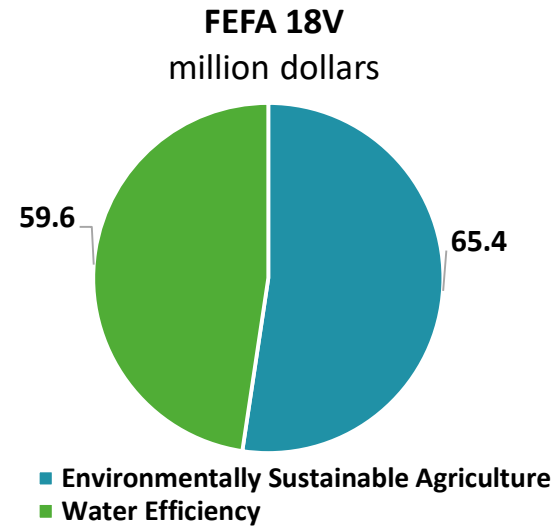
FEFA's green bond issuances and their excess demand
(million dollars)





Pillar 3: Involvement

- The three Green Bonds comply with the four principles published by ICMA.
- They received a positive Second Party Opinion (SPO) from Sustainalytics.
- FIRA also obtained the Climate Bonds Initiative (CBI) certification.
- The number of projects financed with the bonds adds to 782.



Eligible Green Project	Projects	Annual reduction in water consumption (m3)	Annual GHG emissions reduced (ton Co2e)
Environmentally Sustainable Agriculture	Protected Agriculture	5,694,300	23.5
	Forestry	NA	200,000
Water Efficiency	Localized irrigation	18,881,573	NA
	Sprinkler irrigation	9,025,863	NA
Renewable energy	Solar photovoltaic systems	NA	5,575
Total		33,601,736	205,599

FEFA obtained the rating grade "BBB" on a global scale by MSCI ESG Ratings

<i>Emisor</i>	<i>Calificación</i>
Hong Kong Exchanges & Clearing Limited	AA
Banorte	AA
S&P Global Inc	A
CME Group Inc	BBB
FEFA *	BBB
International Exchanges, Inc	BBB
Gobierno Federal Mexicano	BB
Berkshire Hathaway Inc.	BB
Nafin*	B

* Private rating



Source: MSCI

- The rating obtained by FEFA in 2021, **places it above** the Government of Mexico, development banks and even some international financial institutions.