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LOS PRODUCTORES DEL CAMPO EN OAXACA

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¿Quiénes son los indígenas?

La sociedad indígena ha cambiado durante los últimos años, ya no se trata de comunidades aisladas y cerradas, en donde la identidad, la actividad política, económica y cultural se circunscribían al ámbito comunitario. Hoy más que nunca la población indígena oaxaqueña experimenta procesos migratorios por todo el país y fuera de él; de relaciones interétnicas (por ejemplo, matrimonios) que antes no se daban, y de formas de organización social y política que rebasan, no sólo los límites de la comunidad, sino también de sus territorios y de los grupos lingüísticos. En este contexto no quiere decir que ser chinanteco, mixteco o zapoteco deje de ser relevante. Tampoco se trata de un proceso de "integración" a la cultura nacional tal como pronosticó la política indigenista hace 70 años. Sin duda, las comunidades han sufrido cambios e inclusive pueblos que antes eran estudiados como indígenas hoy son considerados mestizos, sin embargo, también presenciamos un proceso de reconstitución y reivindicación de la identidad.

Dentro de este marco en el que se mueve el mundo indígena, Oaxaca es el estado que alberga el mayor número de población indígena y diversidad cultural, que se expresa en 15 grupos indígenas; seguido de Veracruz, Chiapas y Yucatán. De los 3 millones 228 mil habitantes que informa el Censo de 1995, 1 millón 27 mil son hablantes de lengua indígena (véase Cuadro 1). Existe un consenso entre antropólogos, sociólogos, demógrafos, actuarios y el propio Instituto Nacional de Estadística, Geografía e Informática (INEGI), que estas cifras reflejan un escenario limitado de quiénes son realmente los indígenas. Es decir, que aspectos como la religión, el modo de vida, la indumentaria, los patrones alimentarios, el sistema político o la propia lógica económica forman parte del ser indígena. El no hablar la lengua materna no los condena a perder su identidad, no significa romper el cordón umbilical con la comunidad. La fortaleza de sus culturas trasciende con mucho los números, a pesar de los procesos de transformación cultural que operan en las comunidades.

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A partir del censo de 1990, el INEGI incorporó dos nuevas variables para identificar a la población indígena, una fue la que introdujo en dicho censo, que es la siguiente: “población de 0 a 4 años en vivienda cuyo jefe o cónyuge habla alguna lengua”, la otra es la que agregó en el Censo de 1995, es decir, “ocupantes en viviendas donde el jefe o cónyuge habla lengua indígena”. Estos dos nuevos indicadores arrojan cifras un tanto superiores a las informadas de manera convencional. Si bien este trabajo constituye un esfuerzo, se requiere adecuar aún más los instrumentos censales para determinar el número de población indígena que vive en el estado y en el país. A este respecto, a principios de este año, el Centro de Investigación y Estudios en Antropología Social convocó a especialistas y estudiosos del tema para una reunión, a fin de discutir propuestas que contribuyan a identificar con mayor precisión la población indígena en el censo del año 2000.

No obstante estos esfuerzos, sabemos que el estigma de ser “indio” es una lápida que los indígenas de Oaxaca, de México en general y de América Latina llevan sobre sus espaldas. La igualdad jurídica ante la ley les otorgó derechos para formar parte de la Nación mexicana, pero también les negó la posibilidad de expresar libremente su identidad. Por decreto, se borrarón las diferencias culturales que existen entre los 56 pueblos indígenas y la de la sociedad en su conjunto. La modificación del Artículo 4º, en la década de 1990, que reconoce la pluriculturalidad de nuestro país, manifiesta la fortaleza de las culturas indígenas y su adaptación a los cambios; sin embargo, este reconocimiento no se refleja aún en las políticas públicas de todas y cada una de las instituciones gubernamentales que realizan acciones para con los pueblos indígenas. Los indígenas, como miembros de sociedades culturalmente diferenciadas, no son incluidos en la planeación nacional ni estatal. Las acciones son coyunturales y marginales, dependen de la sensibilidad, de la conciencia y del conocimiento del gobierno en turno y, por supuesto, de quienes elaboran los programas. El tema indígena aún no forma parte de los grandes problemas nacionales.

Se piensa que el número de indígenas, cada vez menor, no justifica la aplicación de políticas públicas diferenciadas, adecuadas a sus regiones, a sus economías, a sus lenguas y a sus tradiciones. Además, continúa vigente la concepción de que las culturas indígenas son sociedades disfuncionales, que sus usos y costumbres, su cohesión comunitaria, formas organizativas y concepción del mundo, no son compatibles con la globalización y la intensificación de la producción moderna, donde estos espacios son cada vez más escasos. Sin embargo, las crisis económicas y los desastres ecológicos parecen indicar que el único modo de preservar los equilibrios naturales y culturales se encuentra en la inclusión y no en la exclusión de los otros, impulsando su desarrollo a partir de lo que son y no de lo que se quiere que sean.

Cuadro 1

Población indígena en Oaxaca, 1995

Total Oaxaca	0 a 4 años en vivienda cuyo jefe y/o cónyuge es HLI	5 años y más HLI	Ocupantes en vivienda cuyo jefe y/o cónyuge es HLI
3 228 895	193 488	1 027 847	1 484 357

Fuente: Censo de Población y Vivienda 1995.

La importancia de la identificación cuantitativa de la población indígena en el territorio nacional, y en particular en el estado de Oaxaca, está estrechamente vinculada con el reconocimiento más allá del discurso político y, necesariamente, se relaciona con la orientación de las políticas públicas federales y estatales, abocadas a brindar “atención” en las regiones indígenas. Ello también implica **Respeto** a los sistemas propios de organización económico-social; a sus valores y cosmovisión en su relación con la tierra y su territorio; a las prácticas propias de organizar su economía y a la voluntad de mantener una identidad propia, con las oportunidades que ofrece el desarrollo. **Diálogo** con las comunidades y sus autoridades comunales en la planeación de los programas, para identificar las necesidades y expectativas que tienen a partir de sus contextos: recursos naturales, formas de organización, conflictos internos, el capital humano existente y el conocimiento que tienen sobre dichos contextos. Este diálogo contribuirá a una sostenibilidad de los proyectos, en tanto que existen evidencias de que ésta se vincula estrechamente con la participación activa e informada de los sujetos de las políticas públicas.

Desde nuestro punto de vista, el uso de la lengua como indicador para cuantificar la población indígena ha sido útil para medir el grado de su integración a la sociedad nacional y la orientación de las políticas públicas, en el entendido de que cada vez hay menos hablantes. Cuando consultamos los censos de población desde 1930 hasta la fecha, la información que nos ofrecen, respecto al número de bilingües y monolingües en el estado y en el país, es que estamos frente a un descenso importante de los segundos. En 1930 los hablantes de lengua indígena eran el 16 por ciento y en 1990, 7.5 por ciento. En efecto, hoy menos indígenas hablan su lengua como resultado de las políticas educativas, pero ello no significa que existen menos chinantecos, zapotecos o cuicatecos. Estudios realizados en comunidades indígenas, en la última década, indican que el uso del español en la mayoría de los casos es un instrumento para realizar transacciones comerciales y atender a las agencias gubernamentales encargadas de llevar programas a las comunidades. Es decir, el español se utiliza para mantener contacto con el mundo exterior, sin embargo, en la comunidad y en la familia el uso de la lengua está muy

presente. Si bien ha disminuido el número de hablantes porcentualmente, como lo muestra el cuadro, en términos absolutos la población indígena ha experimentado una recuperación demográfica en las últimas décadas; recuperación en la que ha contribuido, en especial, la medicina preventiva y la erradicación de las enfermedades endémicas, como por ejemplo el paludismo.

Cuadro 2

Hablantes de lengua indígena según los censos de población

Año	Población total	Población 5 años y más	Población HLI 5 años y más	Población HLI 5 años y más %
1930	16 552 722	14 042 201	2 251 086	16.0
1940	19 653 552	16 788 660	2 490 909	14.8
1950	25 791 017	21 821 026	2 447 609	11.2
1960	34 923 129	29 146 382	3 030 254	10.4
1980	66 846 833	57 498 965	5 181 038	7.8
1990	81 249 645	70 562 202	5 282 347	7.5

Fuente: Luz María Valdés, *Los indios en los censos de población*, UNAM, 1995.

Si las cifras de los censos son poco confiables en lo que atañe a la población indígena, los diagnósticos socioeconómicos, elaborados por las instituciones gubernamentales para la implementación de proyectos y programas regionales o estatales, incorporan el tema indígena en alguno de los anexos y definen su actividad económica como de subsistencia: trabajo duro con herramientas ineficientes para generar tan sólo unos cuantos bienes y pocos o nulos excedentes. Esta percepción de la realidad indígena, como la parienta pobre de la producción moderna, la contrapone con la noción de productividad: mayores rendimientos del trabajo a determinado costo, de tal forma que para los economistas el comportamiento de la economía indígena no es productiva. En los diagnósticos oficiales no se menciona que la economía indígena moviliza mano de obra, que su producción agrícola alimenta a millones de personas, y que está vinculada a los mercados locales, regionales, nacional e internacional, como sucede en Oaxaca, y que, además, moviliza millones de recursos traídos de los Estados Unidos, provenientes del trabajo de mixtecos, zapotecos, chinantecos, etc., como podemos observar en cuadro siguiente (1).

Cuadro 3
Giros postales enviados en 1991 al estado de Oaxaca

Estado y región	Importe en millones de pesos	% del total
Oaxaca	13 687	100.00
Costa	75	0.55
Istmo	179	1.31
Mixteca	5 441	39.75
Papaloapan	76	0.56
Sierra Norte	1 671	12.20
Sierra Sur	1 153	8.42
Valles Centrales	5 082	37.13

Fuente: S. Nahmad y T. Carrasco, *Perfil de los pueblos indígenas de México*, BM-INI, 1998.

Estas remesas de los emigrantes indígenas internacionales, fundamentalmente de Estados Unidos, representaron, para el año de 1991, aproximadamente 2 millones de dólares. Las regiones a las que envían mayor cantidad son: la Mixteca, la zapoteca del Valle y la de la Sierra y la mixe, a las que remiten el 89 por ciento de esa suma total. Este ingreso representa el equivalente al presupuesto total anual que tiene el gobierno del estado. Si incluyéramos las remesas de los emigrantes nacionales más el dinero en efectivo que ingresa cuando vienen a México, la suma sería mucho mayor.

Si tomamos como indicadores para identificar a la población indígena los usos y las costumbres reconocidos en la reciente Ley sobre Derechos de los Pueblos y Comunidades Indígenas del Estado de Oaxaca, como son: la organización social y política, las formas de producción y el sistema de fiestas, de los 570 municipios, 412 se rigen por este sistema tradicional de usos y costumbres, según datos oficiales. Por su parte, el censo del noventa informó que del total de municipios, únicamente en diez no se identificaron hablantes de lengua indígena. De estos datos se puede inferir que la población indígena del estado no corresponde al millón de hablantes que informó el Censo de 1995. Además, del total de municipios, únicamente en 58 no se rigen por usos y costumbres; de tal forma que la población indígena en Oaxaca, hablante o no de lengua indígena, rebasa el millón informado oficialmente y es la **mayoría** de la población en el estado. Paradójicamente, quienes contribuyen a reproducir esa identidad son los propios emigrantes temporales o los que han establecido su residencia definitiva en alguna ciudad de México o de Estados Unidos. Envían recursos a sus comunidades para mantener su derecho a ser miembro de ella. Por ejemplo, para tener derecho a ser enterrado en su pueblo, debe enviar dinero y, así, mantener su condición de ciudadano y cuando, finalmente, retorna poder participar de la organización social, cívica y religiosa. Los recursos que ingresan al estado de Oaxaca son cuantiosos, como lo muestra el cuadro 3,

en giros postales registrados por la Comisión de Planeación de Desarrollo para el año de 1991.

Los productores del campo oaxaqueño

Un estudio reciente sobre la situación económica y social de los pueblos indígenas de Oaxaca da cuenta que el 85 por ciento de la superficie del estado se encuentra en manos de los indígenas, y el mayor porcentaje de tierra se concentra bajo la forma comunal. De la superficie total del estado, 6.8 millones de hectáreas, 5.4 millones de hectáreas amparan a 1 060 ejidos y/o comunidades con 398 mil beneficiarios. Los ejidos se encuentran esencialmente en las regiones del Golfo, Istmo y Costa, y las tierras comunales prevalecen en el Norte, Sierra y Cañada, en gran medida por haber mantenido sus tierras como propiedad comunal durante la Colonia. En los Valles Centrales los ejidos superan a la posesión comunal. En términos de superficie, las comunidades ocupan una mayor extensión con un acceso *per capita* de 28.5 hectáreas y los ejidos poseen 13.4 hectáreas (1)

En los ejidos y tierras comunales de los indígenas, se producen los alimentos que abastecen los mercados locales, regionales dentro del estado, y también los mercados internacionales como en el caso del café. En el cuadro 4, puede observarse el volumen de la producción en un año, según tipo de producto, con lo cual la población rural de Oaxaca hace patente su contribución a la economía. Desafortunadamente, estos volúmenes no cubren la necesidades de alimentación para toda la población, como sucede en el rubro de los granos básicos, como frijol y maíz. En 1997 Conasupo vendió en la entidad cerca de 125 mil toneladas de maíz, y en el estado sólo se produjeron 11 mil toneladas. Una de las causas de la baja producción se debe a que el gobierno del estado invirtió, en 1988, en el sector agropecuario y forestal el 4.65 por ciento, porcentaje notablemente más bajo que en el periodo 1970-1977, que fue de 25.3 por ciento. Aunque esta tendencia se está revirtiendo, ya que en el periodo 1993-1997 la inversión fue del 18 por ciento, el estancamiento agrícola que ha experimentando la economía indígena se hace patente a partir de la década de 1980.

Cuadro 4

Volumen de cultivos según tipo de productos ciclo 1995-1996

Tipo de cultivo	Toneladas producidas	Toneladas producidas Otoño- invierno	Toneladas producidas Primavera-verano	Superficie cosechada
Básicos	786 978	144 483	642 495	607 156
Forrajeros	3 925 959	17 793	3 908 166	117 672
Frutales	505 372	0	505 372	43 196
Hortalizas	56 981	36 528	20 453	8 731
Industria	3 803 595	3 627 169	176 423	292 097

Totales	9 078 885	3 825 973	5 252 912	1 068 825
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Fuente: cuadro elaborado con datos de SAGAR, Delegación estatal, en *V Informe de Gobierno de DCA*, 1997.

Para 97 por ciento de las comunidades rurales la agricultura **ES** la actividad principal, aun en zonas como la Mixteca y Valles Centrales, donde la migración ha dejado comunidades sin mano de obra. (véase cuadro 5). El énfasis que ponemos en la actividad agraria de los pueblos indígenas de Oaxaca no significa soslayar la creciente migración de campesinos indígenas a las ciudades del estado y a otras regiones de México, así como a los Estados Unidos. Sólo por mencionar algunos datos, de los 570 municipios, el 65 por ciento de su población, en su mayoría indígena, emigran temporalmente; sin embargo, desde hace 10 años tiende a ser definitiva. Los grupos indígenas que más se movilizan son los mixtecos, zapotecos y chinantecos. La fuerza de trabajo indígena es central en la viabilidad de los cultivos agroindustriales en regiones como el norte y centro de México. No se conoce el impacto de la crisis general y de la agrícola en particular sobre los circuitos de trabajo migratorio, pero la restricción de la economía ha influido en las estrategias económicas de los grupos indígenas, lo que repercute sobre la migración permanente.

Como mencionamos anteriormente, un factor que está contribuyendo a los cambios en las comunidades es la migración, debido entre otras cosas a los vínculos que tienen con las diferentes ciudades. Esta creciente migración está modificando también la visión que se tenía del indígena como campesino; desde hace más de una década ocupan espacios en las zonas urbanas y trasladan elementos de su cultura: la organización social, la lengua y si el pedazo de tierra adquirida o invadida lo permite, cultivan su milpa; asimismo, el nuevo entorno les ofrece otras pautas culturales que incorporan a su vida cotidiana.

Cuadro 5

Actividad principal de las comunidades indígenas

Región	Agricultura%	Silvicultura%	Comercio%	Construcción%
Mixteca	78.7	1.2	3.6	4.2
Cañada Golfo	76.7	0.8	5.2	3.6
Valles C.	76.9	1.0	2.1	4.5
S.Norte	87.4	0.00	3.3	0.9
S.Sur	55.8	1.5	6.5	8.0
Costa	78.0			
Istmo	87.7	5.3	1.2	0.8

INNSZ-ENAL,1996:39

Para los que viven en el campo, la milpa aún constituye uno de los pilares de su economía. En ella producen los granos básicos, maíz y frijol, con ellos alimenta a la familia, y si hay excedente (cada vez más escasos) es vendido en los mercados locales y regionales. No obstante, la agricultura indígena incluye productos para el mercado, como café, agaves, árboles frutales, hortalizas, caña de azúcar, hule, vainilla, barbasco y chile, entre otros. Un dato significativo, Oaxaca ocupa el tercer lugar a nivel nacional en la producción de café y se cultiva en 312 municipios de los 570 que tiene el estado, exceptuando la región de Valles Centrales. De su cultivo dependen alrededor de 55 mil familias, en su mayoría indígenas, hablantes o no de alguna lengua (2).

Además cuentan en sus territorios con un 90 por ciento de 3 106 956 hectáreas de superficie arbolada que posee el estado, en cuyos bosques se han definido 30 áreas prioritarias para su conservación. Nos referimos a los pueblos **mixes, zoques, zapotecos, chinantecos, cuicatecos, mazatecos y chontales de la costa**. De esta actividad dependen unos 133 mil habitantes y obtienen alrededor de 505 mil metros cúbicos de madera en rollo, que genera aproximadamente 175 millones de pesos anuales por la venta de productos maderables. Asimismo, existen 33 especies de agaves silvestres o cultivados, con los cuales se fabrican mezcal, fibras, alimentos y mieles, entre otros productos. Se estima que de su aprovechamiento dependen, directa o indirectamente, unas 25 mil familias, en especial indígenas, distribuidas en 146 municipios. La ganadería no es una actividad que represente ingresos importantes para la economía del estado ni para los indígenas; se concentra principalmente en Valles Centrales y la Mixteca, estando constituida por ganado caprino y ovino. Los hatos se manejan a través de la práctica del solar o familiar, bajo el régimen de libre pastoreo, y forma parte del ahorro familiar.

Toda esta producción se comercializa en los numerosos mercados o tianguis indígenas (atracción para los turistas), donde circulan todo tipo de productos y algunos no accesibles a otras plazas, como hierbas medicinales y alimenticias, flores, ciertas frutas y semillas silvestres de la estación, pieles de animales, productos de alfarería o cestería, cerdos, aves de corral y todo tipo de insectos. La importancia de estos centros de comercialización se hace patente, por ejemplo, en la región de Valles Centrales con una concurrencia de más de 1 000 localidades dentro y fuera del estado. En todas las regiones existe una red de mercados que vincula a miembros de diferentes etnias y población mestiza. Es un hecho que la mayoría de la población rural, casi en su totalidad indígena, tiene un papel activo en la economía del estado, al invertir su fuerza de trabajo para producir lo que alimenta a su familia y lo que vende en el mercado, incluyendo las remesas de los emigrantes que activan la vida de las comunidades: fiestas religiosas, mejoramiento de la vivienda, inversión en actividades agrícolas, etc.

Las vicisitudes del progreso

De acuerdo con los indicadores de marginalidad establecidos por el Consejo Nacional de Población (CONAPO), los indígenas de Oaxaca viven en la pobreza extrema y el estado está considerado dentro de los ocho más pobres del país. Según lo indica la Encuesta Nacional de Alimentación y Nutrición en el Medio Rural, en 1996, en Oaxaca el 78 por ciento de jefes de familia dependen de la agricultura como medio de vida, pero sólo el 11.8 por ciento recibe algún salario por esa actividad, mientras el 57 por ciento restante

de esa actividad descansa en la fuerza de trabajo familiar no asalariada y únicamente el 2.9 por ciento está en condiciones de emplear mano de obra asalariada. Por tanto, la mayoría de las familias indígenas campesinas disponen de escasos ingresos monetarios para satisfacer sus necesidades básicas y menos las suntuarias. Un ejemplo, una persona en el medio rural gasta promedio 27.9 pesos semanales, contra 30.1 pesos a nivel nacional. Esto da un gasto diario de 3.98 pesos en el estado y 4.30 a nivel nacional. Al mes esto significa para Oaxaca 118.8 pesos *per capita* y nacional 120.4 pesos. Es de suponer, que estos ingresos se complementan con el consumo de los productos producidos en la milpa y los huertos familiares: maíz, frijol, calabaza, chile, tepejilote frutas y aves de corral.

Otro factor que contribuye a la precariedad de la economía indígena, de acuerdo con los estudios antropológicos, es el endeudamiento crónico, que se origina a través de los créditos obtenidos de los Programas de Desarrollo. Los indígenas, en forma individual o familiar, se endeudan para obtener insumos agrícolas, animales, y pagar fletes y transporte para sacar sus excedentes a los mercados regionales. Actualmente, se encuentran “acorralados” por los agiotistas locales o regionales (indígenas y mestizos), quienes prestan a altas tasas de interés (3).

A su vez, la Secretaría de Desarrollo Social (SEDESOL), en 1994, informó que 2 026 230 de hectáreas de suelo se encuentran totalmente erosionadas y que el 84 por ciento de la superficie total del estado está con algún tipo de erosión. Entre las causas de degradación del suelo se hallan la presión demográfica, la deforestación, el pastoreo intensivo, la introducción desde los años setenta del uso de productos agroquímicos, la transformación de áreas de alta biodiversidad en potreros y los efectos de los sistemas agrícolas de roza-tumba y quema.

Cuadro 6
Tipos de erosión de los suelos en Oaxaca

Tipo de erosión	Zonas afectadas
Ligera o inexistente	Zonas que conservan bosques tropicales y subhúmedos y selvas media caducifolia en la Costa
Ligera	24% del territorio: Mixteca, Sierra del Sur, áreas de coníferas y lomeríos de poca pendiente
Moderada	51% del territorio: Costa del Istmo, zonas quebradas y de bosque tropical subhúmedas y coníferas en las Sierra Sur y Norte, y la Mixteca Alta y Baja.
Grave	19% del territorio: Mixteca Alta, porciones de la Sierra Sur. Totalidad del distrito de Yautepec y gran parte de Tehuantepec en el Istmo.

Fuente: Rodrigo Alvarez L. 1994:127-128.

Aun con la severa caída de la rentabilidad de la agricultura en los últimos 10 años, que ha ocasionado la descapitalización y el endeudamiento recurrente de los campesinos indígenas, ellos son los productores del presente y del futuro en el campo oaxaqueño. El gobierno del estado no puede soslayar la importancia que esto tiene para la economía de la entidad y, sobre todo, que la búsqueda de alternativas viables debe darse sobre la base de un diálogo con los productores indígenas, a partir de un reconocimiento de sus estrategias económicas y culturales, y un reparto equitativo de los recursos, sin que medie el tradicional, y cada vez más ineficaz, componente político de cooptación partidista.

Aquí cabe una pregunta, ¿por qué los municipios indígenas de Oaxaca son ubicados en los niveles más bajos de pobreza, es decir, de alta marginalidad, cuando observamos que su vida económica es dinámica dentro del estado, poseen cuantiosos recursos naturales de gran potencial para su desarrollo social, cultural, educativo y económico y finalmente aportan al estado de Oaxaca millones de dólares por su trabajo en los Estados Unidos?

Políticas públicas

Muchos de los problemas de rentabilidad de la agricultura, suelos erosionados, la descapitalización y el endeudamiento recurrente de los productores indígenas tienen un origen anterior a la crisis económica y a las reformas agrarias de los noventa, pero ciertamente éstas los han agravado. El estancamiento del sector agrícola y la creciente importación de granos básicos se hacen presentes al inicio de la década de 1980, ante la ausencia de una política de fomento y crédito para los productores ejidatarios y comuneros indígenas. Los apoyos estuvieron orientados a los grandes productores mono exportadores de los estados del norte del país. Políticas éstas que fueron tallando el abismo de la desigualdad y la desesperanza, como lo expresan hoy ancianos y jóvenes en las comunidades de la Chinantla, al no vislumbrar un futuro digno para sus hijos.

La solución a esa marginación no se logrará únicamente con el reconocimiento expreso en el artículo 4o de la Constitución o la reciente ley de Derechos de los Pueblos y Comunidades Indígenas del Estado de Oaxaca; las políticas públicas requieren actuar en consecuencia. Estas reformas son, indudablemente, un paso trascendental para el país y para Oaxaca, en tanto las nuevas generaciones empezarán a recobrar su identidad y a educar a sus hijos con estos principios, sintiéndose orgullosos de sus orígenes. Ya no serán objeto de humillaciones, como lo fueron sus padres y abuelos, y no tendrán que esconder su identidad, para obtener la oportunidad de ingresar al mundo considerado civilizado y moderno.

Las múltiples evaluaciones de los programas dirigidos al campo, y en especial en las regiones indígenas, documentan insistentemente la duplicidad de las acciones de las instituciones gubernamentales y las incongruencias de sus modelos, aplicados por lo general de manera homogénea en las áreas rurales, en materia de salud, educación y producción. A su vez, las investigaciones producidas en los diversos centros de académicos aluden a la necesidad de un diálogo entre los sujetos de las políticas públicas, los técnicos y los funcionarios que implementan dichos programas. Por lo general, estos instrumentos para la aplicación de las políticas públicas se elaboran en los escritorios y,

desde ahí, se definen las necesidades, las prioridades de las comunidades indígenas y como éstas deben vivir. A pesar de veinte años de gobiernos que han aplicado ajustes estructurales en el sector agrario y consecutivamente desde la década de 1990, con el propósito de “aliviar” la pobreza y la miseria, los efectos esperados están lejos de ser una realidad. En cambio, los resultados han sido de una mayor desigualdad y marginación de los sectores más débiles, y los pueblos indígenas son quienes han salido maltrechos de los efectos de las políticas neoliberales en el agro mexicano.

Indudablemente, las reformas expresan un cambio del modelo económico e institucional. Primero, ha desaparecido el Estado benefactor y desarrollista; segundo, se pasó de una economía rural cerrada y regulada por el Estado a otra abierta y dominada por las fuerzas del mercado internacional. Existen multiplicidad de análisis sociales y económicos, sobre la experiencia de los productores indígenas en las décadas de políticas proteccionistas, paternalistas, reguladoras, burocráticas y hasta autoritarias, que impusieron un modelo agrario basado en el monocultivo orientado esencialmente al mercado y un uso indiscriminado de insumos, como los fertilizantes. En el caso de los productores indígenas, sobre todo aquéllos que poseen tierras comunales difícilmente accedían a los créditos de la banca oficial, y los ejidatarios indígenas que lograron adquirir préstamos, fueron sumergidos a trámites morosos, que no les permitía contar con recursos expeditos para invertir. Con estos antecedentes, las nuevas reformas no hicieron más que ahondar el abandono de los productores indígenas, acusados de una falta de “visión para incorporarse a las fuerzas libres del mercado”.

Un estudio reciente de la Cepal en México, expone con claridad los ejes de las reformas agrícolas a partir de los noventa. Se orientaron a la supresión de los precios de garantía, la reducción del campo de acción de la Compañía Nacional de Subsistencias Populares (Conasupo) y de otras empresas estatales en las actividades de regulación, la eliminación de subsidios por la vía de créditos e insumos; la reestructuración del crédito rural; la privatización y desincorporación de entidades públicas dedicadas a la agricultura, entre ellas la empresa productora de insumos Fertilizantes Mexicanos (Fertimex); el retiro parcial de los programas de extensión, investigaciones y apoyo tecnológico; la modificación al régimen de propiedad de la tierra, la eliminación de los permisos de importación, junto con la disminución o supresión de aranceles y, finalmente, la creación del Programa de Apoyos Directos al Campo (PROCAMPO) para los productores de granos y oleaginosas como un salvavidas (4).

En lo que se refiere al crédito rural, la banca de desarrollo, al concentrar su actividad en los cultivos y en los productos más rentables y seguros, provocó un aumento de las carteras vencidas y propició la aparición de grandes espacios del mercado, que quedaron fuera del financiamiento por ausencia de instituciones adaptadas a su dimensión. También se emprendió la reestructuración del Banco de Crédito Rural (Banrural): después de atender 1.5 millones de productores, o sea, 41 por ciento de ejidatarios, actualmente sólo permanecen en su ámbito 400 000, los que tienen potencial productivo; transfiriendo el resto a la banca comercial, a los prestamistas particulares (agiotistas) o a lo que fue, en su momento, Programa Nacional de Solidaridad (Pronasol) y durante este sexenio, Fondos Municipales, instituciones que aportarían ingresos a campesinos de

zonas marginales, bajo la forma de crédito a la palabra. Además, la eliminación de los subsidios significó el alza en el precio de los insumos, tales como electricidad, fertilizantes y semillas mejoradas. Entre 1990 y 1995, los precios de los fertilizantes se elevaron 233 por ciento y el de las materias primas consumidas por la agricultura 156 por ciento.

Si las reformas de los noventa, tal y como lo expone el discurso oficial, estaban orientadas a sanear 40 años de un modelo agrario poco rentable, en aras de la eficiencia y modernización en la producción y los servicios; transparencia en el manejo de los recursos, un buen gobierno, la democratización política y el alivio de la pobreza; no se pusieron en marcha políticas para facilitar el tránsito institucional de una forma menos traumática y socialmente costosa. La verdad privatizadora y desnacionalizadora tuvo tiempo de desarrollar su inteligencia y ser eficaz para controlar los efectos laterales del nuevo modelo; sin embargo, no se preocupó por desarrollar su moral: los 40 millones de pobres que viven con 20.00 pesos diarios y los 17 millones que únicamente obtienen 10.00 pesos para morir lentamente de hambre, es uno de los resultados del nuevo modelo económico (5).

La propuesta de desarrollo del sector financiero para el campo actualmente prioriza una sola actividad económica: la máxima rentabilidad para la exportación y la obtención de altas utilidades. Con esta filosofía, para los bancos la comunidad indígena es vista como una serie de empresas especializadas que deben orientarse a la exportación. Mientras que para los pueblos indígenas, su territorio está integrado por lugares asociados con familias o comunidades particulares, posee una geografía interna compleja, integral y cargada de significados culturales e históricos. Este “sentido de lugar” o “cultura del lugar” de las sociedades locales es característica de todas las comunidades que descansan sobre una cultura milenaria mesoamericana sumamente elaborada, con una cosmovisión y un proyecto de civilización particulares. Existe un compromiso de una cultura con su territorio, de lazos de reciprocidad en el trabajo agrícola, en la familia y en cada comunidad, que unen población y lugar, parte fundamental de la identidad misma de un grupo humano.

¿Es posible hacer compatible dos culturas?, más aún cuando una de ellas no es aceptada y no existe respeto y diálogo. El mundo indígena rural se sustenta en la relación con los recursos naturales y la producción para la satisfacción de necesidades y la reproducción de la familia. El trabajo en la parcela o fuera de ella, la pertenencia a grupos sociales integrados por la confianza y el conocimiento mutuos y la gestión relativamente colectiva de un territorio común facilitan la supervivencia social de acuerdo con pautas culturales propias. Esto no excluye la participación en el mercado; los productores de Oaxaca siempre han vendido en las plazas, a las empresas o los acaparadores. La lógica de su inserción en los mercados es la satisfacción de sus necesidades de consumo y vida. Para el sector financiero mundial la ganancia, la depredación y la acumulación son los ejes de su propuesta de desarrollo, con transferencias de la periferia a los países económicamente fuertes, y de los asalariados y productores a los no asalariados. Un ejemplo son las condiciones en las que viven los pueblos indígenas de Oaxaca que, gracias a las estrategias productivas propias, como la milpa, los huertos familiares y las normas de reciprocidad en el trabajo y en la vida social, no se ha producido un éxodo masivo a los centros urbanos y, por tanto, no se han agudizado problemas que distan mucho de

solucionarse en los próximos 10 años. Diagnósticos sobre los pueblos indígenas de Oaxaca, Chiapas, Yucatán, y la Huasteca informan una grave crisis en las regiones indígenas. Algunos analistas aseguran que el modelo campesino indígena ya no es viable ante las actuales reglas del mercado nacional e internacional. Desde nuestra perspectiva, quienes tienen la palabra y deben tomarla son los pueblos indígenas a través de sus organizaciones, líderes e intelectuales y, a partir de su legado histórico, reflexionar sobre su futuro dentro del actual contexto y proponer alternativas.

Construir una nueva Oaxaca sólo será posible con su participación en la planeación de las políticas públicas, y para ello es indispensable que las instituciones de gobierno sean capaces de escuchar la voz de los indígenas, a fin de que exista un verdadero diálogo intercultural. La reciente Ley sobre Derechos de los Pueblos y Comunidades, aprobada por el Congreso de Oaxaca, es el primer paso que contribuirá a orientar, entre otras prioridades, los proyectos de desarrollo en las zonas indígenas, es decir, no se trata de abatir la pobreza y la marginación, sino dar soluciones a problemas estructurales y cambiar la concepción de lo indio. Que la voz y la participación de las comunidades productoras se escuche, y se tome en cuenta a sus autoridades locales con todo y sus propias contradicciones, porque tienen mucho que decir.

La imposición de nuevas formas organizativas, como los comités de desarrollo, inventadas a principios de los noventa por las instituciones interventoras en las regiones indígenas, no han hecho más que fomentar una lucha intestina por unos cuantos recursos y han provocado la desestructuración interna de muchas comunidades, dañando la capacidad de autosuficiencia y responsabilidad social y colectiva propias de la mayoría de los sistemas tradicionales.

Las políticas públicas no pueden soslayar la emergencia de un nuevo actor social, cultural y político, como son los pueblos indígenas, y establecer un diálogo para orientar los proyectos de desarrollo acordes con sus necesidades, fortaleciendo sus propias organizaciones y gobiernos tradicionales para que éstos sean quienes incorporen los cambios de los vientos de la modernidad. Por cuanto tiempo más!!!!!!!, las políticas públicas insistirán en inventar y decidir cómo deben vivir los pueblos indígenas, cómo deben organizarse, cómo deben producir, qué deben producir. Después de décadas de programas orientados a reducir la pobreza del campo, los saldos positivos son muy contados.

Búsqueda de la apropiación de la vida social por parte de las comunidades indígenas

En los últimos años han surgido organizaciones indígenas de productores que tratan de hacer frente a las difíciles condiciones de vida existentes desde hace mucho tiempo. A diferencia de las grandes organizaciones de productores del norte del país, que buscaron apropiarse de su proceso productivo, generalmente circunscrito a uno o dos cultivos comerciales y vincularse intensamente al mercado, estas organizaciones ha optado por una estrategia de multiplicidad que les vaya permitiendo, en un proceso paulatino, controlar y mejorar su vida social, incluyendo su actividad productiva. Este carácter multiactivo de las organizaciones indígenas campesinas corresponde al patrón diversificado de las actividades y fuentes de ingreso de la familia: combinación de varios

cultivos en la milpa, en los huertos familiares para el autoconsumo y la venta; pequeñas agroindustrias, artesanías y trabajo fuera de la parcela en diversos mercados.

En efecto, existe un destino manifiesto: las reformas estructurales de los noventa están operando y creando un mayor abismo entre ricos y pobres. México, tras los ajustes, ha quedado ~~sin política monetaria propia, sin política fiscal propia,~~ sin política de inversiones y gasto público para el desarrollo social. Como respuesta, diversidad de organizaciones han surgido en Oaxaca con el anhelo de probar alternativas más humanas en las actividades productivas del campo; un ejemplo es el caso de la Coordinadora Estatal de Productores de Café en Oaxaca (Cepco). Es la organización más importante del estado, que agrupa a 23 mil pequeños cafecultores de las distintas regiones donde se cultiva este producto; no todos son indígenas, pero la mayoría sí lo es. Es una organización que ha logrado avanzar en la apropiación integral del proceso productivo y que ha tenido éxitos en la exportación del café, sustituyendo a la vieja maquinaria de (Imecafé) en las tareas reguladoras. Cepco (entre otras experiencias exitosas) es el resultado de la crisis y del cambio institucional operado en México. Antes de 1989, los productores de café eran simples recolectores de café y se agrupaban en Unidades Económicas de Producción y Comercialización (Uepc), organizaciones formadas por la institución oficial de las cuales sólo quedan las cenizas.

Es relevante mencionar que después de dos años de su nacimiento (1989), Cepco consiguió recursos financieros para acopiar y comercializar en buenos términos el café. Desde la fecha de creación hasta el momento ha conseguido construir los órganos y programas siguientes.

- a) Una comercializadora de café que vende el grano en el mercado nacional e internacional.
- b) Instrumentos financieros propios (un fondo común llamado la bolsota y una Unión de Crédito, entre otros).
- c) Dos beneficios de café con capacidad de procesar el doble de lo que acopia la organización.
- d) Un programa exitoso de café orgánico para exportación.
- e) Programas de pequeños proyectos productivos, de abasto, educación, nutrición y salud, dirigidos por mujeres.
- f) Un centro de capacitación llamado la Universidad del Café
- g) Dos expendios de café en la ciudad de Oaxaca.

Lo relevante en este proceso de búsqueda de formas propias de desarrollo de los pueblos indígenas, aun con las contradicciones que puedan existir en su interior, es la base de la organización. Su fuerza se encuentra en la cohesión comunitaria, que es el eje central. Está formada por productores indígenas de diferentes lenguas, religiones, filiaciones políticas y culturas. La diversificación de proyectos, tanto en el terreno económico como en el social, parece una buena fórmula para consolidar organizaciones indígenas en busca de empleo, los ingresos y el bienestar de sus agremiados. Una de las grandes diferencias entre organizaciones indígenas y no indígenas es que las primeras buscan apropiarse de la vida social en sus regiones y comunidades. Este éxito en parte se debe a la "introspección" que hacen de su cultura y fortalecen aquellos aspectos que les han

permitido seguir existiendo. Miran a su interior para, a su vez, ser partícipes de los beneficios del desarrollo.

Sería un error sostener que las organizaciones de productores u otras instituciones privadas puedan y deban sustituir al Estado en tareas que sólo competen a éste. Una de sus funciones esenciales es transferir recursos y subsidios a los grupos “débiles” y “vulnerables”, así como a sectores considerados estratégicos, y desempeñar actividades socialmente necesarias que el mercado no puede hacer: creación de infraestructura, servicios educativos y de salud, promover la investigación agrícola, brindar asistencia técnica y capacitación, ente otras. Tareas cuya implementación corresponde a las instituciones oficiales, las cuales deberían trabajar con esquemas de concertación entre ellas, para no duplicar acciones y competir por los sujetos de las políticas públicas, hechos muy frecuentes en las regiones indígenas y, finalmente, incorporar en la planeación el diálogo con los actores.

Las diversas experiencias de organización indígena revelan que los apoyos iniciales pueden potenciar su desarrollo productivo. Como productores de café, han hecho recorridos de promoción de sus productos y obtención de recursos con algunos sectores privados nacionales e internacionales, ante la ausencia de créditos para este sector, por ser visualizados como ineficientes para la producción sectorial y de exportación. Por esa razón, la historia de las cooperativas agroecológicas muestran que la visión de su desarrollo se enmarca en la búsqueda de fomentar de manera integral la economía local, dentro de las posibilidades de la ecología y con equilibrio entre producción, exportación y consumo interno. Estas organizaciones han dado un lugar especial al proceso educativo de sus miembros, teniendo como ejes de reflexión, por un lado, la importancia del trabajo colectivo, con sus ventajas y problemas, y por otro, “la vía ecológica-campesina” como alternativa de un desarrollo sustentable. Es indudable que el camino de las organizaciones es azaroso y no se trata de aplicar una sola fórmula para que consoliden su proceso, se trata de apoyar sus experiencias, la reflexión sobre sus fracasos y éxitos para encontrar la vía o las vías que les posibilite recuperar su identidad y sumar el espíritu del conocimiento universal, construyendo así una distinta manera de ser, sentirse y mostrarse y sobre todo emprender el reto de decidir el rumbo de su devenir histórico.

Notas

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2. Alvaro, González. **Diagnóstico socioeconómico de los pueblos indígenas de Oaxaca**, Estudio elaborado para el Banco Mundial (BM) e Instituto Nacional Indigenista (INI), México, 1988. (Todos los datos expuestos referentes a Oaxaca fueron tomados del documento)

3. Op,cit. Pág.40

4. CEPAL, Instituciones y organizaciones de productores rurales: Experiencias de interés para Centroamérica, septiembre, México, 1997
5. González, Roberto. "El aumento de la pobreza en México anuló esfuerzos de 10 años", **Periódico La Jornada**, pág. 16, octubre 5, México, 1998.
6. Hernández, Luis. "Nadando con los tiburones: la Experiencia de la Coordinadora Nacional de Organizaciones Cafetaleras", **en Cafetaleros: la construcción de la Autonomía**, Cuadernos desarrollo de base #3, México, 1991.
7. Robert, Jean. "Producción" **en Diccionario del desarrollo: una guía del conocimiento del poder**, editado por Wolfgang Sachs, Centro de aprendizaje mutuo, Proyecto andino de tecnologías campesinas, edición en español, agosto de 1996.

PARA

SHELTON DAVIS

OFFICE MEMORANDUM

DATE: November 18, 1998

TO: Mr. Olivier Lafourcade, Director, LCC1C

FROM: Maritta Koch-Weser, Director, LCSES *MKW*

EXTENSION: 33286

SUBJECT: **MEXICO: Agricultural Productivity Improvement Project (MX-PE-48505)
QAT Comments on Revised Project Appraisal Document and Operational Manual**

1. The LCSES Quality Assurance Team (QAT) has received and reviewed the Revised Project Appraisal Document (PAD) dated November 12, 1998, the Loan Agreement and the Operational Manual for the above-mentioned project. We have also received on November 16, 1998, a copy of the minutes of the PAD meeting, dated September 12, 1998. An updated Environmental Data Sheet was not submitted. Kindly submit it for review prior to negotiations. Otherwise, we are pleased to clear the project for negotiations.

Environmental review

2. The Operational Manual satisfies the environmental recommendations mentioned in the QAT memo dated September 9, 1998.

Social review

3. We have also reviewed the revised Annex 2b of the PAD, titled "Participation of Indigenous Communities", which satisfies the concerns raised in the QAT memo. As we understand, the strategy for the participation of indigenous peoples has been discussed with the project authorities and its substance will be reflected in the final version of the Operational Manual and Loan Agreement. It will also be contained in a dedicated Annex in the PAD. Please send copies of the finalized documentation for our files.

4. Please feel free to contact Walter Vergara (environmental issues) or Sandy Davis (social issues) if you have any concerns regarding these comments.

cc and cleared with: Walter Vergara, EA Review Coordinator

Distribution:

Messrs./Mmes

Perry(LCRVP); Ecevit(OSU); Crown(LCOQE); Brizzi, Swannack-Nunn (LCC1C); Van Puymbroeck, F. Molnar, Laver (LEGLA); Greestone (LEGEN); Moser, **Davis**, Redwood, Wiens, Carroll, Castro, Vergara, A. Molnar, Gacitua-Mario, Abedin, Gigler, Lage, Oleson, Uquillas (LCSES); IRIS.

Vergara/Davis

Annex 2b

AGRICULTURAL PRODUCTIVITY IMPROVEMENT PROJECT

Participation of Indigenous Communities

The poverty alleviation program of the *Alianza*, known as the Rural Development Program (*Programa de Apoyo al Desarrollo Rural*) has been in operation since 1996 and has experienced a continuous process of reform to improve both access of the rural poor and its impact on rural poor communities, including indigenous people. The Program is geared towards poor rural households farming on less than 20 ha of rainfed land or 5 ha irrigated land, and/or whose animal production is based on less than 20 cows, or 100 sheep or goats, and it finances activities and small equipment that would bring about improvements in productivity (purchase of land preparation and cultivation tools and small equipment, green houses, and livestock) as well as constructing basic infrastructure for small rural processing facilities for post-harvest value-adding.

The Rural Development Program of Alianza is one of the four investment programs of Alianza included in the Productive Investment Component of the Agricultural Productivity Improvement Project (ALCAMPO). In budgetary terms, this program is expected to account for about US\$163.0 million, equivalent to almost 50% of total expenditures allocated by the project to providing financial assistance to beneficiaries. Together with the SINDER Program, the extension program of Alianza targeted to potential beneficiaries of the Rural Development Program, (which represents an estimated US\$50.0 million, or 30% of the total budget for the Support Services Component) the project is expected to implement a sound strategy of integrated technical and financial assistance to rural poor communities.

In the context of the assessment of the rural poverty alleviation elements of the project, the situation of indigenous communities, which represent a significant portion of the rural poor community was analyzed during project preparation. This was mainly based on the background information provided by the recent World Bank report on indigenous peoples in Mexico¹ and the "Rural Development in Marginal Areas Project" (also known as "The Program for Sustainable Development in Indigenous Areas")² which were considered valuable references to assess the opportunities and constraints that indigenous organizations, including those representing indigenous women and youth, are facing to participate actively in the activities promoted under the Rural Development Program. In particular, the information provided by the intensive assessments conducted in the State of Oaxaca as part of the preparation of a rural development program, which subsequently became the basis for the preparation of the Marginal Areas Project. During preparation, discussions were held with representatives of SAGAR's Subsecretary of Rural Development, to analyze the mechanisms utilized to both adapt and incorporate the experiences of the design of the Marginal Areas Project into the strategy and operation of the other Alianza programs under their responsibility, including the Rural Development and SINDER Programs. Most importantly, the lessons learned through these various activities are contained in and have been systematically incorporated in SAGAR's discussions with the State governments on ways to

¹ World Bank, "Mexico, Indigenous Peoples Profile". Washington D.C., June 1997.

² World Bank, "Mexico: Rural Development in Marginal Areas Project". Report No: 17263-ME. Washington D.C., December 1997.

1998 (?) check date

better adjust their individual implementation strategies for *Alianza's* poverty alleviation activities.³

Thus, project preparation benefited from prior consultations carried out in the context of the Rural Development in Marginal Areas Project and the Indigenous profiles, in which extensive consultation with indigenous communities took place. Also, during project preparation, INI staff and representatives from NGOs working with indigenous peoples at the state level, as well as state government authorities were consulted regarding the mechanisms used in the *Alianza's* poverty alleviation program to address the specific requirements of the indigenous communities. At the same time, project preparation benefited from the case studies completed as part of the Ejido Study, which gave special attention to the assessment that indigenous beneficiaries had of the various *Alianza* programs.

The demand-driven approach of the project and the decentralized nature of its implementation, means that local communities are formally and informally involved in all aspects of the implementation process. Furthermore, the strong State government participation in the annual programming and decision-making process of the *Alianza*, ensures that local development priorities and needs are taken into account in the various programs. Through joint supervisions, the experience with the implementation of the Marginal Areas Project will be routinely reviewed and utilized to improve the implementation of ALCAMPO activities involving indigenous communities.

The proposed project includes eight of *Alianza's* 47 programs, which have been underway for the past two years through contracts between SAGAR and all 32 state governments and the Federal District. The Rural Development Program has a country-wide scope, but priority is given in its implementation to the 800 poorest rural municipalities, and despite its ~~exclusive~~ focus on rural poverty, regardless of other characteristics of potential beneficiaries, indigenous people are an important part of the Program's beneficiaries as the priority municipalities include most of the indigenous people living in rural areas. Municipalities are selected first, on the basis of a rural poverty criterion, and second, on a criterion of agricultural potential. The Rural Development Program is expected to benefit some 750,000 poor farmers, or about 75% of ALCAMPO Project beneficiaries. Data from the first two years of *Alianza* implementation show that this program is already active in about 70% of the rural municipalities in the country, of which 28% are classified as indigenous municipalities. A municipality is classified as indigenous when more than 50% of its population belongs to indigenous groups, consequently the number of indigenous people actually benefited by the program is higher than what those percentages would suggest.

It is evident that the overall program is focused on alleviation of rural poverty through increase in efficiency and productivity in agriculture and related micro enterprises. It is not targeted to indigenous peoples, but to the extent that these communities comprise a large proportion of the poorest of the poor, they are routinely incorporated, subject to application of the criterion that they have access to land and water resources with potential for viable intensification. The specific needs of indigenous people with no potential for intensification of agricultural production are being addressed by the Marginal Areas Project, which is

³ Grupo Knode, S. A. "Programa de Desarrollo Productivo Sustentable en Zonas Indígenas – Opciones de Reinversión Local de Recursos". México, D.F., junio de 1997.

Red Ingeniería, S.A. de C.V., "Sistemas de Comercialización y Formaciones Microempresariales en las Huastecas Potosina, Hidalguense y Veracruzana". México, D.F., agosto de 1997.

currently being implemented in four states but would be gradually expanded to cover most of the indigenous communities. As indicated above, the Marginal Areas Project and the Poverty Alleviation activities of ALCAMPO Project would have strong synergies and complementarities, including the facts that both are managed by the same unit within SAGAR, and that active integration of Bank's supervision efforts for the project would be sought.

in other states (?)

Alianza operates in a context where the ethnic plurality of the nation is guaranteed under Article 4 of the Constitution, which recognizes the cultural rights of indigenous peoples and specifically provides for other legal protection. Article 27 enables indigenous rural communities to convert ejidal to communal lands, which are inalienable. Notwithstanding these overall legal guarantees, *Alianza's* strategy regarding indigenous farmers, which has been fully incorporated into the ALCAMPO Project, includes:

- (a) the participation of the National Indigenous Institute (INI), which has general responsibility for the protection and development of indigenous communities, in the State Agricultural Councils (*Consejos Estatales de Agricultura*, CEA) in all states where indigenous population predominates; representing about 90% of the indigenous municipalities participating in the program. The CEA is the entity that is responsible for defining policy and priorities, and providing coordination of the program at the state level;
- (b) the enforcement of a much smaller level of beneficiary contribution than in the rest of the *Alianza* Programs, i.e. between 20% and 40% of the total investment cost of the subproject submitted for financing;
- (c) the use of bilingual material and officers to promote the Rural Development Program in indigenous municipalities;
- (d) the use of bilingual extension officers in indigenous municipalities to facilitate the participation of indigenous people in the poverty alleviation programme;
- (e) the project would continue to strengthen the existing mechanisms implemented by *Alianza* regarding the utilization of culturally appropriate instruments to ensure access and active participation of indigenous communities in the Rural Development Program; and
- (f) the annual evaluation of the program carried out at the state level incorporates a consultation to beneficiaries, including indigenous communities, on its effectiveness.

In the context of the comprehensive set of monitoring and impact indicators that would be utilized to assess performance of the poverty alleviation activities of the project, a set of specific indicators would be measured to enable monitoring of services to indigenous communities, including: a) number of indigenous municipalities participating in the Program; b) number of bilingual extension agents supporting the Rural Development Program's activities by state; and c) number of extension publications in indigenous languages. In addition, both the baseline study, the Mid-Term Review, and the evaluation of project impact, would include surveys of representative samples of indigenous communities.

Additionally, the Bank, in association with INI, has proposed the development of a GIS specially oriented to indigenous peoples, making a clear distinction between the characteristics of urban and rural areas.⁴ At such time as this proposal becomes operational ALCAMPO would collaborate in providing relevant information.

⁴ World Bank, (June 1997), op.cit.

check date

Consistent with the agreements reached regarding the implementation of the strategy to address indigenous communities as part of the poverty alleviation objective of the project, the Operation Manual of the Project would include specific references to:

- (a) detailed information of the states in which INI participates as a member of the CEA;
- (b) the bilingual extension officers hired in the indigenous municipalities;
- (c) the bilingual material used for the promotion and dissemination of the Rural Development and SINDER Programs in indigenous municipalities;
- (d) the consultation process that would take place as part of the state annual evaluations of the program; and
- (e) the monitoring indicators of services to indigenous communities provided by the project.

OFFICE MEMORANDUM

OP. Manual: 11/12/98
 received: 11/16/98

DATE: September 12, 1998

TO: Distribution

FROM: Michael Carroll, Senior Agriculturist, LCSES

EXTENSION: 39528

SUBJECT: **MEXICO: Agricultural Productivity Project**
Minutes of Appraisal and Negotiations Decision Meeting

1. A Decision Meeting for the above project was held on September 11, 1998 via videoconference. The Meeting was chaired by Mr. Olivier Lafourcade (Director, LCC1C) and attended by Mr. Ferenc Molnar (LEGLA), Tom Wiens, Adolfo Brizzi and Michael Carroll (LCSES); Shelton Davis (LCSES, QAT Representative); Victor Ordoñez (LCC1C); Edgardo Floto (FAO/CP) and Alvaro Soler (Consultant). In addition to the written recommendations and clearance submitted by QAT, written comments were submitted prior to the meeting by M. Wilson (peer reviewer, EASRD), F. Molnar (LEGLA), C. Kimes (ENVGC), and J. Román (LCOPR).

2. By suggestions of the chairman, the discussion focussed on five main areas: a) project design, encompassing rationale, objectives, social and environmental issues; b) project linkages with the ongoing *Alianza para el Campo* Program (PAC) and its complementarity with some of PAC's programs; c) organizational and institutional aspects; d) financial sustainability and budgetary issues; e) and project conditionality.

3. The Task Team Leader gave a brief overview of the project, including a detailed account of the changes in project features that resulted from the preparation process. The TTL highlighted the fact that, as compared to the description included in the PCD discussed on October 24, 1997, project design had been significantly simplified, as the main project component would now be limited to four subprograms supported by the *Alianza Program*, therefore representing a follow-up of the ongoing Rainfed Development Project (Ln.3778). This reduction in the scope of the investment component of the project agreed with SAGAR not only simplifies the administrative and operational aspects of the project, but results in a stronger focus on the implementation of the support services component, key to the achievement of project objectives.

Project concept and linkage/complementarity with Alianza objectives

4. As part of the introduction to the discussion, the chairman highlighted that the main objective of the PAC is to address under-capitalization of agriculture producers in Mexico as a mechanism to improve overall productivity of the sector, and that there is a very strong commitment to the Program by the Government of Mexico (GOM). Those two facts provided the basis for the Bank's strategy in support to the PAC. Given the importance of this strategic aspect, it was agreed that pertinent sections of the PAD will

be enhanced in order to show more precisely the nature of the PAC, its beneficiaries and the Bank's contribution to its objectives through its involvement in the proposed project. ✓

5. Questions were raised about equity of access to resources from the programs to be supported, the Bank's prior experience with DRIF-like community based approach in agriculture productivity activities and the possible overlap with other *Alianza* programs. The Task Team clarified that although politicized to some extent due to the decentralized nature of its implementation, access appears to have been adequate so far and that the real issue revolves around the concept of transparency of access. It was explained that PAC assures transparency of its support mechanisms through public dissemination of all beneficiaries' names and amounts of benefits involved. The combination of the demand driven approach, the transparency of beneficiary selection mechanism and decentralization itself should contribute to reduce, albeit not eliminate, political interference. The meeting also pointed out that Bank's experience in other projects would suggest that the community based approach may not be the best mechanisms for productivity-oriented subprojects. The Task Team indicated that the experience of the Rainfed Project was positive, and that the assistance provided to small farmers under the programs supported by the project had resulted in a substantial modernization of the farming equipment utilized by beneficiaries.

6. On comments made by the QAT representative on the way indigenous issues are addressed by the project, the Task Team indicated that equity of access to the program is not only supported by transparency of selection mechanisms, but further enhanced by the use of ethnic and gender specific tools. The Task Team mentioned that those tools include technical assistance provided by indigenous professionals, dissemination materials prepared in native language and sub-programs specifically geared toward women. It was concluded that all these elements mean that while PAC is not targeted, it includes mechanisms, that would be supported by the project, to ensure access to benefits by all groups that comprise the rural poor population. ? *

7. The Task Team also clarified that *Alianza* currently includes a Bank financed project (Rural Development in Marginal Areas, Ln.4276) targeted to areas with the highest concentration of indigenous population, and that the focus of the proposed project would be in the southern 22 states of Mexico, where overall concentration of indigenous population is high. Furthermore, it was clarified that demand for the programs is managed by the Regional Development Committees (CDR) through agreements signed with the States. It was pointed out that the Instituto Nacional Indigenista (INI) has representation in the CDRs of the 22 southern states. It was agreed that all these aspects would be further clarified in the main text of the PAD, including the preparation of a brief special Annex that would describe the mechanisms that would ensure participation of indigenous communities in the project.

Organizational and Institutional aspects

8 In response to a comment from LEGLA, the task Team acknowledged that the PAD is still vague in the description of institutional arrangements regarding the implementation of the support services component, as the pre-appraisal mission left behind some proposed adjustments in that regard, to be further processed and decided upon by the local project preparation team. It was agreed that it was natural for the appraisal mission to assess how those issues had been addressed by SAGAR, to reach agreements about them during the mission and subsequently reflect those in the final version of the PAD. It was agreed that the Task Team Leader would maintain close consultation with the Lawyer during the mission, in order to ensure that all information required to complete the draft Loan Agreement would be reviewed and confirmed as part of the appraisal process.

9. In addition, the Sector Leader commented that experience in Mexico has shown that value added of Bank involvement in this kind of situation has come from support to project management improvement in our operational setting instead of up-front.

Financial Sustainability and Budgetary issues

10.9. The project team addressed the issue of budgetary allocation for the PAC. While it is impossible to guarantee that PAC budget allocations will not suffer under evolving international conditions, it was pointed out that PAC has been spared from budget cuts so far. Due to the program's high visibility and the fact that all the states are partners of the Federal Government by contributing a substantial portion of the budget, it is unlikely that the budget negotiated would be subject to subsequent reductions. With regards to the situation after the year 2000 when a new government will be in place, the task team pointed out that the bulk of agricultural policies in Mexico are presently being implemented through the PAC. Thus, while the program may evolve somewhat, its core elements would most likely continue, regardless of the new administration's policy. One possible scenario would be that program implementation would be fully decentralized and turn the *Alianza* into 32 distinct and autonomous programs, creating the need for a substantial restructuring of the project.

Project Conditionality

11. Some issues related to the approach to project conditionality were clarified by the Task Team, among them the Project Implementation Manual and the establishment of the Project Coordination Unit (PCU). It was commented that SAGAR has now recognized the needs of the project within the Alianza and is fully aware of the importance of the Manual for this project and that they are working to have a draft ready for the appraisal mission. It was agreed that the PCU and necessary institutional arrangements for M&E should be in place in order to meet effectiveness. Meanwhile the Lawyer recommended and it was accepted, that review and approval of the first subprojects of each type would be necessary as either a condition for effectiveness or an eligibility criteria, rather than a disbursement condition as proposed in the draft PAD.

12. Finally a request by ENVGC to consider the possibility of adding a GEF co-financed renewable energy sources component to the project was raised by the Chairman. The subject was discussed and it was recommended to maintain a flexible position despite that it would be impossible to incorporate the initiative to the project without significantly delaying the current processing schedule. Following comments from the Sector Leader: it was agreed that the Task team would identify any available information on the subject from SAGAR/FIRCO and assess GOM commitment to the initiative. It would be necessary to evaluate the degree of preparation of the proposal, the amount of work still required on the part of the Bank, and if feasible, processing would have to follow a parallel timetable.

13. Based on the above considerations, the chairman cleared the formal initiation of project appraisal and subsequent negotiations. It was agreed that the issues raised would be discussed with the borrower to incorporate the recommendations made during the meeting. It was also agreed that the Bank's project team would revise the draft PAD prior to the distribution of the negotiation package, incorporating the agreements reached during the meeting, as well as the draft version of the Loan Agreement.

Cleared by and cc: Lafourcade (Director, LCC1C)

Distribution:

Inside the Region

Messrs./Mmes. Perry (LCRVP); Ecevit, Matzen (OSDR); Grimes, Hughart, Pino (LCOQE); Araujo, Román (LCOPR); Koch-Weser, Moser, Redwood, Werbrouck, Wiens, Davis, Vergara, Gacitua, Simas, Ruthenberg, Kemper, Austin (LCSES); Giugale, Brizzi, Hamann, Clifford, Montes-Negret, Ordoñez, Braslavsky (LCC1C).

Outside the Region

Messrs./Mmes. Wilson, Olson (EASRD); Molnar, Van Puymbroeck (LEGLA); Kimes (ENVGC); Fowler (LOAEL); Piccioto (DGO); Sierra (OCSHD); Serageldin (ESDVP); Byerlee (RDV); Lucani, Floto (FAO/CP-Rome).

DATE: November 16, 1998

TO: Mr. Olivier Lafourcade, Director, LCC1C

FROM: Maritta Koch-Weser, Director, LCSES

EXTENSION: 33286

**SUBJECT: MEXICO: Agricultural Productivity Improvement Project (MX-PE-48505)
QAT Comments on Revised Project Appraisal Document and
Operational Manual**

1. The LCSES Quality Assurance Team (QAT) has received and reviewed the Revised Project Appraisal Document (PAD) dated November 12, 1998, and the Operational Manual for the above-mentioned project. We have also received today copy of the minutes of the PAD meeting dated September 12, 1998.

2. A copy of the legal agreement was not submitted with the package (also, an updated Environmental Data Sheet was not submitted). Kindly complete the documentation and submit it for review prior to negotiations. We are also concerned about compliance of the project, as currently designed, with the requirements set forth in OD 4.20 (Indigenous Peoples). In the absence of the draft loan agreement, and the concern with compliance with OD 4.20, we are unable to clear negotiations at this time. Once the legal agreement is received and the concern raised in paras. 4 and ff. is satisfied we will be glad to review the situation.

Environmental review

3. The Operational Manual satisfies the environmental recommendations mentioned in the QAT memo dated September 9, 1998.

Social review

4. On the other hand, the additional sub-annex (Annex 2a, Section E of the revised PAD) is not sufficient to give us confidence that this project as currently designed fulfills the requirements of OD 4.20 on Indigenous Peoples. We would like to reiterate the following paragraphs transcribed from our previous memo and highlighted by the QAT representative at the Appraisal and Negotiations meeting on September 11, 1998:

The targeting of the project toward indigenous peoples means that there is no need for a separate Indigenous Peoples Development Plan (IPDP). However, as paragraph 13 of OD 4.20 states, "When the bulk of the direct project beneficiaries are indigenous people, the Bank's concerns would be addressed by

the project itself and the provisions of the OD would apply to the project in its entirety."

...In order to address the above mentioned issues, we would recommend that an additional Annex be attached to the PAD which describes how the project in its targeting strategies and mechanisms will take into account the provisions of OD 4.20. Specifically, such an Annex, which does not need to be long, could include:

(a) a description of the social analysis conducted during project preparation and its implications for ensuring that benefits reach indigenous peoples;

(b) the strategy which will be used by the project to ensure that indigenous organizations, including those representing indigenous women and youth, actively participate in the project;

(c) the steps taken to ensure that technical interventions and benefit packages are compatible with indigenous community organizations, cultures and productive systems;

(d) the institutional role which specialized government agencies (e.g., National Indigenist Institute) and non-governmental organizations will play in delivering project services; and,

(e) a list of performance indicators to monitor and evaluate the impacts of project interventions on indigenous farmers and communities.

5. The revised PAD specifies that of the 1632 municipalities served by the Alianza Program in 1997, twenty-eight percent were indigenous municipalities. Yet, the Operational Manual for the ALCAMPO Project does not contain a description of "culturally appropriate instruments to ensure access and active participation of indigenous communities in the project" as stated in the Social Section of the Revised PAD (page 16, para. 5). In fact, there is no recognition or mention in the Operational Manual (besides the mention of "comuneros" as possible beneficiaries) of indigenous peoples as beneficiaries. Neither does the Operational Manual describe the role, if any, which the National Indigenous Institute (INI) will play in the implementation of the project beyond being participants on the State Agricultural Councils (CEAs); nor does it describe how investment options, technological packages, training procedures, dissemination materials, and monitoring and evaluation formats will be adapted to the special cultural needs and circumstances of indigenous farmers and communities.

6. We find no evidence in the Operational Manual that the lessons learned from the Mexico Indigenous Peoples Profile exercise have been incorporated in the design of the ALCAMPO Project. More specifically, there is no evidence in the Operational Manual that the project contains an *explicit targeting mechanism or strategy* for indigenous farmers and communities, that includes their informed participation and takes into

account their linguistic and cultural specificity. Without such an explicit targeting mechanism or strategy, recommended in Mr. Gacitua-Mario's Back-to-Office Report of for the First Preparation Mission dated November 14, 1997 and by the QAT Team in the aforementioned Appraisal and Negotiations Memorandum of September 9, 1998, the Bank runs the risk of financing an extremely large project (\$440 million) which could potentially increase the social exclusion and marginalization of large segments of Mexico's rural indigenous population.

7. You may contact Kirsten Oleson and George Ledec (environmental issues) or Shelton Davis (social issues) if you have any questions regarding these comments.

cc and cleared with: W. Vergara, EA Review Coordinator

Distribution:

Messrs./Mmes

Perry(LCRVP); Ecevit(OSU); Crown(LCOQE); Brizzi, Swannack-Nunn (LCC1C); Van Puymbroeck, F. Molnar, Laver (LEGLA); Greestone (LEGEN); Moser, Davis, Redwood, Wiens, Carroll, Castro, Vergara, A. Molnar, Gacitua-Mario, Abedin, Gigler, Lage, Oleson, Uquillas (LCSES); IRIS.

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1. The LCSES Quality Assurance Team (QAT) has reviewed the Revised Project Appraisal Document (PAD) dated November 12, 1998, and the Operational Manual for the above-mentioned project.
2. An updated Environmental Data Sheet was not submitted with the documentation. Kindly complete this and submit it for review and signature prior to negotiations.
3. The Operational Manual satisfies the environmental recommendations mentioned in the QAT memo dated September 9, 1998. However, the additional sub-annex (Annex 2a, Section E of the revised PAD) is not sufficient to give us confidence that this project as currently designed fulfills the requirements of OD 4.20 on Indigenous Peoples.
4. We would like to reiterate the following paragraphs transcribed from our previous memo and highlighted by the QAT representative at the Appraisal and Negotiations meeting on September 11, 1998:

The targeting of the project toward indigenous peoples means that there is no need for a separate Indigenous Peoples Development Plan (IPDP). However, as paragraph 13 of OD 4.20 states, "When the bulk of the direct project beneficiaries are indigenous people, the Bank's concerns would be addressed by the project itself and the provisions of the OD would apply to the project in its entirety."

...In order to address the above mentioned issues, we would recommend that an additional Annex be attached to the PAD which describes how the project in its targeting strategies and mechanisms will take into account the provisions of OD 4.20. Specifically, such an Annex, which does not need to be long, could include:

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(c) the steps taken to ensure that technical interventions and benefit packages are compatible with indigenous community organizations, cultures and productive systems;

(d) the institutional role which specialized government agencies (e.g., National Indigenist Institute) and non-governmental organizations will play in delivering project services; and,

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6. The social specialists on the QAT Team find no evidence in the Operational Manual that the lessons learned from the Mexico Indigenous Peoples Profile exercise have been incorporated in the design of the ALCAMPO Project. More specifically, there is no evidence in the Operational Manual that the project contains an *explicit targeting mechanism or strategy* for indigenous farmers and communities, that includes their informed participation and takes into account their linguistic and cultural specificity. Without such an explicit targeting mechanism or strategy, recommended in Mr. Gacitua-Mario's Back-to-Office Report of for the First Preparation Mission dated November 14, 1997 and by the QAT Team in the aforementioned Appraisal and Negotiations Memorandum of September 9, 1998, the Bank runs the risk of financing an extremely large project (\$440 million) which could potentially increase the social exclusion and marginalization of large segments of Mexico's rural indigenous population.

7. You may contact Kirsten Oleson (environmental issues) or Shelton Davis (social issues) if you have any questions regarding these comments.

cc and cleared with: Vergara, EA Review Coordinator

Distribution:

Messrs./Mmes

Perry(LCRVP); Ecevit(OSU); Crown(LCOQE); Brizzi, Swannack-Nunn (LCC1C); Van Puymbroeck, F. Molnar, Laver (LEGLA); Greestone (LEGEN); Moser, Davis, Redwood, Wiens, Carroll, Castro, Vergara, A. Molnar, Gacitua-Mario, Abedin, Gigler, Lage, Oleson, Uquillas (LCSES); IRIS.

GAT Meeting
Nov. 16, 1998

- Walter Jorge
- John Estanislao
- George Maria Helena
- Kirsten Lee Ann
- Juan
- Valeria

→ charge back
for GAT;

Ⓛ Cultural Heritage Project:

env. reviewer: John
social reviewer: Jorge Maria Helene

Ⓛ Ancient Knowledge in Ecuador: Jorge

need draft legal agreement to clear for negotiations

Agricult. Production

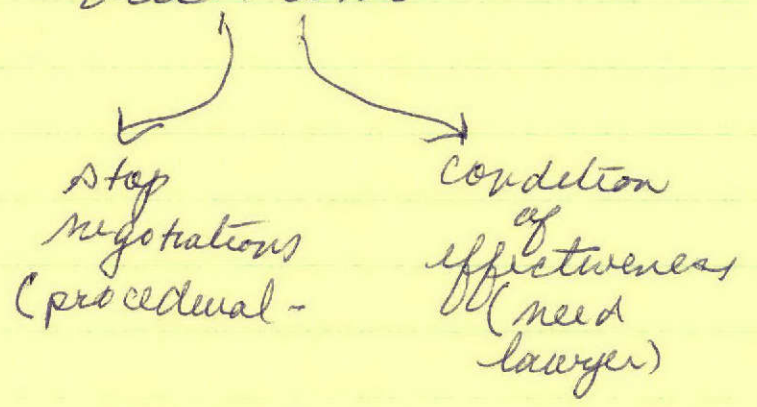
Ⓛ Why no indicators in Manual?

Ⓛ Why target "education" & not "agricultural productivity"? [Task Team can do operationally]

Estanislao =
at crisis

no targeting delegation in previous Program Projec' (PRONAER) PRODACT

Alianza & 'verification' project combined but same



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Legal Department
CONFIDENTIAL DRAFT
(Subject to Change)
November 12, 1998
F. Molnar

LOAN NUMBER ____-ME

Loan Agreement

(Agricultural Productivity Improvement Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

NACIONAL FINANCIERA, S.N.C.

Dated _____, 199_

LOAN NUMBER ____-ME

LOAN AGREEMENT

AGREEMENT, dated _____, 199_, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and NACIONAL FINANCIERA, S.N.C. (the Borrower).

WHEREAS (A) United Mexican States (the Guarantor) and the Borrower, having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, have requested the Bank to assist in the financing of the Project; and

(B) by an agreement (the Guarantee Agreement) of even date herewith between the Guarantor and the Bank, the Guarantor has agreed to guarantee the obligations of the Borrower in respect of the Loan and to undertake such other obligations as set forth in the Guarantee Agreement; and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995 (as amended through December 2, 1997) (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "*Alianza para el Campo*" means the Guarantor's agricultural production and rural development program established on the basis of the Guarantor's 1995-2000 National Development Plan and subsequent coordination with agricultural producers' organizations;

(b) "Beneficiaries" means small farmers or groups thereof that receive Guarantor support to carry out a Subproject (as hereinafter defined);

(c) "CEA" means a *Consejo Estatal Agropecuario* (State Agricultural Council) referred to in Section 3.02 (d) of the Guarantee Agreement;

(d) "DGDA" means SAGAR's (as hereinafter defined) *Dirección General de Desarrollo Agropecuario* (General Directorate of Agriculture and Livestock Development);

(e) "Eligible Categories" means categories (1), (2), (3), (4), (5) and (6) set forth in the table in Part A.1 of Schedule 1 to this Agreement;

(f) "Eligible Expenditures" means the expenditures for goods, works and services referred to in Section 2.02 of this Agreement.

(g) "Implementation Letter" means the letter of even date herewith, from the Guarantor to the Bank, containing indicators to be used in monitoring and evaluating implementation of the Project;

(h) "INI" means the Guarantor's *Instituto Nacional Indigenista* (National Indigenous Affairs Institute);

(i) "Operational Manual" means the manual referred to in Section 3.02 (a) of the Guarantee Agreement;

(j) "Participating State" means any of the Guarantor's states;

(k) "Participation Agreement" means an agreement or other written instrument referred to in Section 3.02 (e) of the Guarantee Agreement;

(l) "PCU" means the unit referred to in Section 3.02 (c) of the Guarantee Agreement;

(m) "POA" means a Guarantor *Plan Operativo Anual* (Annual Operating Plan) for implementation of the Project;

(n) "Project Management Report" means each report prepared in accordance with Section 3.04 (d) of the Guarantee Agreement;

(o) "SAGAR" means the Guarantor's *Secretaría de Agricultura, Ganadería y Desarrollo Rural* (Agriculture, Livestock and Rural Development Secretariat);

(p) "Special Account" means the account referred to in Part B of Schedule 1 to this Agreement; and

(q) "Subproject" means any of the sets of productive investment activities referred to in Part A of Schedule 2 to this Agreement.

Section 1.03. Each reference in the General Conditions to the Project implementation entity shall be deemed as a reference to SAGAR.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount equal to four hundred forty four million four hundred forty four thousand four hundred forty four Dollars (\$444,444,444).

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

Section 2.03. The Closing Date shall be June 30, 2003 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower and the Guarantor of such later date.

Section 2.04. The Borrower shall pay to the Bank a fee in an amount equal to one percent (1.0%) of the amount of the Loan. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of said fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

- (i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding, the next following Interest Payment Date.

- (ii) "Interest Payment Date" means any date specified in Section 2.07 of this Agreement.
- (iii) "LIBOR Base Rate" means, for each Interest Period, the London interbank offered rate for six-month deposits in Dollars for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.
- (iv) "LIBOR Total Spread" means, for each Interest Period: (A) three-fourths of one percent ($3/4$ of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Guarantor and Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.06, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months' notice to the Borrower of the new basis. The basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

Section 2.07. Interest and other charges shall be payable _____ 15 and _____ 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Transfer of Loan Proceeds; Other Covenants

Section 3.01. The Borrower shall enter into, and comply with the terms of, contractual arrangements with the Guarantor, satisfactory to the Bank, providing, *inter alia*, for: (a) the transfer to the Guarantor of the proceeds of the Loan; and (b) the transfer by the Guarantor to the Borrower of such funds as the Borrower shall be required to pay to the Bank on account of principal, interest and other charges on the Loan. Except as the Bank may otherwise agree, the Borrower shall not amend or fail to enforce any provision of such contractual arrangements. The Borrower shall exercise its rights under such contractual arrangements in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

Section 3.02. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating respectively to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition) shall be carried out, or caused to be carried out, by the Guarantor pursuant to Section 3.03 of the Guarantee Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. The Borrower shall maintain or cause to be maintained records and separate accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in connection with the execution of the Project.

Section 4.02. (a) The Borrower shall:

- (i) have the records and accounts referred to in Section 4.01 of this Agreement, and the records and accounts for the Special Account, for each fiscal year audited, in accordance with generally accepted auditing standards and procedures consistently applied, by independent and qualified auditors;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested;

- (iii) furnish to the Bank each month certified statements of the Special Account; and
- (iv) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(b) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of Project Management Reports or statements of expenditure, the Borrower shall provide to the Guarantor any information that may be required by the Guarantor to comply with the Guarantor's obligations under Section 3.04 of the Guarantee Agreement.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

- (a) that the contractual arrangements referred to in Section 3.01 of this Agreement have been entered into;
- (b) that the Operational Manual has been issued by SAGAR and put into effect; and
- (c) that the POA for the first year of the Project has been prepared by SAGAR and is satisfactory to the Bank.

Section 5.02. The following is specified as an additional matter, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely that the contractual arrangements referred to in Section 3.01 of this Agreement have been duly authorized or ratified by the Borrower and the Guarantor, have been duly executed by them, and are legally binding upon the Borrower and the Guarantor in accordance with their terms.

Section 5.03. The date _____, 199_ is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The *Director Internacional* of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

248423 (MCI); or
64145 (MCI)

For the Borrower:

Nacional Financiera, S.N.C.
Dirección Internacional
Torre IV, piso 8
Plaza Inn, Insurgentes Sur 1971
01020 México, D.F.
México

Cable address:

Telex:

NAFIN
Mexico City

NAFIME 383-1775765
Mexico City

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in _____, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Regional Vice President
Latin America and the Caribbean

NACIONAL FINANCIERA, S.N.C.

By

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

	<u>Category</u>	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be <u>Financed</u>
(1)	Goods, works and services for Subprojects under Part A of the Project	255,000,000	80%
(2)	Consultants' services, training and research under Part B of the Project	130,000,000	80%
(3)	Incremental operating costs under Part C of the Project	5,500,000	50% until withdrawals under this Category have reached an aggregate amount equivalent to \$____; and 20% thereafter
(4)	Goods, including training materials, under Part C of the Project (except as covered by Category (3) above)	1,000,000	80%
(5)	Consultants' services under Part C of the Project (except as	26,800,000	100%

	covered by Category (6) below)		
(6)	Training under Part C of the Project (except as covered by Categories (3) or (4) above)	3,700,000	100%
(7)	Fee	4,444,444	Amount due under Section 2.04 of this Agreement
(8)	Unallocated	18,000,000	
	TOTAL	<u>444,444,444</u>	

2. For the purposes of this Schedule, the term "incremental operating costs" includes recurrent Project management and administration costs at the SAGAR, PCU and Participating State levels, that would not have been incurred absent the Project

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not to exceed \$44,000,000, may be made on account of payments made for expenditures incurred within the twelve months prior to the date of this Agreement but after June 28, 1998.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for all expenditures not covered by Part D.2 of Section I of Schedule 1 to the Guarantee Agreement, for all incremental operating cost expenditures, and for expenditures under consultant contracts costing less than \$100,000 equivalent (in the case of consulting firms) and less than \$50,000 equivalent (in the case of individual consultants), all under such terms and conditions as the Bank shall specify by notice to the Borrower.

B. Special Account

1. The Borrower shall open and maintain in Dollars a special deposit account in *Banco de México* on terms and conditions satisfactory to the Bank.

2. After the Bank has received evidence satisfactory to it that the Special Account has been opened, withdrawals from the Loan Account of amounts to be deposited into the Special Account shall be made as follows:

(a) until the Bank shall have received (i) the first Project Management Report referred to in Section 3.04 (d) of the Guarantee Agreement and (ii) a request from the Borrower for withdrawal on the basis of Project Management Reports, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and

(b) upon receipt by the Bank of a Project Management Report pursuant to Section 3.04 (d) of the Guarantee Agreement, accompanied by a request from the Borrower for withdrawal on the basis of Project Management Reports, all further withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of the Special Account shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if the Bank determines at any time that any Project Management Report does not adequately provide the information required pursuant to Section 3.04 (d) of this Agreement;

(b) if the Bank determines at any time that all further withdrawals should be made by the Borrower directly from the Loan Account; or

(c) if the Borrower or the Guarantor shall have failed to furnish to the Bank within the period of time specified in Section 4.02 (a) (ii) of this Agreement and Section 3.04 (b) of the Guarantee Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Sections in respect of the audit of (A) the records and accounts for the Special Account or (B) the records and accounts reflecting expenditures with respect to which withdrawals were made on the basis of Project Management Reports.

5. The Bank shall not be required to make further deposits into the Special Account in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole

discretion, whether further deposits into the Special Account may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Bank determines at any time that any payment out of the Special Account was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank determines at any time that any amount outstanding in the Special Account will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to sub-paragraph (a), (b) or (c) of this paragraph 6 shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Loan Agreement.

**Annex A
to
SCHEDULE 1**

**Operation of Special Account
When Withdrawals Are Not Made
On the Basis of Project Management Reports**

1. For the purposes of this Annex:

(a) the term "Authorized Allocation" means an amount equivalent to \$40,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 2 of this Annex; provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to _____ until the aggregate amount of withdrawals from the Loan Account, plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal or exceed the equivalent of _____.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested.

(b) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposit into the Special Account at such intervals as the Bank shall specify. Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for Eligible Expenditures. Each such deposit into the Special Account shall be withdrawn by the Bank from the Loan Account under one or more of the Eligible Categories.

3. The Bank shall not be required to make further deposits into the Special Account, once the total unwithdrawn amount of the Loan minus the total amount of all outstanding

special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for Eligible Expenditures.

Annex B
to
SCHEDULE 1

Operation of Special Account
When Withdrawals Are Made
On the Basis of Project Management Reports

1. Except as the Bank may otherwise specify by notice to the Borrower, all withdrawals from the Loan Account shall be deposited by the Bank into the Special Account in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into the Special Account shall be withdrawn by the Bank from the Loan Account under one or more of the Eligible Categories.
2. Each application for withdrawal from the Loan Account for deposit into the Special Account shall be supported by a Project Management Report.
3. Upon receipt of each application for withdrawal of an amount of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the Project Management Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said Project Management Report to be remaining in the Special Account, shall not exceed the equivalent of \$_____.

SCHEDULE 2

Description of the Project

The objective of the Project is to improve the productivity and income of small farmers through their adoption of sustainable agricultural production systems financed under selected programs supported by the *Alianza para el Campo*.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Productive Investments

Financing on a matching-grant basis and carrying out of the following sets of productive investment activities:

1. purchase, installation, rehabilitation and/or construction by Beneficiaries of irrigation materials, equipment, systems and/or small-scale infrastructure, as well as provision to Beneficiaries of related technical assistance, all pursuant to the *Ferti-irrigación* (Ferti-irrigation) program of the *Alianza para el Campo*;

2. purchase, installation, rehabilitation and/or construction by Beneficiaries of materials, equipment, systems and/or small-scale infrastructure to improve milk production, as well as provision to Beneficiaries of related technical assistance, all pursuant to the *Fomento Lechero* (Milking Development) program of the *Alianza para el Campo*;

3. purchase, installation, rehabilitation and/or construction by Beneficiaries of materials, equipment, systems and/or small-scale infrastructure to improve pastures for meat, milk or wool production, as well as provision to Beneficiaries of related technical assistance, all pursuant to the *Establecimiento de Praderas* (Pasture Establishment) program of the *Alianza para el Campo*; and

4. purchase, installation, rehabilitation and/or construction by Beneficiaries of materials, equipment, systems and/or small-scale infrastructure to achieve general improvement in their agricultural productivity, as well as provision to Beneficiaries of related technical assistance, all pursuant to the *Apoyo al Desarrollo Rural* (Rural Development Support) program of the *Alianza para el Campo*.

Part B: Production Support Services

1. Carrying out of agricultural research and technology transfer with respect to techniques for improving productivity of small farms.

2. Provision of agricultural training and extension services to small farmers pursuant to SAGAR's *Sistema Nacional de Capacitación y Extensión Rural Integral* (National System for Integrated Rural Training and Extension) program.

3. Provision of technical assistance to small farmers to improve their crop production pursuant to SAGAR's *Programa Elemental de Asistencia Técnica para Apoyar la Producción de Granos Básicos y Otros Cultivos* (Elemental Technical Assistance Program to Support production of Basic Grains and Other Crops).

4. Provision of technical assistance to small farmers to improve their livestock production pursuant to SAGAR's *Proyectos Agropecuarios Integrados* (Integrated Agriculture and Livestock Projects) program.

Part C: Institutional Strengthening and Project Administration

Provision of technical assistance, training, equipment and incremental operating cost support as required to:

1. train Guarantor and Participating State staff in Project implementation and Subproject preparation and selection procedures;

2. install and operate a computerized communications and data processing network to link SAGAR headquarters with SAGAR delegations in each Participating State;

3. implement a comprehensive Project monitoring and evaluation system;

4. carry out studies on issues related to improving and evaluating mechanisms for the delivery of technical assistance to small farmers; and

5. operate the PCU.

* * *

The Project is expected to be completed by December 31, 2002.

SCHEDULE 3

Amortization Schedule

<u>Date Payment Due</u>	<u>Payment of Principal (expressed in Dollars)*</u>
On each ____ 15 and ____ 15	
beginning on _____	
through _____	2,350,000

* The figures in this column represent the amount in Dollars to be repaid, except as provided in Section 4.04 (d) of the General Conditions.

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Legal Department
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November 12, 1998
F. Molnar

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LOAN NUMBER ____-ME

Guarantee Agreement

(Agricultural Productivity Improvement Project)

between

UNITED MEXICAN STATES

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated _____, 199_

LOAN NUMBER ____-ME

GUARANTEE AGREEMENT

AGREEMENT, dated _____, 199_, between UNITED MEXICAN STATES (the Guarantor) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Guarantor and Nacional Financiera, S.N.C. (the Borrower), having been satisfied as to the feasibility and priority of the Project described in Schedule 2 to the Loan Agreement, have requested the Bank to assist in the financing of the Project;

(B) by the Loan Agreement of even date herewith between the Bank and the Borrower, the Bank has agreed to extend to the Borrower a loan in the amount of four hundred forty four million four hundred forty four thousand four hundred forty four Dollars (\$444,444,444), on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agree to guarantee the obligations of the Borrower in respect of such loan and to undertake such other obligations as provided in this Agreement; and

WHEREAS the Guarantor, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed so to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995 (as amended through December 2, 1997), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to and Section 1.02 of the Loan Agreement have the respective meanings therein set forth.

ARTICLE II

Guarantee; Provision of Funds

Section 2.01. Without limitation or restriction upon any of its other obligations under the Guarantee Agreement, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and interest and other charges on, the Loan, and the premium, if any, on the prepayment of the Loan, and the punctual performance of all the other obligations of the Borrower, all as set forth in the Loan Agreement.

Section 2.02. The Guarantor shall enter into the contractual arrangements referred to in Section 3.01 of the Loan Agreement and, except as the Bank may otherwise agree, shall not amend or fail to enforce any provision of such contractual arrangements. The Guarantor shall exercise its rights under such contractual arrangements in such manner as to protect the interests of the Guarantor and the Bank and to accomplish the purposes of the Loan.

Section 2.03. The Guarantor shall provide or cause to be provided, in a timely manner as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE III

Execution of the Project

Section 3.01. The Guarantor declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement and, to this end, without limitation or restriction upon any of its other obligations under the Guarantee Agreement, shall carry out the Project, or cause the Project to be carried out, with due diligence and efficiency and in conformity with appropriate environmental, technical, financial and administrative standards and practices.

Section 3.02. The Guarantor shall, through SAGAR:

(a) issue a manual, satisfactory to the Bank, which sets forth the rules and procedures for carrying out the Project;

(b) cause the Project to be carried out in coordination with the Participating States within the framework of the *Alianza para el Campo*, through the use of Participation Agreements and in compliance with the terms of the Operational Manual;

(c) establish, and thereafter maintain throughout the course of Project implementation, a unit within DGDA, with equipment, staff and a structure and organization all satisfactory to the Bank, which unit shall coordinate Project implementation at the national level;

(d) ensure that a *Consejo Estatal Agropecuario* is operational in each Participating State, is composed of [define membership, including INI] and coordinates Project implementation at the level of each CEA's Participating State;

(e) ensure that Beneficiaries and Subprojects meet the eligibility criteria for Project support set forth in Schedule 2 to this Agreement;

(e) not allow any Participating State or Beneficiaries therein to participate in the Project unless: (i) there is in effect for that Participating State an agreement (between the Participating State and the Guarantor) or any other written instrument, whereby the Participating State commits to participate in the Project under terms and conditions which include compliance with the Operational Manual and timely provision of Participating State counterpart funds for the Project; and (ii) the Participating State is in compliance with its obligations under such agreement or instrument; and

(f) maintain or cause to be maintained a cadre of agricultural extensionists who can provide services to small farmers under the Project in the languages of the major indigenous groups whose members are potentially eligible to participate in the Project, as well as prepare or cause to be prepared agricultural extension publications in such languages for use by such groups.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to this Agreement.

Section 3.03. The Guarantor shall carry out, or cause to be carried out, the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating respectively to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition) with regard to the Project.

Section 3.04. (a) The Guarantor shall, through SAGAR, maintain or cause to be maintained records and separate accounts adequate to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in connection with the execution of the Project.

(b) The Guarantor shall:

- (i) have the records and accounts referred to in paragraph (a) of this Section for each fiscal year audited, in accordance with generally accepted auditing standards and procedures consistently applied, by independent and qualified auditors;
- (ii) furnish to the Bank as soon as available, but in any case not later than six months after the end of such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts as well as the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of Project Management Reports or statements of expenditure, the Guarantor shall:

- (i) maintain, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
 - (ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
 - (iii) enable the Bank's representatives to examine such records;
 - (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.
- (d) (i) Without limitation upon the provisions of Section 3.04 (a), (b) and (c) of this Agreement, the Guarantor shall carry out a time-bound action plan acceptable to the Bank for the strengthening of its financial management system for the Project in order to enable the Guarantor, not later than _____, or such later date as

the Bank shall agree, to prepare quarterly Project management reports, acceptable to the Bank, each of which:

(A) (I) sets forth actual sources and applications of funds for the Project , both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (II) shows separately expenditures financed out of the proceeds of the Loan during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Loan during the six-month period following the period covered by said report;

(B) (I) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (II) explains variances between the actual and previously forecast implementation targets; and

(C) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Loan, as at the end of the period covered by said report.

(ii) Upon the completion of the action plan referred to in paragraph (d) (i) of this Section, the Guarantor shall prepare, in accordance with guidelines acceptable to the Bank, and furnish to the Bank not later than 45 days after the end of each calendar quarter a Project Management Report for such period.

(e) For all expenditures with respect to which withdrawals were made from the Special Account, the Guarantor shall provide to the Borrower any information that may be required by the Borrower to comply with the Borrower's obligations under Section 4.01 of the Loan Agreement.

Section 3.05. Throughout the course of Project implementation, and without limitation upon the provisions of Section 9.07 of the General Conditions, the Guarantor, through SAGAR, shall:

(a) maintain or cause to be maintained procedures adequate to enable monitoring and evaluation on an ongoing basis, in accordance with the indicators set forth in the Implementation Letter, of the carrying out of the Project and of the achievement of the objectives thereof;

(b) furnish to the Bank, by no later than each March 31 and September 30 during Project implementation (beginning no later than September 30, 1999), semestral progress reports on Project implementation, in a format satisfactory to the Bank, which reports shall be based on the indicators set forth in the Implementation Letter;

(c) participate with the Bank, by no later than each March 31 during Project implementation (beginning no later than March 31, 2000), in an annual review of Project implementation based on the semestral reports referred to in paragraph (b) of this Section;

(d) participate with the Bank, during the annual review to be held in 2001, in a midterm review of Project implementation, based on the semestral reports referred to in paragraph (b) of this Section and on terms of reference, satisfactory to the Bank and prepared by SAGAR, which midterm review shall aim to identify any changes in Project structure that need be considered by the Bank and the Guarantor in light of project implementation experience up to the time of said midterm review;

(e) no later than each December 15 during Project implementation (beginning no later than the December 15 immediately preceding the Effective Date), prepare a POA satisfactory to the Bank, which POA shall be complied with in implementing the Project during the calendar year immediately subsequent to its preparation; and

(f) systematically solicit periodic Beneficiary assessments of Project implementation as indicated in the Implementation Letter, and publish the results of such assessments.

Section 3.06. In case of any conflict between the terms of the Operational Manual and those of this Agreement and of the Loan Agreement, the terms of this Agreement and of the Loan Agreement shall prevail.

ARTICLE IV

Representatives of the Guarantor; Addresses

Section 4.01. The *Director General de Crédito Público* of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.03 of the General Conditions.

Section 4.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Guarantor:

Dirección General de Crédito Público
Secretaría de Hacienda y Crédito Público
Insurgentes Sur 826 (piso 9)
Colonia del Valle
03100 México, D.F.
México

Telex:

1777313-SHOCME

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

248423 (MCI); or
64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in _____ as of the day and year first above written.

UNITED MEXICAN STATES

By

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

Regional Vice President
Latin America and the Caribbean

SCHEDULE 1

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 and September 1997 (the Guidelines) and the following provisions of Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods shall be grouped in bid packages estimated to cost \$350,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Goods for Part C of the Project, estimated to cost less than \$350,000 equivalent per contract, up to an aggregate amount not to exceed \$1,200,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. National Shopping

Goods for Part C of the Project, estimated to cost less than \$10,000 equivalent per contract, up to an aggregate amount not to exceed \$_____ equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. Community Participation

Goods and works required for Part A of the Project shall be procured in accordance with procedures acceptable to the Bank, which procedures may include:

(a) direct contracting (with the proviso that, for goods and works for which SAGAR maintains reference price lists, such goods or works shall be procured at prices at or below those set forth in such lists);

(b) procurement of goods under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines; and

(c) procurement of works under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) The procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply with respect to: (i) each contract procured under Part B of this Section I; and (ii) the first two contracts for the Project procured under Part C.1 of this Section I.

(b) With respect to each contract procured under Part C.3 of this Section I for the first five Subprojects for which Loan proceeds are to be withdrawn from the Loan Account or the Special Account, the following procedures shall apply:

- (i) prior to the selection of any supplier under shopping procedures, the Guarantor shall provide to the Bank a report on the comparison and evaluation of quotations received;
- (ii) prior to the execution of any contract procured under direct contracting or shopping procedures, the Guarantor shall provide to the Bank a copy of the specifications and the draft contract; and
- (iii) the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part D, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Specific Procedures for the Selection of Consultants

1. Except as otherwise provided in this Part B, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual

consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part C: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

(c) To award contracts below the thresholds set forth in paragraphs 2 (a) and (b) of this Part, prior review and approval by the Bank of short lists (where pertinent) and terms of reference shall be required.

3. Post Review

With respect to each contract not governed by paragraphs 2 (a) and (b) of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 2

Eligibility Criteria for Subprojects and Beneficiaries

A. Beneficiaries

To participate in the Project, Beneficiaries must, without limitation to any other eligibility criteria set forth in the Operational Manual:

1. as individuals, enterprises or groups of individuals, own and cultivate property of no more than 30 hectares (for Subprojects under Part A.1 of the Project);
2. as individuals, enterprises or groups of individuals, have no more than 70 cows for milk production (for Subprojects under Part A.2 of the Project and for participation in Part B.4 of the Project);
3. as individuals, enterprises or groups of individuals, have no more than 70 cows or their equivalent in minor species (for Subprojects under Part A.3 of the Project); and
4. as individuals, enterprises or groups of individuals, own and cultivate no more than 20 hectares of rainfed land or 5 hectares of irrigated land and/or base their animal production on no more than 20 cows or 100 sheep or goats (for Subprojects under Part A.4 of the Project and for participation in Part B.2 of the Project).

B. Subprojects

To be eligible for financing under the Project, Subprojects must, without limitation to any other eligibility criteria set forth in the Operational Manual:

1. be proposed by Beneficiaries and approved by the relevant CEA;
2. pass the environmental screening criteria set forth in the Operational Manual and thus present no environmental threat and be consistent with sustainable natural resource use;
3. be sustainable in light of the local cropping patterns and socio-economic setting;
4. not involve: (a) financing of mere consumption or transfer of ownership; (b) financing of debts and liabilities; (c) purchase or rental of land; (d) welfare or other social assistance; (e) reconversion out of shaded coffee; (f) extensive livestock use in

medium- or high-altitude areas; (g) deforestation; (h) road construction or rehabilitation; (i) resettlement of people; (j) encroachment or modification natural reserves, wildlands or wetlands of special concern; and (h) financing of operating expenses that would have been incurred even in the absence of the Subproject;

5. not involve use of pesticides that are formulated products within classes IA and IB of the World Health Organization's *Recommended Classification of Pesticides by Hazard and Guidelines to Classification* (Geneva: WHO, 1994-95; hereinafter *WHO Guidelines*), or are formulations of products in Class II of the *WHO Guidelines*;

6. require an up-front cash or in-kind contribution from its Beneficiaries to the extent required by the Operational Manual; and

7. not cost more than the monetary ceilings set forth in the Operational Manual.

Ferenc Molnar - at his office

Michael Carroll

Kristen Oleson
Walter Vergara

meeting

11/16/98

3:30-4:30 PM

4 aspects : = technical discussions

① document

but cons. process on changes

= use of profiles

② strategy // → PAD/annual

Adanya

③ loan agreement ? = scattered references

④ M & E = performance indicators

↓
interim
minute
of
negotiation
or
aspects to
do before
going to
Board

~~OM~~
↓
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