STATUTORY COMMITTEE REPORT

TO: The President, International Bank for Reconstruction and Development

Report of the Committee under Section 4 (iii) of Article III of the Articles of Agreement on the Proposed Operation, which consists of a Program for Results portion (the Program) and an Investment Project Financing portion (the Project) (Oaxaca Water and Sanitation Sector Modernization Operation) to Banco Nacional de Obras y Servicios Públicos, S.N.C, Institución de Banca de Desarrollo to be guaranteed by the United Mexican States.

The undersigned Committee constituted under Section 7 of Article V of the Articles of Agreement of International Bank for Reconstruction and Development (the Bank) hereby submits its report pursuant to Section 4 (iii) of Article III of said Articles in respect of the proposal that the Bank grant to Banco Nacional de Obras y Servicios Públicos, S.N.C, Institución de Banca de Desarrollo (the Borrower) the amounts of fifty five million Dollars ($55,000,000), out of which: (a) forty five million Dollars ($45,000,000) will support the financing of the Program (the Program Loan); and (b) ten million Dollars ($10,000,000) will support the financing of the Project (the Project Loan), all of which loans are to be guaranteed by the United Mexican States. The purposes of said loans are to: (a) support the improvement of the institutional framework of the WSS (water supply and sanitation) sector of the Operation Implementing Entity (the State of Oaxaca); and (b) improve the quality and sustainability of water supply service in Selected Urban Areas.

1. The Committee has carefully studied the merits of the proposal to grant such loans, and of the purposes to which the proceeds of the loans are to be applied.

2. The Committee is of the opinion that the Operation toward the financing of which the proceeds of such loans are to be applied comes within the purposes of the Bank as set forth in Article I of said Articles of Agreement, and that said Operation is designed to promote the development of the productive facilities and resources of the United Mexican States and is in the interest of the United Mexican States and of the members of the Bank as a whole.

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United Mexican States (Oaxaca Water and Sanitation Sector Modernization Operation)

3. Accordingly, the Committee finds that said Operation merits financial assistance from the Bank, and hereby recommends said Operation for such assistance.

COMMITTEE

[Signatures]

Senior Vice President and Group General Counsel

[Signatures]

Expert Selected by Governor for the United Mexican States

[Signatures]

Regional Vice President Latin America and the Caribbean

Dated at Washington, D. C.

May 14, 2014