Loan Agreement

(Grain Storage and Information for Agricultural Competitiveness Project)

between

UNITED MEXICAN STATES

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated November, 13, 2017
LOAN AGREEMENT

AGREEMENT dated November 13, 2017, between UNITED MEXICAN STATES ("Borrower") duly represented by its Ministry of Finance and Public Credit (Secretaria de Hacienda y Crédito Público) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

Whereas the Borrower has informed the Bank that the proceeds of the Loan (as set forth in the table in Section IV.A.3 of Schedule 2 to this Agreement and for purposes of supporting the project described in Schedule 1 to this Agreement (the "Project"), shall be used in conformity with the requirements of the Borrower's income, budgetary and public debt laws and the terms of this Agreement.

NOW THEREFORE the Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

2.01. Noting that the Borrower has informed the Bank that the proceeds of the Loan shall be used in conformity with the requirements of the Borrower's income, budgetary and public debt laws and the terms of this Agreement, but without limitation to the provisions of Section 8.01 of the General Conditions, the Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred twenty million Dollars ($120,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist the Borrower in financing the Project.

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. Unless the Borrower's Representative designated in Section 6.01 of this Agreement otherwise informs the Bank, the Borrower's Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the NAFIN's Director(a) de Organismos Financieros Internacionales or any person or persons whom such representative shall designate in writing.
2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, however, that the interest payable shall in no event be less than zero percent (0%) per annum; and provided furthermore that, upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

2.06. The Payment Dates are April 15 and October 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the
provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.05 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

2.09. (a) If on any given day, the Total Exposure exceeds the Standard Exposure Limit (as said terms are defined in sub-paragraphs (b)(ii) and (b)(iii) of this Section), the Borrower shall pay to the Bank a surcharge at the rate of one half of one percent (0.5%) per annum of the Allocated Excess Exposure Amount (as defined in sub-paragraph (b)(i) of this Section) for each said day (“Exposure Surcharge”). The Exposure Surcharge (if any) shall be payable semi-annually in arrears on each Payment Date.

(b) For purposes of this Section the following terms have the meanings set forth below:

(i) “Allocated Excess Exposure Amount” means for each day during which the Total Exposure exceeds the Standard Exposure Limit, the product of: (A) the total amount of said excess; and (B) the ratio of all (or, if the Bank so determines, a portion) of the Loan to the aggregate amount of all (or the equivalent portions) of the loans made by the Bank to the Borrower and to other borrowers guaranteed by the Borrower that are also subject to an exposure surcharge, as said excess and ratio are reasonably determined from time to time by the Bank.

(ii) “Standard Exposure Limit” means the standard limit on the Bank’s financial exposure to the Borrower, which, if exceeded, would subject the Loan to the Exposure Surcharge, as determined from time to time by the Bank.

(iii) “Total Exposure” means for any given day, the Bank’s total financial exposure to the Borrower, as reasonably determined by the Bank.
ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project through SAGARPA (through ASERCA) in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower, through SAGARPA (through ASERCA) shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

4.01. The Additional Event of Suspension consist of the following, namely, that, any of the parties to the Contrato de Mandato shall have failed to perform any of their obligations under the Contrato de Mandato, and that in the opinion of the Bank, such failure materially or adversely affects the objective of the Project.

4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Contrato de Mandato has been duly executed by the parties thereto.

5.02. Additional Legal Matter consists of the following:

(a) the Borrower, through SHCP and SAGARPA, has issued two separate legal opinions—one for SHCP and one for SAGARPA/ASERCA-satisfactory to the Bank, by the Borrower’s counsel acceptable to the Bank, indicating that the Contrato de Mandato has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower, and is legally binding upon the Borrower in accordance with the Contrato de Mandato’s terms; and

(b) NAFIN has issued a legal opinion satisfactory to the Bank, by NAFIN’s counsel satisfactory to the Bank, indicating that the Contrato de Mandato has been duly authorized or ratified by, and executed and delivered on behalf of, NAFIN, and is legally binding upon NAFIN in accordance with the Contrato de Mandato’s terms.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Borrower’s Representative is the Titular de la Unidad de Crédito Público of SHCP. The authorized representative to make requests for Conversions or for an IBRD Hedge (as defined in the Hedging Guidelines) on behalf of the Borrower shall be: (a) the Titular de la Unidad de Crédito Público of SHCP or any person or persons whom he or she shall designate in writing for this particular purpose; or (b) NAFIN’s Director(a) de Organismos Financieros Internacionales de NAFIN.

6.02. The Borrower’s Address is:

Secretaría de Hacienda y Crédito Público
Unidad de Asuntos Internacionales de Hacienda
Insurgentes Sur 1971, torre III, piso 3
Colonia Guadalupe Inn
01020 México City

6.03. The Bank’s Address is:

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

Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
AGREED at Mexico City, United Mexican States, as of the day and year first above written.

UNITED MEXICAN STATES

By

[Signature]

Authorized Representative

Name: Álvaro Torres Ramírez
Title: Titular de la Unidad de Crédito Público

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

[Signature]

Authorized Representative

Name: [Signature]
Title: [Signature]
SCHEDULE 1

Project Description

The objective of the Project is to improve access to grain storage and information for agricultural producers in Mexico.

The Project consists of the following parts:

Part 1. Grain Storage Infrastructure and Operation

The purpose of the activities described below is to improve the grain storage infrastructure and strengthen the capacity for the operation and application of grain quality norms and standards, through:

1. The provision of support for the carrying out of Grain Storage Subprojects in Selected States consisting of the following activities, including:
   
   (a) the rehabilitation and/or upgrading of existing grain storage facilities, including collection and trade centers, and purchase and installation of required equipment; and/or
   
   (b) the construction of new grain storage facilities, including collection and trade centers, and purchase and installation of required equipment.

2. The provision of support for the operation and sustainability of Grain Storage Subprojects, including:

   (a) (i) the preparation of business plans; (ii) the carrying out of capacity building activities for grain storage facilities operators, including the preparation of capacity building materials, on the operation, control and maintenance of grain storage facilities and required equipment under Grain Storage Subprojects; and (iii) the certification of said grain storage facilities; and

   (b) the provision of support to grain storage facilities operators, Eligible Grain Producer Organizations, and other relevant agricultural producers, on: (i) the application of relevant grain quality norms and standards through, inter alia: (A) the carrying out of capacity building activities on, inter alia, grain quality control and management on-farm; and (B) the preparation of capacity building materials for grain quality control and management in collecting and trade center; and (ii) relevant financial and administrative aspects.
Part 2. Information for Grain Management, Markets and Monitoring

The purpose of the activities described below is to improve access to information to enable the Borrower's agricultural producers in their decision making, through:

1. Provision of support for: (a) the development, operation and maintenance of an information system for grain markets and management, including data collection and integration, and the carrying out of related capacity building activities on the use of said system and data collection; and (b) the carrying out of dissemination activities to promote the use of the information system.

2. Strengthening the commercialization linkages of grain storage facilities through the following activities, including: (a) the participation of Eligible Grain Producer Organizations in agricultural fairs and other relevant sector events; (b) the carrying out of pertinent analysis on, *inter alia*, new market opportunities, market segmentation potential, and other strategic needs to improve grain commercialization; and (c) the carrying out of capacity building activities to improve market access of Eligible Grain Producer Organizations.

3. Provision of support for the preparation, implementation, monitoring and evaluation of the Project.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower, through SAGARPA (through ASERCA) shall:

   (a) no later than forty-five (45) days from the Effective Date, or any other date as shall be agreed by the Bank, designate and thereafter maintain, throughout Project implementation, a team within ASERCA with functions and responsibilities acceptable to the Bank, which shall be responsible for overall Project coordination and day to day implementation of the Project, and staffed with personnel in adequate numbers, with qualifications, experience and terms of reference satisfactory to the Bank and set forth in the Project Operational Manual and

   (b) (i) carry out the Project in accordance with a manual, acceptable to the Bank (Project Operational Manual or POM); and (ii) not amend, abrogate or waive the POM or any of its provisions without the Bank’s written prior consent. In case of conflict between the provisions of the POM and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. The Borrower, through SAGARPA (through ASERCA) shall coordinate, throughout Project implementation, with other relevant public and private entities participating in the technical implementation of the Project, all under arrangements and terms of reference acceptable to the Bank, as described in the POM.

3. The Borrower, through SAGARPA (through ASERCA), shall operate and maintain, throughout Project implementation, an accessible grievance redress mechanism, acceptable to the Bank, to address grievances relating to the carrying out of the Project activities.

B. Contrato de Mandato

1. For purposes of carrying out the Project, the Borrower, through SHCP, SAGARPA and ASERCA, shall enter into a contract (Contrato de Mandato) with NAFIN, satisfactory to the Bank, whereby:
(a) SAGARPA agrees to carry out the Project through ASERCA in accordance with the provisions of this Agreement including compliance with the POM and the Anti-Corruption Guidelines;

(b) NAFIN agrees to act as financial agent of the Borrower with respect to the Loan, meaning that, inter alia, NAFIN agrees to represent the Borrower vis-à-vis the Bank for purposes of submitting Loan withdrawal applications to the Bank in form and substance sufficient to justify disbursement by the Bank to the Borrower, referred to in the additional instructions cited in Section IV.A.1 of this Schedule, all of this in compliance with the provisions of this Agreement, and to abide by the Anti-Corruption Guidelines;

(c) the Borrower, through SHCP, shall have the right to, in case of fraud or corruption (as defined in the Anti-Corruption Guidelines) provide for the early termination of the Contrato de Mandato or temporarily suspend its effects, or, if applicable, require the Restitution of an amount equivalent of the funds transferred to NAFIN under the Contrato de Mandato; and

(d) the Borrower, through SAGARPA (through ASERCA), agrees to cooperate fully with NAFIN to ensure that NAFIN and SAGARPA (through ASERCA) are able to comply with all of their obligations referred to in this Agreement.

2. The Borrower, through SHCP, SAGARPA and ASERCA, shall, and shall cause NAFIN to, exercise their rights and carry out their obligations under the Contrato de Mandato in such a manner as to protect the interests of the Bank and to accomplish the purposes of the Loan.

3. Except as the Bank shall otherwise agree, neither the Borrower, through SHCP, SAGARPA or ASERCA, shall, and shall cause NAFIN to, not amend, terminate, abrogate, waive or fail to enforce any provision of the Contrato de Mandato. In case of any conflict between the provisions of the Contrato de Mandato and those of this Agreement, the provisions of this Agreement shall prevail.

C. Grain Storage Subprojects

1. For purposes of implementing Part 1.1 of the Project, immediately upon the selection and approval of a Grain Storage Subproject pursuant to the eligibility criteria and procedures established in the POM, the Borrower, through SAGARPA (through ASERCA), shall provide Direct Support, to the relevant Eligible Grain Producer Organization pursuant to an agreement (Subproject Agreement) to be entered between the Borrower, through SAGARPA (through ASERCA), and the Eligible Grain Producer Organization, under terms and conditions acceptable to the Bank which shall include, inter alia:
(a) the Eligible Grain Producer Organization’s obligation to: (i) carry out the Grain Storage Subproject in accordance with the requirements of the POM (including the EMP) and the Anti-Corruption Guidelines; (ii) co-finance part of the costs of the Grain Storage Subproject, as defined in the POM; (iii) procure the goods, works and services in accordance with the provisions of this Agreement; (iv) operate and maintain the Grain Storage Subproject as established in the POM; (v) at the request of the Borrower, through SAGARPA (through ASERCA), or the Bank, enable ASERCA and/or the Bank, together with ASERCA, to inspect the Grain Storage Subproject, including its operation and maintenance; and (vi) take or permit to be taken all actions to enable the Borrower, through SAGARPA (through ASERCA), to comply with its obligations under the pertinent Subproject Agreement; and

(b) ASERCA’s right to take remedial actions (including Restitution) against the Eligible Grain Producer Organization in case the Eligible Grain Producer Organization shall have failed to comply with its/their obligations under the respective Subproject Agreement.

2. The Borrower, through SAGARPA (through ASERCA) shall exercise its rights and carry out its obligations under each Subproject Agreement, in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower, through SAGARPA (through ASERCA) shall not assign, amend, abrogate, waive, terminate or fail to enforce any Subproject Agreement, or any provision thereof.

D. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards.

1. The Borrower, through SAGARPA (through ASERCA) shall carry out the Project in accordance with the EMP and the IPP. Except as otherwise agreed by the Bank, the Borrower, through SAGARPA (through ASERCA), shall not amend, abrogate, waive, or fail to enforce the EMP and/or IPP or any of their provisions.

2. The Borrower, through SAGARPA (through ASERCA), shall cause each Eligible Grain Producer Organization under the pertinent Subproject Agreement to: (a) implement the pertinent Grain Storage Subproject in accordance with the EMP; (b) adopt the procedures detailed in said EMP for environmental screening, evaluation, implementation and monitoring of the works under the Grain Storage Subprojects, including the procedures for the preparation of site-specific environmental management plans, when applicable; and (c) implement and/or
cause to be implemented the pertinent site-specific environmental management plan, in accordance with its terms and in a manner acceptable to the Bank.

3. The Borrower, through SAGARPA (through ASERCA), shall ensure that the terms of reference for any technical assistance provided under Part 1.2 of the Project, as applicable, shall be satisfactory to the Bank, and to that end, such terms of reference shall require that the advice conveyed through such technical assistance be consistent with the requirements of the Bank’s Safeguards Policies and Procedures.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower, through SAGARPA (through ASERCA), shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than sixty (60) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through SAGARPA (through ASERCA) shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. The Borrower, through SAGARPA (through ASERCA), shall prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower, through SAGARPA (through ASERCA), shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

All goods, works, non-consulting services and consulting services required for the Project and to be financed with an amount equivalent to the amount in Dollars provided under this Agreement shall be procured in accordance with the
requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

Section IV. **Withdrawal of Loan Proceeds**

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "Disbursement Guidelines for Investment Project Financing" dated February 2017, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date and pay to itself the Front-end Fee payable pursuant to Section 3.01 of the General Conditions. The remaining proceeds of the Loan shall be disbursed in Dollars unless otherwise agreed between the Borrower and the Bank and so reflected in the additional instructions referred to in Section IV.A.1 immediately above. Consistently with Section 2.05 of the General Conditions, the Borrower shall use an amount equivalent to the amount in Dollars provided under this Agreement to finance Eligible Expenditures.

3. The following table specifies the categories of Eligible Expenditures that may be financed with an amount equivalent to the amount in Dollars provided under this Agreement ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods and works under Grain Storage Subprojects under Part 1.1 of the Project</td>
<td>74,850,000</td>
<td>100% of the amount disbursed under the pertinent Subproject Agreement, as set forth in the POM</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consulting services, Capacity Building and Project Incremental Costs under Parts 1.2 and 2 of the Project</td>
<td>44,850,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Front-end Fee</td>
<td>300,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(4) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.08(c) of this Agreement</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>120,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

4. For purposes of Section IV.A.3, the following terms have the meaning below:

(a) "Capacity Building" means the reasonable expenditures (other than consulting services) incurred by the Borrower, through SAGARPA (through ASERCA) in connection with the carrying out of capacity building activities under the Project, as described in the POM.

(b) "Project Incremental Costs" means the reasonable incremental operating expenditures, based on an annual allocation previously approved by the Bank and the Borrower, required for an efficient Project implementation, administration, supervision, monitoring and evaluation, including limited incremental costs incurred by ASERCA in the implementation, monitoring and evaluation of the Project; but excluding salaries of the Borrower’s (including SAGARPA and ASERCA’s) officials and public servants, as set forth in the POM.
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $24,000,000 may be made for payments made prior to this date but on or after the date twelve (12) months prior to the date of this Agreement, for Eligible Expenditures under the Project.

2. The Closing Date is March 24, 2022.
SCHEDULE 3

The Borrower shall repay the principal amount of the Loan in full on April 15, 2030.
APPENDIX

Section I. Definitions


2. “ASERCA” means Agencia de Servicios a la Comercialización y Desarrollo de Mercados Agropecuarios, the Borrower’s Agency for Commercialization and Development of Agricultural Markets, a deconcentrated entity with technical and operational autonomy established under SAGARPA pursuant to Borrower’s Decree dated April 16, 1991, as amended.

3. “Bank’s Safeguards Policies and Procedures” means the operational policies and procedures of the Bank (as the same may be amended from time to time by the Bank) set forth in the Bank’s Operational Manual and identified as Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Pest Management (OP/BP 4.09), Indigenous Peoples (OP/BP 4.10), Physical Cultural Resources (OP/BP 4.11), Involuntary Resettlement (OP/BP 4.12), Forestry (OP/BP 4.36) and Safety of Dams (OP/BP 4.37), as said manual is published under www.worldbank.org.

4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. “Contrato de Mandato” means the agreement between the Borrower (through SHCP, SAGARPA and ASERCA) and NAFIN referred to in Section I.B.1 of Schedule 2 to this Agreement.

6. “Direct Support” means a non-reimbursable contribution in an amount to be defined by a resource allocation formula set forth in the POM, made out of an equivalent amount of the proceeds of the Loan to any given Eligible Grain Producer Organization to assist in the financing of Eligible Expenditures under a Grain Storage Subproject.

7. “Eligible Grain Producer Organization” means a legally established grain producer organization which operates in Mexico and meets the eligibility criteria set forth in the POM for implementing a Grain Storage Subproject.

8. “EMP” means the Environmental Management Plan prepared by ASERCA, acceptable to the Bank and published in the Borrower’s territory on January 20, 2017 and on the Bank’s external website on February 2, 2017, setting forth the principles, guidelines, rules and procedures to assess the potential environmental.
social, health and safety impacts of Project activities, and mitigation, monitoring and institutional measures to be taken to offset or eliminate any such negative impacts, or reduce them to acceptable levels, including: (a) measures for chance findings of physical cultural property; (b) an integrated pest management plan; (c) guidelines for the identification of existing environmental conditions and potential direct and indirect environmental impacts resulting from the carrying out of Grain Storage Subprojects (including a negative list of investments not eligible for financing under the Project); (d) guidelines for the carrying out of environmental assessments and the preparation and implementation of environmental management plans, when applicable; (e) the recommendation of mitigation measures for each negative impact identified; and (f) measures for enhancing each identified positive impact; as said framework may be amended from time to time with the Bank’s prior written approval.


10. “Grain Storage Subproject” means any of the infrastructure investments described in Part 1.1 of the Project.

11. “IPP” means the Indigenous Peoples Plan prepared by ASERCA, acceptable to the Bank and published in the Borrower’s territory on January 20, 2017 and on the Bank’s external website on February 2, 2017, which includes an action plan of measures to ensure that indigenous peoples receive social and economic benefits that are culturally appropriate under the Project.

12. “NAFIN” means Nacional Financiera, S.N.C., I.B.D., a Mexican development bank serving as the Borrower’s financial agent for purposes of the Loan, or any successor thereto.

13. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated February 13, 2017 and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.


15. “Project Operational Manual” or “POM” means the manual for the Project referred to in Section I.A.1 (b) of Schedule 2 to this Agreement, acceptable to the Bank, prepared by the Borrower, through SAGARPA (through ASERCA), describing and setting forth inter alia: (a) the activities and timetable of actions to be carried out under the Project; (b) the respective roles and responsibilities of the agencies involved in the implementation of the Project; (c) staff of ASERCA
working in the Project; (d) the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures); (e) the criteria and procedures for the selection of Grain Storage Subprojects; (f) the performance indicators of the Project; (g) the model form of the Subproject Agreement; (h) the EMP; and (i) the IPP; as the same may be amended from time to time with the prior written agreement of the Bank.

16. "Restitution" means the refund to the Borrower of the portion of the equivalent amount of the Loan with respect to which fraud and corruption has occurred as set forth in the Anti-Corruption Guidelines.

17. "SAGARPA" means Secretaría de Agricultura, Ganadería Desarrollo Rural, Pesca y Alimentación, the Borrower’s Ministry of Agriculture, Livestock, Rural Development, Fisheries and Food, or any successor thereto.

18. "Selected State" means any of the following Borrower’s states: Chiapas, Estado de México, Guanajuato, Michoacán, Oaxaca, Puebla and Veracruz, or any other state as may be agreed between the Borrower, through SARGARPA (through ASERCA) and the Bank.

19. "SHCP" means Secretaría de Hacienda y Crédito Público, the Borrower’s Ministry of Finance and Public Credit, or any successor thereto.

20. "Subproject Agreement" means any of the agreements to be entered into between the Borrower through SARGARPA (through ASERCA) and the Eligible Grain Producer Organization and referred to in Section I.C.1 of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

"Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).
(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

"19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of "Front-end Fee" is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term "Loan Payment" is modified to read as follows:

"68. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any surcharge, any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of "Payment Date" is modified by deleting the word "is" and inserting the words "and Commitment Charge are" after the word "interest".