Global Environment Facility, Grant Agreement

(Additional Financing for the Energy Efficiency in Public Facilities Project - PRESEMEH)

among

UNITED MEXICAN STATES

and

NACIONAL FINANCIERA, S.N.C., I.B.D

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated as of the Signature Date entered into among: UNITED MEXICAN STATES ("Recipient"), duly represented by its Ministry of Finance and Public Credit ("Secretaría de Hacienda y Crédito Público" or "SHCP"), and its Ministry of Energy ("Secretaría de Energía" or "SENER") acting as the Recipient's executing agency for purposes of the Grant; NACIONAL FINANCIERA, S.N.C., I.B.D. ("NAFIN"), acting as the Recipient's financial agent for the purposes of the Grant; and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF"); for the purpose of providing additional financing for Part 4 of the project described in Schedule 1 to this Agreement ("Project").

The Recipient, NAFIN and the World Bank hereby agree as follows:

**Article I**
**Standard Conditions; Definitions**

1.01. The Standard Conditions 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 Standard Conditions or in this Agreement.

**Article II**
**The Project**

2.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through SENER, shall: (a) carry out Parts 1(a), 1(b) and 1(c) of the Project; (b) cause Part 2 of the Project to be carried out with the assistance of the Operator and CFE; and (c) cause Part 4 of the Project to be carried out by the Operator; all in accordance with the provisions of Article II of the Standard Conditions, the Contrato de Mandato and the Operator Collaboration Agreement.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient, through SENER, shall carry out the Project in accordance with the provisions of Schedule 2 to this Agreement.
Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount not to exceed five million seven hundred ninety thousand Dollars ($5,790,000) to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement. Unless the Recipient’s Representative set forth in Section 6.01 of this Agreement shall otherwise inform the World Bank, the Recipient representative for purposes of taking any action required or permitted to be taken pursuant to said Section is NAFIN’s Director of International Financial Institutions (Director(a) de Organismos Financieros Internacionales) or any person or persons whom such representative shall designate in writing.

3.03. The Grant is funded out of the abovementioned GEF trust fund for which the World Bank receives periodic contributions from the donors to the GEF trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned GEF trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following: namely that any of the parties to the Contrato de Mandato and/or to the Operator Collaboration Agreement shall have failed to perform any of their obligations under the Contrato de Mandato and/or under the Operator Collaboration Agreement, respectively, and that in the opinion of the Bank, such failure of performance shall materially or adversely affect the objectives of the Project.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished that the conditions specified below have been satisfied:

(a) the Contrato de Mandato has been duly executed by the parties thereto.

(b) the Operator Collaboration Agreement shall have been duly amended by the parties thereto.
the Additional Financing Agreement has been signed and delivered by all the parties to such agreement, and all conditions precedent to its effectiveness have been fulfilled.

5.02. As part of the evidence to be furnished pursuant to Section 5.01, there shall be furnished to the World Bank the following opinions:

(a) the Recipient, through SENER, shall issue a separate legal opinion satisfactory to the World Bank, by counsel acceptable to the World Bank, indicating that the GEF Contrato de Mandato has been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient, and is legally binding upon the Recipient in accordance with the Contrato de Mandato’s terms; and

(b) NAFIN has issued a legal opinion satisfactory to the World Bank, by NAFIN’s counsel satisfactory to the World 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. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 of this Agreement (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone, after consultation with the Recipient, the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the Signature Date of this Agreement (the “Effectiveness Deadline”), unless the World Bank, after consideration of the reasons for the delay, establishes a later Effectiveness Deadline for the purposes of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

6.01. Except as provided in Section 3.02 of this Agreement, the Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Titular de la Unidad de Asuntos Internacionales de Hacienda of Secretaria de Hacienda y Crédito Público.
6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Secretaría de Hacienda y Crédito Público
Unidad de Asuntos Internacionales de Hacienda
Insurgentes Sur 1971, Torre III, Piso 3; Plaza Inn
Colonia Guadalupe Inn, 01020
Ciudad de México
Mexico

E-mail: uaih_shcp@hacienda.gob.mx

6.03. Notifications to the Recipient under this Agreement shall be copied to:

SENER:

Secretaría de Energía
Dirección General de Eficiencia y Sustentabilidad Energética.
Insurgentes Sur 890, Piso 12
Colonia del Valle 03100
México, Ciudad de México

E-mail: esem.presem@energia.gob.mx

NAFIN:

Nacional Financiera S.N.C., I.B.D.
Dirección de Organismos Financieros Internacionales
Avenida Insurgentes Sur 1971,
Edificio Anexo Nivel Jardín
Piso Financiero
Colonia Guadalupe Inn C.P. 01020
Delegación Álvaro Obregón,
México, Ciudad de México

E-mail: lvelazquez@nafin.gob.mx

6.04. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Telex: Facsimile: E-mail:
AGREED at Mexico City as of the Signature Date.

UNITED MEXICAN STATES

By

[Signature]

Authorized Representative

Name: Carlos Márquez Padilla Casar

Title: Titular de la Unidad de Asuntos Internacionales de Hacienda

Date: 10 de agosto, 2018

By

[Signature]

Authorized Representative

Name: Santiago Curiel de Dios

Title: Director General for Energy Efficiency and Sustainability

Date: May 29, 2018

NACIONAL FINANCIERA, S.N.C., I.B.D.

By

[Signature]

Authorized Representative

Name: Jesus Gutierrez H.

Title: Director of International Financial Organisms

Date: May 25, 2018
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the
Global Environment Facility

By

Authorized Representative

Name: Pablo Saavedra

Title: Country Director

Date: May 22, 2018
SCHEDULE 1
Project Description

The objectives of the Project are: (a) to promote the efficient use of energy in the Recipient’s municipalities and other Eligible Public Facilities by carrying out energy efficiency investments in selected public sectors; and (b) to contribute to strengthening the enabling environment.

The Project consists of the PRESEMEH Project. The following Part of the Project may be supported by the Grant:

Part 4. Municipal Energy Efficiency Contingency Facility

Financing the Capitalization of the Contingency Facility to: (a) partially cover the risk of default by Eligible Municipalities or Eligible Water Operators under their respective Energy Service Agreements; or (b) as set forth in the Operational Manual and if applicable, further support the carrying out of Municipal Energy Efficiency Subprojects.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. The Recipient, through SENER:
   (a) shall no later than sixty (60) days after the Effective Date, establish and maintain, throughout Project implementation, a unit (SENER-UREP) with functions, responsibilities, and competent specialists with qualifications, capabilities, experience and functions, all satisfactory to the World Bank and set forth in the POM; and
   (b) shall ensure, throughout the implementation of the Project, the coordination with SENER’s subordinated agencies participating in the implementation of the technical aspects of the Project and other Recipient’s agencies participating in the Project, all with powers and functions acceptable to the World Bank to fulfill their respective responsibilities under the Project.

B. Contrato de Mandato

1. For purposes of carrying out Part 4 of the Project, the Recipient, through SHCP and SENER, shall enter into a contract (“Contrato de Mandato”) with NAFIN, satisfactory to the World Bank, whereby:
   (a) NAFIN agrees to act as financial agent of the Recipient with respect to the Grant, meaning that, \textit{inter alia}, NAFIN agrees to represent the Recipient \textit{vis-à-vis} the World Bank for purposes of submitting Grant withdrawal applications to the World Bank in form and substance sufficient to justify disbursement by the World Bank to the Recipient referred to in the additional instructions cited in Section IV.A.1 of this Schedule 2, all of this in compliance with the provisions of this Agreement; and to abide by the Anti-Corruption Guidelines;
   (b) SENER agrees to carry out Part 4 of the Project, in accordance with, the provisions of this Agreement, including compliance with the POM and the Anti-Corruption Guidelines;
   (c) The Recipient, 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 funds transferred to NAFIN or SENER under the Contrato de Mandato; and

(d) the Recipient, through SENER, and NAFIN agree to cooperate fully with each other to ensure that NAFIN and SENER are able to comply with all their obligations referred to in this Agreement and in the Contrato de Mandato.

2. The Recipient, through SHCP and SENER, and NAFIN shall exercise their rights and carry out their obligations under the Contrato de Mandato in such a manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant.

3. Except as the World Bank may otherwise agree, the Recipient, through SHCP and SENER and NAFIN shall not amend, terminate, abrogate, waive or fail to enforce any provision of the Contrato de Mandato. In case of any conflict between the terms of the Contrato de Mandato and those of this Agreement, the provisions of this Agreement shall prevail.

C. Implementation Agreement

1. For purposes of carrying out Part 4 of the Project, the Recipient, through SENER shall:

(a) amend the Operator Collaboration Agreement under terms and conditions acceptable to the Bank and set forth in the POM, including inter alia: (i) the Recipient’s obligation, through SENER to provide on a grant basis and in a timely manner the funds required for the implementation of the activities under Part 4 of the Project; and (ii) the Operator’s obligation to carry out the activities under Part 4 of the Project in accordance with the relevant sections of this Agreement;

(b) cause the Operator to maintain the CFE Implementation Agreement under terms and conditions acceptable to the World Bank;

(c) upon acceptance of a Municipal Energy Efficiency Subproject as set forth in the POM, enter into an agreement (Activity Initiation Agreement) with the Operator and the corresponding Eligible Municipality or Eligible Water Operator (as the case may be) under terms and conditions acceptable to the Bank and set forth in the POM, including, inter alia the corresponding Eligible Municipality’s or Eligible Water Operator’s (as the case may be) obligation to assist the Operator in the preparation and evaluation of said Municipal Energy Efficiency Subproject; and
immediately upon the selection of a Municipal Energy Efficiency Subproject as set forth in the POM, enter into an agreement (Energy Service Agreement) with the Operator and the corresponding Eligible Municipality or Eligible Water Operator (as the case may be) under terms and conditions acceptable to the World Bank and set forth in the POM, including, \textit{inter alia}: and the corresponding Eligible Municipality’s or Eligible Water Operator’s (as the case may be) obligations to: (i) reimburse a portion of the cost of the Municipal Energy Efficiency Subproject through its payments to CFE; and (ii) undertake the periodic operation and maintenance of the Municipal Energy Efficiency Subproject.

2. The Recipient, through SENER, shall exercise its rights and carry out its obligations under the Operator Collaboration Agreement, each Activity Initiation Agreement and each Energy Service Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce the Operator Collaboration Agreement, any Activity Initiation, any Energy Service Agreement or any of their provisions.

3. The Recipient, through SENER, shall cause the Operator to exercise its rights and carry out its obligations under the CFE Implementation Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall ensure that the operator shall not assign, amend, abrogate, terminate, waive or fail to enforce the Operator Collaboration Agreement, or any of its provisions.

4. In case of any conflict between the provisions of this Agreement and the provisions of either the Operator Collaboration Agreement, the CFE Implementation Agreement, any Activity Initiation Agreement or any Energy Service Agreement, the provisions of this Agreement shall prevail.

D. Project Operational Manual

1. The Recipient, through SENER, shall carry out the Project and/or cause the Project to be carried out, in accordance with the provisions of a manual (the Project Operational Manual or POM) satisfactory to the World Bank, containing, \textit{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) the functions, responsibilities and specialists of SENER-UREP; (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 Subprojects; (f) the rules of operation of the Contingency Facility under Part 4 of the Project; (g) the performance indicators of the Project; (h) the ESMF and the Anti-Corruption Guidelines.

2. The Recipient through SENER shall not amend or waive or fail to enforce any provision of the Project Operational Manual without the Bank's prior written approval. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

E. Safeguards

The Recipient, through SENER, shall, and shall cause the Operator through the Operator Collaboration Agreement to, carry out the Project in accordance with the ESMF. Except as otherwise agreed by the Bank, the Recipient, through SENER, shall, and shall cause the Operator to, not amend, abrogate, waive, or fail to enforce the ESMF or any of its provisions.

F. Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient, through SENER, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the World Bank not later than sixty (60) days after the end of the period covered by such report.

2. By July 30 2019, or such other date as the Bank and the Borrower shall agree upon, and without limitation to the provisions of Section 2.06(a) and Sections 2.06 (b)(i) of the Standard Conditions, the Borrower, through SENER shall, and shall cause the Operator to: (a) carry out jointly with the Bank, a mid-term review of the implementation of activities under the Project, which shall cover the progress achieved in the implementation of the Project; and (b) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Bank.
B. Financial Management; Financial Reports; Audits

1. The Recipient, through SENER, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient, through SENER, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester in form and substance satisfactory to the World Bank.

3. The Recipient, through SENER, shall have the Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient, or any other period acceptable to the Bank. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) 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 out of the proceeds of the Grant shall be procured in accordance with Procurement Regulations, and the provisions of the Procurement Plan.

Section IV.  Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw, or may request NAFIN to withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World 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 following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
### Amount of the Percentage of Expenditures to be Grant Allocated Financed

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Capitalization of the Contingency Facility</td>
<td>5,790,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>5,790,000</td>
<td></td>
</tr>
</tbody>
</table>

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.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is October 31, 2021.
APPENDIX

Section I. Definitions

1. "Activity Initiation Agreement" means Convenio de Inicio de Actividades, any of the agreements among the Operator, SENER and the corresponding Eligible Municipality or Eligible Water Operator, as the case may be, referred to in Section I.C.1(a) of Schedule 2 to this Agreement.

2. "Additional Financing Agreement" means the loan agreement for the financing of Part 3 of the Project as set forth in its Schedule 1, entered into between the Recipient and the World Bank, dated as of the Additional Financing Agreement Signature Date, as such agreement may be amended from time to time. The Additional Financing Agreement includes all appendices, schedules and agreements supplemental to the Additional Financing Agreement.

3. "Additional Financing Agreement Signature Date" means the later of the two dates on which the Recipient and the World Bank signed the Additional Financing Agreement and such definition applies to all references to "the date of the Loan Agreement" in the International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing, dated July 14, 2017.


5. "Capitalization of the Contingency Facility" means the transfer of Grant proceeds from the Grant account to the Operator, for the Operator to operate a contingency facility under Part 4 of the Project as set forth in the Project Operational Manual.

6. "Category" means a category set forth in the table in Section IV.A of Schedule 2 to this Agreement.

7. "CFE" means the Comisión Federal de Electricidad, the Recipient's federal electricity utility, established pursuant to the Recipient's Ley de la Comisión Federal de la Electricidad, dated August 11, 2014, or any successor thereto.

8. "CFE Implementation Agreement" means the Contrato de Prestación de Servicios between the Operator and CFE dated October 27, 2016, acceptable to the World Bank, and as amended from time to time in a manner acceptable to the World Bank.

10. "Contrato de Mandato" means the agreement between the Recipient (through SHCP and SENER) and NAFIN referred to in Section I.B.1 of Schedule 2 to this Agreement.

11. "Eligible Municipality" means any of the Recipient’s municipalities selected to participate in Part 2 of the Project, pursuant to the criteria and procedures established in the POM, and "Eligible Municipalities” means, collectively, all such municipalities.

12. "Eligible Public Facility” means a hospital under coordination of SS, a hospital administered by IMSS, a school administered by SEP, collectively referred to as “Eligible Public Facilities”.

13. "Eligible Water Operator” means any of the public water or wastewater utilities located in any of the Eligible Municipalities selected to participate in Part 2 of the Project, pursuant to the criteria and procedures established in the POM, and “Eligible Water Operators” means, collectively, all such public water utilities.

14. "Energy Service Agreement” means Convenio de Ejecución de Acciones de Ahorro de Energia, any of the agreements among the Operator, SENER and the corresponding Eligible Municipality or Eligible Water Operator, as the case may be, referred to in Section I.C.1(d) of Schedule 2 to this Agreement.

15. “Environmental and Social Management Framework” or “ESMF” means the framework prepared by SENER and the Operator, initially published on September 4, 2015, and updated and published on December 8, 2017 acceptable to the World Bank, 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) guidelines for the identification of existing environmental conditions and potential direct and indirect environmental impacts resulting from the carrying out of the Subprojects (including a negative list of investments not to be financed under the Project); (c) guidelines for the carrying out of environmental assessments and the preparation and implementation of environmental management plans, when applicable; (d) the recommendation of mitigation measures for each negative impact identified; and (e) measures for enhancing each identified positive impact; as said framework may be amended from time to time with the World Bank’s prior written approval.


17. “Municipal Energy Efficiency Subproject” means any eligible investment under Part 2 (a) of the Project to be carried out in any of the Selected Municipal Sectors which meets the criteria set forth in the Project Operational Manual, consisting of,
inter alia: (i) acquisition and installation of lighting fixtures and other street lighting infrastructure such as poles, arms and wiring, and management and control systems; (ii) acquisition and installation of pumps and motors and other auxiliary equipment for extracting, transporting, distributing and treating water and wastewater; and (iii) acquisition and installation of, among others, lighting, air conditioning, windows, insulation, white roofs, solar water heaters, and installation of photovoltaic systems in public buildings, all selected in accordance with the provisions of the Project Operational Manual, and “Municipal Energy Efficiency Subprojects” means, collectively, all of such investments.

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

19. “Operator” means FIDE, the Fideicomisco para el Ahorro de Energia Eléctrica, the Electricity Energy Savings Trust Fund, a private fund established in August 14, 1990, or any successor thereto.

20. “Operator Collaboration Agreement” means Convenio de Colaboración SENER-FIDE, the agreement between SENER and the Operator dated August 14, 2016, as amended from time to time in a manner acceptable to the Bank.

21. “Original Loan Agreement” means the loan agreement for the financing of Parts 1 and 2 of the Project as set forth in its Schedule 1, entered into between the Borrower and the Bank dated July 29, 2016 (Loan No. 8594-MX), as amended. It includes all appendices, schedules and agreements supplemental to the Original Loan Agreement.

22. “PRESEMEH Project” means Parts 1 and 2 as described in Schedule 1 to the Original Loan Agreement, Part 3 as described in Schedule 1 to the Additional Financing Agreement, and Part 4 as described in Schedule 1 to this Agreement.

23. “Project Operational Manual” or “POM” means the manual for the Project dated February 15, 2018 referred to in Section I.D.1 of Schedule 2 to this Agreement, acceptable to the World Bank; as the same may be amended from time to time with the prior written agreement of the World Bank.

24. “Procurement Plan” means the Recipient’s procurement plan for the Project dated February 15, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the World Bank.

26. “Restitution” means the refund to the Recipient of the portion of the equivalent amount of the Grant with respect to which fraud and corruption has occurred, as set forth in the Anti-Corruption Guidelines.

27. “Selected Municipal Sectors” means any of the following sectors: street lighting, water and wastewater and municipal buildings, and any other municipal sector, as agreed between the Recipient and the Bank.


29. “SENER-UREP” means the unit referred to in Section I.A.1 of Schedule 2 to this Agreement, or any successor thereto.

30. “SHCP” means Secretaría de Hacienda y Crédito Público, the Recipient’s Ministry of Finance and Public Credit, or any successor thereto.

31. “Signature Date” means the latest of the four dates on which the World Bank and the Recipient (including SHCP and SENER), and NAFIN signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.


33. “SS” means Secretaría de Salud, the Borrower’s Health Ministry, or any successor thereto.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Section 6.02 is amended to read as follows:

“Section 6.02. Termination. The Grant Agreement and all obligations of the parties under it, other than those providing for payment or Grant refund obligations, shall forthwith terminate two years after the Closing Date.”