Mr Jorge Rescala Pérez  
Director General 
Comisión Nacional Forestal  
Periférico Poniente 5360  
Colonia San Juan de Ocotán  
Zapopan, Jalisco, 45019  
México

Re: MEXICO: Loan No. 8120-MX, SCF FIP Loan No. TF011570, and SCF FIP Grant No. TF011648 (Forests and Climate Change Project)  
First Amendment to the Project Agreement

Dear Mr. Rescala,

Please refer to the Agreement between Comisión Nacional Forestal (the Project Implementing Entity), and the International Bank for Reconstruction and Development (the Bank), dated May 25, 2012, (the Project Agreement) for the Forests and Climate Change Project (the Project). The capitalized terms used in this letter (the Amendment Letter) and not defined herein have the meaning ascribed to them in the Project Agreement.

Pursuant to your letter of request dated June 24, 2014, and subsequent conversations between the Project Implementing Entity and the Bank, the Bank hereby agrees to amend the Project Agreement as follows:

1. Section I.B of the Schedule is hereby amended to read in its entirety as follows:

   "B. Forest Fund Agreement

   1. For purposes of carrying out the Project, CONAFOR may use the financial mechanism of the Forest Fund.

   2. CONAFOR, as instructing party (mandante) of the Forest Fund Agreement shall cause the Forest Fund Trustee to comply with the Anti-corruption Guidelines, in a manner acceptable to the Bank.

   3. CONAFOR shall cause the Forest Fund Trustee to provide CONAFOR with the funds for CONAFOR to transfer funds to Communities and/or Ejidos for the financing of Silvicultura Comunitaria Activities, PRODEFOR Activities, Cadenas Productivas Activities, and to provide PSAB Support, and/or Programas Especiales Support. CONAFOR shall be able to request the Forest Fund Trustee to make the above referred transfers of funds directly to Communities and/or Ejidos, only after the Bank has evaluated the financial management implications of having the Forest Fund Trustee make the above referred transfers of funds directly to Communities and/or Ejidos, and CONAFOR and/or the Forest Fund Trustee have implemented any financial management strengthening measures that the Bank may request in relation to the referred change, if any."
4. CONAFOR shall exercise its rights and carry out its obligations under the Forest
Fund Agreement in such a manner as to protect the interests of CONAFOR and
the Bank and to accomplish the purposes of the Project. Except as the Bank may
otherwise agree, CONAFOR shall not amend, terminate, waive or fail to enforce
any provision of the Forest Fund Agreement which relates to the Project. In case
of any conflict between the terms of the Forest Fund Agreement and those of this
Agreement, the terms of this Agreement shall prevail.”

2. Section I.E of the Schedule is hereby amended to read in its entirety as follows:

“E. Communities/Ejidos Agreements

1. CONAFOR shall enter into an agreement with each Community and/or Ejido
carrying out activities under Part 2(i) of the Project, under terms and conditions
substantially similar to those of the model form contained in the Operational
Manual, which shall include, *inter alia*, their respective responsibilities in the
carrying out and financing of the relevant *Silvicultura Comunitaria* Activity (the
*Silvicultura Comunitaria* Agreements).

2. CONAFOR shall enter into an agreement with each Community and/or Ejido
carrying out activities under Part 2(ii) of the Project, under terms and conditions
substantially similar to those of the model form contained in the Operational
Manual, which shall include, *inter alia*, their respective responsibilities in the
carrying out and financing of the relevant PRODEFOR Activity (the PRODEFOR
Agreements).

3. CONAFOR shall enter into an agreement with each Community and/or Ejido
carrying out activities under Part 2(iii) of the Project, under terms and conditions
substantially similar to those of the model form contained in the Operational
Manual, which shall include, *inter alia*, their respective responsibilities in the
carrying out and financing of the relevant *Cadenas Productivas* Activity (the
*Cadenas Productivas* Agreements).

4. CONAFOR shall enter into an agreement with each Community and/or Ejido
providing Environmental Services under Part 2(iv) of the Project, under terms and
conditions substantially similar to those of the model form contained in the
Operational Manual, which shall include, *inter alia*, their respective responsibilities in the
carrying out and financing of the Environmental Services
(the PSAB Agreements).

5. CONAFOR shall enter into an agreement with each Community and/or Ejido
carrying out activities and providing services under Part 2(v) of the Project, under terms and
conditions substantially similar to those of the model form contained in
the Operational Manual, which shall include, *inter alia*, their respective responsibilities in the
carrying out and financing of the relevant *Programas Especiales* Activity and the
*Programas Especiales* Support (the *Programas Especiales* Agreements).

6. CONAFOR shall enter into an agreement with each Community and/or Ejido
carrying out activities under Part 3.3 of the Project, under terms and conditions
substantially similar to those of the model form contained in the Operational
Manual, which shall include, *inter alia*, their respective responsibilities in the
carrying out and financing of the relevant REDD+ Early Action Area Activity and
the REDD+ Early Action Area Support (the REDD+ Early Action Areas Agreements).

7. **CONAFOR** shall exercise its rights and carry out its obligations under each of the *Silvicultura Comunitaria* Agreements, the PRODEFOR Agreements, the *Cadenas Productivas* Agreements and the REDD+ Early Action Areas Agreements in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the IBRD Loan, the SCF FIP Loan and the SCF FIP Grant, and, except as the Bank shall otherwise agree, **CONAFOR** shall not assign, amend, suspend, waive, terminate or fail to enforce any of the *Silvicultura Comunitaria* Agreements, the PRODEFOR Agreements, the *Cadenas Productivas* Agreements, the PSAB Agreements, the *Programas Especiales* Agreements and the REDD+ Early Action Areas Agreements or any provision thereof.”

3. **Section I.F.1 (d)** of the Schedule is hereby amended to read in its entirety as follows:

“(d) the Guidelines for REDD+ Early Action Areas Activities (when developed under Part 3.1(iv) of the Project);”

4. **Section G.1** of the Schedule is hereby amended to read in its entirety as follows:

“1. **CONAFOR** shall carry out, and shall cause the Communities and *Ejidos* to carry out, Part 2 of the Project in accordance with a set of norms issued by the Borrower (through SEMARNAT) and **CONAFOR** which lists the rules, eligibility criteria and procedures for the financing of Activities, (under Part 2 of the Project), Environmental Services, and *Programas Especiales* Support (the **CONAFOR** Rules).”

5. **Section H** of the Schedule is hereby amended to read in its entirety as follows:

“**H. Guidelines for REDD+ Early Action Areas Activities**

1. **CONAFOR** shall carry out, and shall cause the Communities and/or *Ejidos* to carry out, Part 3.3 of the Project in accordance with a set of norms to be issued by **CONAFOR** which will list the rules, eligibility criteria and procedures for the financing of REDD+ Early Action Areas Activities (the Guidelines for REDD+ Early Action Areas Activities).

2. Except as the Bank shall otherwise agree, **CONAFOR** shall not amend, waive or fail to enforce any provision of the Guidelines for REDD+ Early Action Areas Activities which relate to the Project without the Bank’s prior written approval.

3. In case of any conflict between the terms of the Guidelines for REDD+ Early Action Areas Activities and those of this Agreement, the terms of this Agreement shall prevail.”

6. **Section I** of the Schedule is hereby amended to read in its entirety as follows:

“**I. Anti-Corruption**

**CONAFOR** shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines. Without limitation to the foregoing,
CONAFOR shall cause the Forest Fund Trustee to agree to comply with the Anti-Corruption Guidelines.”

7. Section J of the Schedule is hereby amended to read in its entirety as follows:

“J. Safeguards

1. CONAFOR shall carry out the Project, and shall ensure that the Project be carried out, in accordance with the Safeguard Documents.

2. CONAFOR shall ensure, and shall cause the Collaborating Entities to ensure that no activity (including Activities) under the Project implies a conversion of natural habitats (including, in particular, forests).

3. CONAFOR shall not use, and shall not allow any of the Collaborating Entities to use, the proceeds of the IBRD Loan, the SCF FIP Loan and the SCF FIP Grant to finance Activities in areas with unresolved land tenure issues in any Community and/or Ejido.

4. Without limitation to the provisions of Section I.J.1 of the Schedule to this Agreement, CONAFOR shall, and shall cause the relevant Community and/or Ejido, and the applicable parties in the CONABIO Trust in the case of the activities under Part 3.2 of the Project carried out through the CONABIO Trust, to: (i) prior to the carrying out of any works under an Activity, carry out a separate environmental impact assessment (under terms of reference acceptable to the Bank) for the relevant works; (ii) approve, and/or cause to be approved, an environmental management plan or similar environmental instrument, acceptable to the Bank, for the relevant works (which plan or similar environmental instrument shall be based on the results of the environmental assessment mentioned herein, and the Bank’s comments on the results of said assessment, if any); and (iii) immediately after said approval, implement and/or cause to be implemented (as the case may be) the corresponding environmental management plan (or similar environmental instrument) in accordance with its terms.

5. Without limitation to the provisions of Section I.J.1 of the Schedule to this Agreement, CONAFOR shall and shall cause the relevant Community and/or Ejido, and the applicable parties in the CONABIO Trust (in the case of the activities under Part 3.2 of the Project carried out through the CONABIO Trust), to carry out the Project in accordance with the Indigenous Peoples Planning Framework (which includes, inter alia, the preparation and carrying out of the relevant Part of the Project in accordance with the relevant indigenous peoples plan).

6. Without limitation to the provisions of Section I.J.1 of the Schedule to this Agreement (including the provisions of the Resettlement Process Framework), CONAFOR shall and shall cause the relevant Community and/or Ejido, and the applicable parties in the CONABIO Trust (in the case of the activities under Part 3.2 of the Project carried out through the CONABIO Trust), to ensure that the activities under the Project do not entail neither land acquisition nor Involuntary Resettlement.

7. CONAFOR shall ensure that the terms of reference for any consultancies under the Project including any consultancy related to plans, strategies and elaboration of response options and measures, or the terms of reference for any technical
assistance provided under the Project, shall be satisfactory to the Bank and, to that end, such terms of reference shall incorporate the requirements of the Bank safeguard policies as applied to the advice conveyed through such consultancies and technical assistance.

Please confirm your agreement with the foregoing amendment by signing and dating this Amendment Letter in the spaces provided below. All other provisions of the Project Agreement except as amended through this Amendment Letter shall remain in full force and effect. This Amendment Letter shall be executed in four (4) counterparts each of which shall be an original.

The provisions set forth in this Amendment Letter shall become retroactively effective as of May 25, 2012, upon the countersignature and receipt by the Bank of one fully executed original of this amendment letter.

Please also note that the approved Restructuring Paper, dated August 13, 2015, will be disclosed on the Bank’s external website.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an implementing entity of the Forest Investment Program under the Strategic Climate Fund

By: Gerardo M. Corrochano
Country Director
Colombia and Mexico
Latin America and the Caribbean Region

AGREED:
COMISIÓN NACIONAL FORESTAL

By: 
Authorized Representative

Name: Jorge Rescala Pérez
Title: Director General
Date: 31 de agosto de 2015