

LOAN NUMBER 8555-MX



Loan Agreement

(Expanding Rural Finance Project)

between

**FINANCIERA NACIONAL DE DESARROLLO AGROPECUARIO, RURAL,
FORESTAL Y PESQUERO**

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated April 29, 2016

A handwritten signature in blue ink, consisting of a long horizontal stroke followed by a vertical stroke that curves slightly to the right.

LOAN AGREEMENT

Agreement dated April 29, 2016, between FINANCIERA NACIONAL DE DESARROLLO AGROPECUARIO, RURAL, FORESTAL Y PESQUERO (“FND”) (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:



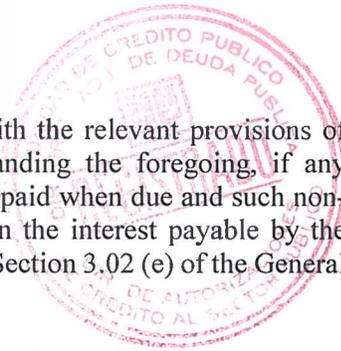
ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 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 United Mexican States 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 four hundred million Dollars (\$400,000,000), 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 described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is its *Director General Adjunto de Finanzas y Operaciones*.
- 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, 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.

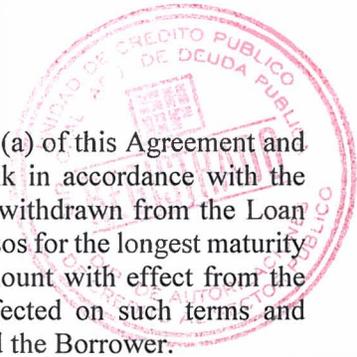


- 2.06. The Payment Dates are February 1 and August 1 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.08. (a) The Borrower may at any time request any of the following Conversions of the 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. Without limitation upon the provisions of Section 2.08 (a) of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, any amount withdrawn from the Loan Account shall be converted from Dollars to Mexican Pesos for the longest maturity available in the market for the Conversion of such amount with effect from the Conversion Date. Each such Conversion shall be effected on such terms and conditions as may be separately agreed by the Bank and the Borrower.
- 2.10. (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, the Guarantor and to other borrowers guaranteed by the Guarantor 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 Guarantor, 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 Guarantor, as reasonably determined by the Bank.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions.



A handwritten signature in blue ink is located in the bottom right corner of the page. The signature is stylized and appears to consist of a few connected strokes.



- 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 shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following, namely that at least one Subsidiary Financing Agreement has been executed on behalf of the Borrower and an Eligible PFI.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its Director General.
- 5.02. The Borrower's Address is:

Financiera Nacional de Desarrollo Agropecuario,
Rural, Forestal y Pesquero
Agrarismo 227 Col. Escandón
C.P. 11800, Delegación Miguel Hidalgo
Distrito Federal
México

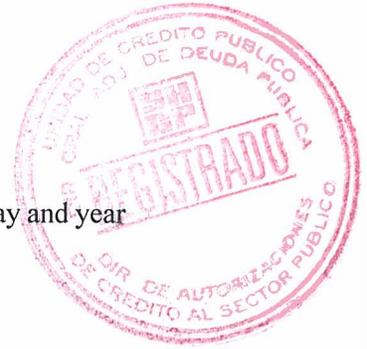
Telex: 525552301600 Facsimile: 5255 5230 1600 Fax. ext. 1641

- 5.03. The Bank's Address is:

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

Cable address: Telex: Facsimile:
INTBAFRAD 248423(MCI) or 1-202-477-6391
Washington, D.C. 64145(MCI)

AGREED at Mexico City, Mexico, as of the day and year first above written.



**FINANCIERA NACIONAL DE
DESARROLLO AGROPECUARIO,
RURAL, FORESTAL Y PESQUERO**

By

Authorized Representative

Name: Juan Carlos Cortés García

Title: Director General

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Authorized Representative

Name: Gerardo M. Corrochano

Title: Country Director

SH
GP

UNIDAD DE CREDITO PUBLICO
DIRECCION GRAL. ADJUNTA DE DEUDA PUBLICA
DIRECCION DE AUT DE CRED. AL SECTOR PUBLICO

REGISTRO DE TITULOS DE CREDITO PARA LOS EFECTOS A QUE SE
REFIERE LA LEY GENERAL DE DEUDA PUBLICA Y LA LEY DE INGRESOS
DE LA FEDERACION

LA EXPEDICION DEL PRESENTE TITULO FUE AUTORIZADA CON:

OFICIO No 306-1 2 1 018/2016 y 189

DE FECHA 29-Enero-2016 y 24-Mayo-2016

Y REGISTRADO BAJO EL No 09-2016-1

FECHA 24 de mayo de 2016

FIRMAS

SCHEDULE 1

Project Description



The objective of the Project is to expand the availability of finance to the rural economy.

The Project consists of the following parts:

Part 1. Expanding Credit for Rural MSMEs

- (a) Provision of Sub-Loans by Eligible PFIs to carry out Subprojects to support rural financing needs of Eligible Beneficiaries.
- (b) Designing, implementing and evaluating a pilot program for the provision of Sub-Loans for Financial Products by the Borrower or by Eligible PFIs to support rural financing needs of Eligible Beneficiaries.

Part 2. Strengthening Institutional Capacity for Sustainable Rural Finance

- (a) Provision of support for the design, acquisition and implementation of a banking IT platform for the Borrower.
- (b) Providing support to Eligible PFIs and PFIs for the development of a sound rural financial sector.

SCHEDULE 2

Project Execution



Section I. Implementation Arrangements

A. Institutional Arrangements

The Borrower shall maintain, throughout Project implementation, a Project team composed by key staff with functions, experience, responsibilities and qualifications acceptable to the Bank, as set forth in the Operational Manual, including, *inter alia*: a Project coordinator, a fiduciary specialist and a social and environmental specialist.

B. Operational Manual

1. The Borrower shall carry out the Project in accordance with the provisions of a manual (the Operational Manual) satisfactory to the Bank, containing, *inter alia*: (i) specific provisions on detailed arrangements for the carrying out of the Project; (ii) the procurement, financial management and disbursement requirements thereof; (iii) the performance indicators; (iv) the template of a Subsidiary Financing Agreement (including the terms and conditions of a Sub-Loan Agreement); (v) the procedure for the selection of the Eligible PFIs; (vi) the eligibility criteria for the selection of Eligible Beneficiaries; (v) the EMF; (viii) the IPPF; and (ix) the Anti-Corruption Guidelines.
2. The Borrower shall not amend or waive or fail to enforce any provision of the 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.

C. Line of Credit

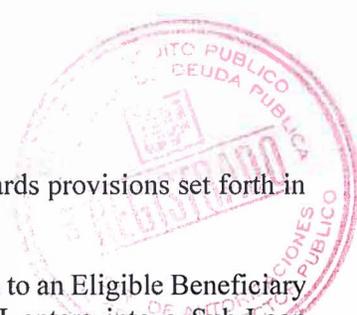
1. Prior to the provision of any Sub-Loan under Part 1 of the Project, the Borrower shall:
 - (a) select each Eligible PFI in accordance with the criteria set forth in the Operational Manual;
 - (b) make part of the proceeds of the Loan available to each Eligible PFI under a Subsidiary Financing Agreement signed between the Borrower and the Eligible PFI, under terms and conditions acceptable to the Bank and set forth in the Operational Manual including, *inter alia*, the PFI's obligations to: (i) provide Sub-Loans to Eligible Beneficiaries; and (ii) comply with

the Anti-Corruption Guidelines and the safeguards provisions set forth in this Schedule;

- (c) ensure that, prior to the provision of a Sub-Loan to an Eligible Beneficiary by a pertinent Eligible PFI, said Eligible PFI enters into a Sub-Loan Agreement with said Eligible Beneficiary, under terms and conditions acceptable to the Bank and set forth in the Operational Manual including, *inter alia*, the Eligible Beneficiary's obligation to carry out the Subproject in accordance with the Anti-Corruption Guidelines;
- (d) for purposes of carrying out Part 1(b) of the Project (and unless a Sub-Loan is provided to an Eligible Beneficiary by an Eligible PFI), provide a Sub-Loan to an Eligible Beneficiary under a FND Sub-Loan Agreement signed between the Borrower and the Eligible Beneficiary, under terms and conditions acceptable to the Bank and set forth in the Operational Manual including, *inter alia*, the Eligible Beneficiary's obligation to carry out the Subproject in accordance with the Anti-Corruption Guidelines; and
- (e) notwithstanding the provisions of sub-paragraphs (a) – (d) above, the Borrower shall, prior to the provision of any Sub-Loan under Part 1 (b) of the Project, develop proposals detailing the Financial Products to be financed under said part of the Project and the process of providing such Sub-loans, including selection criteria for Eligible Beneficiaries; such proposals to be acceptable to the Bank and to be included in the Operational Manual.

2. The Borrower shall:

- (a) exercise its rights and carry out its obligations under each Subsidiary Financing Agreement and each FND Sub-Loan Agreement in such a manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. The Borrower, shall not amend, suspend, terminate or waive any provision of any Subsidiary Financing Agreement in such a manner so as to affect materially and adversely, in the opinion of the Bank, the ability of the Borrower to comply with its Project related obligations set forth in this Agreement; and
- (b) ensure that each Eligible PFI exercises its rights and carries out its obligations under each Sub-Loan Agreement in such a manner as to protect the interests of the Eligible PFI, the Borrower and the Bank and to accomplish the purposes of the Loan. The Borrower shall ensure that each Eligible PFI shall not amend, suspend, terminate or waive any provision of any Sub-Loan Agreement in such a manner so as to affect materially and adversely, in the opinion of the Bank, the ability of said Eligible PFI



[Handwritten signature]



and the Borrower to comply with its Project related obligations set forth in this Agreement.

D. Anti-Corruption

1. 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 shall:
 - (a) carry out the Project, and ensure that each Eligible PFI carries out its activities under the Project, in accordance with the EMF.
 - (b) carry out the Project in accordance with the IPPF.
 - (c) ensure, and cause each Eligible PFI to ensure that no Project activities: (i) involve Involuntary Resettlement; and/or (ii) require the use of International Waterways.

Section II. Project Monitoring Reporting and Evaluation

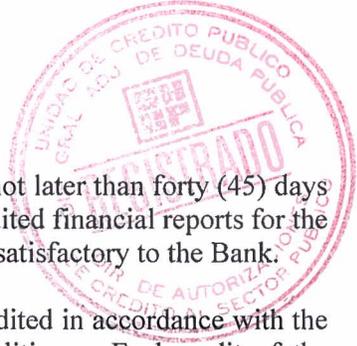
A. Project Reports and Mid-Term Review

1. The Borrower 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 set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.
2. By June 30, 2018, or such other date as the Bank shall agree upon, the Borrower shall carry out jointly with the Bank a mid-term review of the implementation of activities under the Project (Mid-Term Review). The Mid-Term Review shall cover the progress achieved in the implementation of the Project. Following such Mid-Term Review, the Borrower shall act promptly and diligently to take any action as shall be recommended by the Bank.

B. Financial Management, Financial Reports and Audits

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

A handwritten blue ink mark, possibly a signature or initials, located at the bottom right of the page.



2. The Borrower shall prepare and furnish to the Bank not later than forty (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 shall have the 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.
4. The Borrower shall have its own financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of said 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

A. General

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.
4. **Special Provisions.** The Borrower shall: (a) supply the SEPA or any other system that shall be duly informed by the Bank with information contained in the initial Procurement Plan within thirty (30) days after the date of this Agreement; and (b) thereafter, update the Procurement Plan at least once a year, or as required by the Bank, to reflect the actual Project implementation needs and progress, and supply the system mentioned above with the information contained in the updated Procurement Plan immediately thereafter.



B. Particular Methods of Procurement of Goods and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting; and (d) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank; (g) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (h) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

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 "World Bank Disbursement Guidelines for Projects" dated May 2006, 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.

- The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“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.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) (a) Sub-loans under Part 1 (a) of the Project	364,000,000	100%
(b) Sub-loans under Part 1 (b) of the Project	10,000,000	100%
(2) Goods, Non-Consulting Services, Consultant’s Services, Capacity Building and Project Incremental Costs under Part 2 of the Project	25,000,000	100%
(3) Front-end Fee	1,000,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of this Agreement
TOTAL AMOUNT	400,000,000	

B. Withdrawal Conditions; Withdrawal Period

- Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made from the Loan Account for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$80,000,000 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.
- The Closing Date is December 31, 2020.

SCHEDULE 3

Amortization Schedule



1. Subject to the provisions of paragraph 2 of this Schedule, the Borrower shall repay each Disbursed Amount in semiannual installments payable on each February 1 and August 1, the first installment to be payable on the second (2nd) Payment Date following the Maturity Fixing Date for the Disbursed Amount and the last installment to be payable on the thirtieth (30th) Payment Date following the Maturity Fixing Date for the Disbursed Amount. Each installment except for the last one shall be equal to one-twenty-ninth (1/29) of the Disbursed Amount. The last installment shall be equal to the remaining outstanding amount of the Disbursed Amount.
2. If any one or more installments of principal of the Disbursed Amount would, pursuant to the provisions of paragraph 1 of this Schedule, be payable after August 1, 2035, the Borrower shall also pay on such date the aggregate amount of all such installments.
3. The Bank shall notify the Loan Parties of the amortization schedule for each Disbursed Amount promptly after the Maturity Fixing Date for the Disbursed Amount.
4. Notwithstanding the provisions of paragraphs 1 through 3 of this Schedule, in the event of a Currency Conversion of all or any portion of a Disbursed Amount to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency.

APPENDIX



Section I. Definitions

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
2. “Capacity Building” means reasonable expenditures (other than consultants’ services and non-consulting services) incurred in connection with capacity building activities under Part 2 of the Project.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
5. “Eligible Beneficiary” means an individual or rural MSME, eligible for receiving a Sub-Loan under Part 1 of the Project, based on the criteria set forth in the Operational Manual; collectively referred to as “Eligible Beneficiaries”.
6. “Eligible PFI” means credit unions, cooperatives, deposit warehouses, multiple purpose financial companies, agricultural producer associations, banks serving the rural economy or any other entity incorporated in accordance with Article 33 section XI of the *Ley Orgánica de la Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero*, dated December 26, 2002 and other applicable Guarantor’s laws and regulations and selected by the Borrower to participate in the Project through the provision of Sub-Loans to Eligible Beneficiaries, pursuant to criteria set forth in the Operational Manual, collectively referred to as “Eligible PFIs”.
7. “Environmental Management Framework” or “EMF” means the Borrower’s framework acceptable to the Bank, as published and available to the public on August 14, 2015, which contains: (i) guidelines for the identification of existing environmental and social conditions and potential direct and indirect environmental and social impacts and risks resulting from the carrying out of Subprojects; (ii) a list of activities not eligible for financing under Subprojects ; (iii) recommendation of mitigation measures for each negative impact identified; (iv) measures for enhancing each identified positive impact, as said framework may be amended from time to time with the Bank’s prior approval.

Handwritten blue scribbles at the bottom right of the page, consisting of a horizontal line and a vertical line.



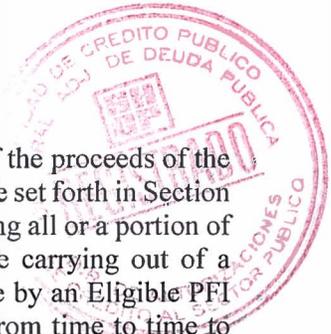
8. “Financial Products” means any of the following products to be financed through the provision of a Sub-Loan under Part 1 (b) of the Project, including *inter alia*: (a) leasing; (b) moveable assets finance; (c) factoring; (d) warehouse receipts; (e) contract farming; (f) agricultural commodity price hedge; and (g) other types of value chain financing, as may be agreed between the Bank and the Borrower and set forth in the Operational Manual.
9. “FND” or *Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero* means the Guarantor’s Rural Financial Development Agency, established pursuant to *Ley Orgánica de la Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero*, dated December 26, 2002, as further amended.
10. “FND Sub-Loan Agreement” means the agreement entered or to be entered into between the Borrower and each Eligible Beneficiary pursuant to Section I.C.1(d) of Schedule 2 to this Agreement.
11. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
12. “Indigenous Peoples’ Planning Framework” or “IPPF” means the Borrower’s framework acceptable to the Bank, as published and available to the public on August 14, 2015, detailing measures to mitigate any adverse impact on indigenous peoples as a result of any activity carried out under the Project, and to ensure that indigenous peoples benefit from the Project, including putting in place institutional arrangements for screening Project-related activities, evaluating their effects on indigenous peoples and addressing any grievances.
13. “International Waterways” means: (a) any river, canal, lake, or similar body of water on the territory of the Guarantor that forms a boundary between, or any river or body of surface water that flows through, two or more states, whether Bank members or not; (b) any tributary or other body of surface water on the territory of the Guarantor that is a component of any waterway described in (a) above; and (c) any bay, gulf, strait, or channel on the territory of the Guarantor bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states, and any river flowing into such waters.
14. “Involuntary Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business,

occupation, work or place of residence or habitat adversely affected, temporarily or permanently.

15. "IT" means information technology.
16. "Mid-Term Review" means the review of Project implementation set forth in Section II.A.2 of Schedule 2 to this Agreement.
17. "Mexican Pesos" means the lawful currency of the United Mexican States.
18. "MSME" means a micro, small or medium-sized enterprise, defined as such in the Operational Manual; collectively referred to as "MSMEs".
19. "Operational Manual" means the manual set forth in Section I.B.1 of Schedule 2 to this Agreement, which may be amended from time to time in a manner acceptable to the Bank.
20. "PFI" means a financial intermediary, a credit union, cooperative, deposit warehouse, multiple purpose financial company, agricultural producer association, bank serving the rural economy or any other entity incorporated in accordance with Article 33 section XI of the *Ley Orgánica de la Financiera Nacional de Desarrollo Agropecuario, Rural, Forestal y Pesquero*, dated December 26, 2002 and other applicable Guarantor's laws and regulations and selected by the Borrower to benefit from activities under Part 2(b) of the Project.
21. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
22. "Procurement Plan" means the Borrower's procurement plan for the Project, dated October 13, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
23. "Project Incremental Costs" means the reasonable incremental operating expenditures, based on an allocation previously approved by the Bank and the Borrower, incurred by the Borrower, required for an efficient Project implementation, administration, supervision, monitoring and evaluation, including the operation and maintenance costs of the Borrower, but excluding salaries of the Borrower's employees; as such expenditures are set forth in the Operational Manual.
24. "SEPA" means the Bank's publicly accessible Procurement Plans Execution System.



A handwritten blue mark or signature located at the bottom right of the page.



25. “Sub-Loan” means: (a) a loan made by an Eligible PFI, out of the proceeds of the Loan allocated from time to time to Category (1) (a) of the table set forth in Section IV.A of Schedule 2 to this Agreement, for purposes of financing all or a portion of the expenditures incurred by an Eligible Beneficiary for the carrying out of a Subproject under Part 1 (a) of the Project; or (b) a loan made by an Eligible PFI or the Borrower, out of the proceeds of the Loan allocated from time to time to Category (1) (b) of the table set forth in Section IV.A of Schedule 2 to this Agreement, for purposes of providing financing to Eligible Beneficiary for Financial Products under Part 1 (b) of the Project..
26. “Sub-Loan Agreement” means the agreement entered or to be entered into between the Borrower and the Eligible Beneficiary pursuant to Section I.C.1(c) of Schedule 2 to this Agreement.
27. “Subproject” means a specific investment or activities to be carried out under Part 1 (a) of the Project, selected in accordance with the criteria set forth in the Operational Manual, which is proposed to be carried out by an Eligible Beneficiary, in whole or in part through the utilization of the proceeds of a Sub-Loan.
28. “Subsidiary Financing Agreement” means the agreement entered or to be entered into between the Borrower and the Eligible PFI pursuant to Section I.C.1 (b) of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

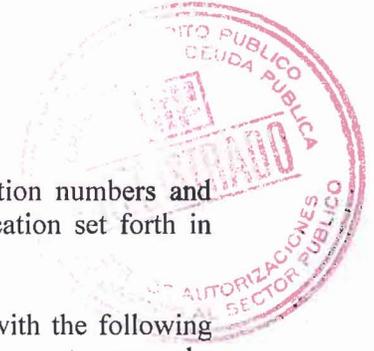
The General Conditions are hereby modified as follows:

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. Renumbered paragraph 21 (originally paragraph 20) of the Appendix (“Conversion Date”) is modified to read as follows:

“21. “Conversion Date” means, for a Conversion, the Execution Date or such other date as the Bank shall determine on which the Conversion enters into effect, as further specified in the Conversion Guidelines; provided that if the Loan Agreement provides for automatic Conversions into the Approved Currency upon withdrawal of amounts of the Loan, the Conversion Date shall be the date of withdrawal from the Loan Account of the amount in respect of which the Conversion has been requested.”
6. 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).
7. 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.”
8. 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”.

A handwritten blue mark or signature at the bottom right of the page, consisting of a curved line and a vertical stroke.