

**CONFORMED COPY**

**LOAN NUMBER 7136-ME**

# **Loan Agreement**

**(Programmatic Environmental Structural Adjustment Loan)**

**between**

**UNITED MEXICAN STATES**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated September 30, 2002**

**LOAN NUMBER 7136-ME**

**LOAN AGREEMENT**

AGREEMENT, dated September 30, 2002, between UNITED MEXICAN STATES (the Borrower), represented by its signatory on page 11 of this Agreement, and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower is a signatory of the *Articles of Agreement of the International Bank for Reconstruction and Development* (the international treaty by which the Bank was created), which *Articles of Agreement* contain, *inter alia*, general provisions relating to loans extended by the Bank;

(B) the Bank has received from the Borrower (represented by its *Secretaría de Medio Ambiente y Recursos Naturales* (SEMARNAT; Environment and Natural Resources Secretariat) a letter, dated May 26, 2002, describing a program of actions, objectives and policies designed to support appropriate environmental management across a multitude of sectors of the Borrower's economy (hereinafter called the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during the execution thereof; and

(C) on the basis, *inter alia*, of the foregoing, the Bank has decided in support of the Program to provide such assistance to the Borrower by making the Loan in two tranches as hereinafter provided;

NOW THEREFORE the parties hereto hereby agree as follows:

**ARTICLE I**

**General Conditions; Definitions**

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Fixed-Spread Loans" of the Bank dated September 1, 1999, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) Section 2.01, paragraph 41, is modified to read:

“‘Project’ means the program, referred to in the Preamble to the Loan Agreement, in support of which the Loan is made.”;

(b) Section 3.08 is modified to read:

“Each withdrawal of an amount of the Loan from the Loan Account shall be made in the Loan Currency of such amount. If the Loan Currency is not the currency of the deposit account specified in Section 2.02 of the Loan Agreement, the Bank, at the request and acting as an agent of the Borrower, shall purchase with the Loan Currency withdrawn from the Loan Account the currency of such deposit account as shall be required to deposit the withdrawn amount into such deposit account.”;

(c) Section 5.01 is modified to read:

“The Borrower shall be entitled to withdraw the proceeds of the Loan from the Loan Account in accordance with the provisions of the Loan Agreement and of these General Conditions.”;

(d) the last sentence of Section 5.03 is deleted;

(e) Section 9.07 (c) is modified to read:

“(c) Not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, the Borrower shall prepare and furnish to the Bank a report, of such scope and in such detail as the Bank shall reasonably request, on the execution of the program referred to in the Preamble to the Loan Agreement, the performance by the Borrower and the Bank of their respective obligations under the Loan Agreement and the accomplishment of the purposes of the Loan.”; and

(f) Section 9.05 is deleted and Sections 9.06, 9.07 (as modified above), 9.08 and 9.09 are renumbered, respectively, Sections 9.05, 9.06, 9.07 and 9.08.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “BANOBRAS” means *Banco Nacional de Obras y Servicios Públicos, S.N.C.*, a Mexican development bank serving as the Borrower’s financial agent for purposes of the Loan;

(b) “BANOBRAS Contract” means the contract referred to in Section 3.03 (a) of this Agreement;

(c) “CFE” means the Borrower’s *Comisión Federal de Electricidad* (Federal Electricity Commission);

(d) “CNA” means the Borrower’s *Comisión Nacional del Agua* (National Water Commission);

(e) “CONAE” means the Borrower’s *Comisión Nacional de Ahorro de Energía* (National Energy Savings Commission);

(f) “Deposit Account” means the account referred to in Section 2.02 (b) of this Agreement;

(g) “FONATUR” means the Borrower’s *Fondo Nacional de Turismo* (National Tourism Fund);

(h) “INE” means the Borrower’s *Instituto Nacional de Ecología* (National Ecology Institute);

(i) “INIFAP” means the Borrower’s *Instituto Nacional de Investigación Forestal, Agrícola y Pecuaria* (National Forestry, Agriculture and Livestock Research Institute);

(j) “LFC” means the Borrower’s electric utility *Luz y Fuerza del Centro*;

(k) “PEMEX” means the Borrower’s petroleum enterprise *Petróleos Mexicanos*;

(l) “PROFEPA” means the Borrower’s *Procuraduría Federal de Protección al Ambiente* (Environmental Enforcement Agency);

(m) “SAGARPA” means the Borrower’s *Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación* (Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Nutrition);

(n) “SCT” means the Borrower’s *Secretaría de Comunicaciones y Transportes* (Communications and Transport Secretariat);

(o) “SE” means the Borrower’s *Secretaría de Economía* (Economy Secretariat);

(p) “Second Tranche Release Date” means the date on which the Bank notifies the Borrower that withdrawals may be made from the Loan Account by the Borrower pursuant to Section 2.02 (e) of this Agreement;

(q) “SECTUR” means the Borrower’s *Secretaría de Turismo* (Tourism Secretariat);

(r) “SEDESOL” means the Borrower’s *Secretaría de Desarrollo Social* (Social Development Secretariat);

(s) “SENER” means the Borrower’s *Secretaría de Energía* (Energy Secretariat); and

(t) “SHCP” means the Borrower’s *Secretaría de Hacienda y Crédito Público* (Secretariat of Finance and Public Credit).

## ARTICLE II

### The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount equal to two hundred two million twenty thousand Dollars (\$202,020,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

Section 2.02. (a) Subject to the provisions of paragraphs (b), (c), (d) and (e) of this Section, the Borrower shall be entitled to withdraw the amount of \$199,999,800 from the Loan Account in support of the Program.

(b) The Borrower shall open, prior to furnishing to the Bank the first request for withdrawal from the Loan Account, and thereafter maintain in *Banco de México*, a deposit account in Dollars on terms and conditions satisfactory to the Bank. All

withdrawals from the Loan Account shall be deposited by the Bank into the Deposit Account.

(c) The Borrower undertakes that the proceeds of the Loan shall not be used to finance expenditures excluded pursuant to the provisions of Schedule 1 to this Agreement. If the Bank shall have determined at any time that any proceeds of the Loan shall have been used to make a payment for an expenditure so excluded, the Borrower shall, promptly upon notice from the Bank: (i) deposit into the Deposit Account an amount equal to the amount of said payment; or (ii) if the Bank shall so request, refund such amount to the Bank. Amounts refunded to the Bank upon such request shall be credited to the Loan Account for cancellation.

(d) No withdrawals shall be made from the Loan Account unless the Bank shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Bank:

- (i) with the progress achieved by the Borrower in the carrying out of the Program; and
- (ii) that the macroeconomic policy framework of the Borrower is satisfactory.

If, after said exchange of views, the Bank is not so satisfied, the Bank may give notice to the Borrower to that effect and, if within ninety (90) days after such notice, the Borrower shall not have taken steps satisfactory to the Bank, in respect of (i) and (ii) above, as the case may be, then the Bank may, by notice to the Borrower, cancel the unwithdrawn amount of the Loan or any part thereof.

(e) No withdrawals shall be made from the Loan Account after the aggregate of the proceeds of the Loan withdrawn from the Loan Account shall have reached the amount of \$101,010,000, unless the Bank shall be satisfied, after an exchange of views as described in Section 3.01 of this Agreement based on evidence satisfactory to the Bank:

- (i) with the progress achieved by the Borrower in the carrying out of the Program;
- (ii) that the macroeconomic policy framework of the Borrower is satisfactory; and
- (iii) that the actions described in Schedule 2 to this Agreement have been taken.

If, after said exchange of views, the Bank is not so satisfied, the Bank may give notice to the Borrower to that effect and, if within ninety (90) days after such notice, the Borrower shall not have taken steps satisfactory to the Bank, in respect of (i), (ii) and (iii) above, as the case may be, then the Bank may, by notice to the Borrower, cancel the unwithdrawn amount of the Loan or any part thereof.

Section 2.03. The Closing Date shall be October 31, 2003 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a fee in an amount equal to one percent (1%) of the amount of the Loan. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of said fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at a rate equal to: (i) eighty five one-hundredths of one per cent (0.85%) per annum from the date on which such charge commences to accrue in accordance with the provisions of Section 3.02 of the General Conditions to but not including the fourth anniversary of such date; and (ii) seventy five one-hundredths of one per cent (0.75%) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, in respect of each Interest Period at the Variable Rate; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the Borrower shall, during the Conversion Period, pay interest on such amount in accordance with the relevant provisions of Article IV of the General Conditions.

Section 2.07. Interest and commitment charges shall be payable semiannually in arrears on February 1 and August 1 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in full on August 1, 2013.

Section 2.09. (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 all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Variable 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 said Variable 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 Section 2.01 (7) of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

Section 2.10. Without limitation upon the provisions of paragraph (a) of Section 2.09 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to consecutive withdrawals from the Loan Account which in the aggregate equal \$101,010,000 shall be converted from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of the General Conditions and of the Conversion Guidelines.

Section 2.11. The *Director de Finanzas* of BANOBRAS, and any person whom he or she shall designate in writing, are designated as representatives of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

### **ARTICLE III**

#### **Particular Covenants**

Section 3.01. (a) The Borrower and the Bank shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program and the actions specified in Schedule 2 to this Agreement.

(b) Prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request.

(c) Without limitation upon the provisions of paragraph (a) of this Section, the Borrower shall exchange views with the Bank on any proposed action to be taken



after the disbursement of the Loan which would have the effect of materially reversing the objectives of the Program, or any action taken under the Program (including any action specified in Schedule 2 to this Agreement).

Section 3.02. Upon the Bank's request, the Borrower shall cause BANOBRAS to:

(a) have the Deposit Account audited in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(b) furnish to the Bank as soon as available, but in any case not later than six months after the date of the Bank's request for such audit, a certified copy of the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(c) furnish to the Bank such other information concerning the Deposit Account and the audit thereof as the Bank shall have reasonably requested.

Section 3.03. (a) The Borrower, through SHCP, shall enter into a contract (*Contrato de Mandato*) with BANOBRAS, satisfactory to the Bank, whereby:

(i) BANOBRAS agrees to act as financial agent of the Borrower with regard to the Loan, meaning that, *inter alia*, BANOBRAS 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 of Loan proceeds, agrees to maintain and operate the Deposit Account in compliance with the terms of this Agreement and agrees to ensure that the obligations set forth in Section 3.02 of this Agreement are complied with; and

(ii) the Borrower agrees that, through SHCP, the Borrower shall cooperate fully with BANOBRAS to ensure that BANOBRAS is able to comply with all of BANOBRAS's obligations referred to in paragraph (a) of this Section.

(b) The Borrower shall exercise its rights and carry out its obligations under the BANOBRAS Contract in such a manner as to protect the interests of the Bank and to accomplish the purposes of the Loan. Except as the Bank may otherwise agree, the Borrower shall not amend or fail to enforce any provision of the BANOBRAS Contract. In case of any conflict between the terms of the BANOBRAS Contract and those of this Agreement, the terms of this Agreement shall prevail.

## ARTICLE IV

### **Additional Event of Suspension**

Section 4.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional event is specified, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

## ARTICLE V

### **Effective Date; Termination**

Section 5.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the BANOBRAS Contract has been entered into by the Borrower and BANOBRAS.

Section 5.02. The following is specified as an additional matter, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank, namely, that the Borrower (in its legal opinion) and BANOBRAS (in a separate legal opinion satisfactory to the Bank, issued by BANOBRAS counsel acceptable to the Bank), indicate that the BANOBRAS Contract has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and BANOBRAS and is legally binding upon the Borrower and BANOBRAS in accordance with the BANOBRAS Contract's terms.

Section 5.03. The date December 30, 2002 is hereby specified for the purposes of Section 12.04 of the General Conditions.

## ARTICLE VI

### **Representative of the Borrower; Addresses**

Section 6.01. Except as provided in Section 2.11 of this Agreement, the *Director General de Crédito Público* of the Borrower's SHCP is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Dirección General de Crédito Público  
Secretaría de Hacienda y Crédito Público  
Palacio Nacional (piso 3), oficina 3010  
Colonia Centro  
06000 México, D.F.  
México

Telex:

Facsimile:

1777313-SHOCME

011-52-559-158-1156

For the Bank:

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

Cable address:

Telex:

Facsimile:

INTBAFRAD  
Washington, D.C.

248423 (MCI) or  
64145 (MCI)

(202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

UNITED MEXICAN STATES

By /s/ Francisco Gil Díaz

Authorized Representative  
Secretariat of Finance and Public Credit

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ James D. Wolfensohn

Authorized Representative

## SCHEDULE 1

### Excluded Expenditures

For purposes of Section 2.02 (c) of this Agreement, the proceeds of the Loan shall not be used to finance any of the following expenditures:

1. expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;
2. expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association shall have financed or agreed to finance, or which the Bank or the Association shall have financed or agreed to finance under another loan or a credit;
3. expenditures for goods included in the following groups or subgroups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

<u>Group</u>	<u>Subgroup</u>	<u>Description of Items</u>
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semiprecious stones, unworked or worked

<u>Group</u>	<u>Subgroup</u>	<u>Description of Items</u>
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)

4. expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;

5. expenditures for environmentally hazardous goods (for purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party);

6. expenditures: (a) in the territories of any country which is not a member of the Bank or for goods procured in, or services supplied from, such territories; or (b) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

7. expenditures under a contract in respect of which the Bank determines that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Loan during the procurement or execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation.

## SCHEDULE 2

### Actions Referred to in Section 2.02 (e) of this Agreement

1. The Borrower, through SEMARNAT, has established the following four intersectoral technical working groups (ITWGs), each designed to develop an integrated program and its accompanying institutional and financial mechanisms, which program and mechanisms aim to guide and monitor the incorporation of environmental concerns in key public sector decision-making processes with regard to the relevant sector covered by the ITWG in question:

- (a) a water sector ITWG, composed of at least the following members:

*CNA's Subdirector General de Programación*

*SEMARNAT's Director General del Sector Primario, Recursos Naturales, Fomento y Normatividad*

*SEMARNAT's Director General Adjunto de Financiamiento Estratégico*

*SHCP's Director General Adjunto de Derechos, Productos y Aprovechamientos (Unidad de Política de Ingresos)*

*SAGARPA's Coordinador de Asuntos Internacionales*

*SE's Director de Promoción de Proyectos (Subsecretaría para la Pequeña y Mediana Empresa)*

*SCT's Director General Adjunto de la Unidad de Infraestructura y Carreteras para el Desarrollo Regional*

and headed by the CNA *Subdirector General de Programación*;

- (b) an energy sector ITWG, composed of at least the following members:

*SENER's Director General de Información, Estudios Energéticos y Medio Ambiente (Subsecretaría de Política Energética y Desarrollo Tecnológico)*

SEMARNAT's *Asesor del Secretario*

SEMARNAT's *Director General de Energía*

SEMARNAT's *Director General Adjunto de Financiamiento Estratégico*

PEMEX's *Director Corporativo de Seguridad Industrial y Protección Ambiental*

CFE's *Coordinador de Proyectos Termoeléctricos*

CONAE's *Director General*

SEDESOL's *Director General Adjunto de Pueblos y Comunidades Indígenas*

SHCP's *Director General Adjunto de Derechos, Productos y Aprovechamientos (Unidad de Política de Ingresos)*

SE's *Director de Promoción de Proyectos (Subsecretaría para la Pequeña y Mediana Empresa)*

SAGARPA's *Coordinador de Asuntos Internacionales*

LFC's *Subdirector de Planeación Estratégica*

CNA's *Subdirector General de Programación*

and headed by the SENER *Director General de Información, Estudios Energéticos y Medio Ambiente (Subsecretaría de Política Energética y Desarrollo Tecnológico)*;

- (c) a tourism sector ITWG, composed of at least the following members:

SECTUR's *Subsecretario de Planeación Turística and Director General de Planeación Estratégica y Política Sectorial*

SEMARNAT's *Director General de Fomento Ambiental del Desarrollo Urbano, Transporte y Turismo*



SEMARNAT's *Director General Adjunto de Financiamiento Estratégico*

SHCP's *Director General Adjunto de Derechos, Productos y Aprovechamientos (Unidad de Política de Ingresos)*

FONATUR's *Director Adjunto de Planeación y Fomento a la Inversión*

SE's *Director de Promoción de Proyectos (Subsecretaría para la Pequeña y Mediana Empresa)*

SCT's *Director General Adjunto de la Unidad de Infraestructura y Carreteras para el Desarrollo Regional*

SAGARPA's *Coordinador de Asuntos Internacionales*

CNA's *Subdirector General de Programación*

and headed by the SECTUR *Subsecretario de Planeación Turística*; and

- (d) a forestry sector ITWG, composed of at least the following members:

SEMARNAT's *Director General de Federalización y Descentralización de Servicios Forestales y de Suelos*

SEMARNAT's *Director General Adjunto de Financiamiento Estratégico*

SHCP's *Director General Adjunto de Derechos, Productos y Aprovechamientos (Unidad de Política de Ingresos)*

INIFAP's *Director General de Investigación Forestal*

INE's *Director General de Investigación en Política y Economía Ambiental*

PROFEPA's *Director General de Inspección y Vigilancia Forestal*

SE's *Director de Promoción de Proyectos (Subsecretaría para la Pequeña y Mediana Empresa)*

SCT's *Director General Adjunto de la Unidad de Infraestructura y Carreteras para el Desarrollo Regional*

SAGARPA's *Coordinador de Asuntos Internacionales*

CNA's *Subdirector General de Programación*

and headed by the SEMARNAT *Director General de Federalización y Descentralización de Servicios Forestales y de Suelos*.

2. Each ITWG has: (a) prepared written internal procedures for its functioning, which shall include: (i) coordination mechanisms; and (ii) monitoring arrangements to evaluate progress of its work (as relate to the actions covered by this Schedule and by its work program; and (b) defined the scope of its work program and prepared written terms of reference for addressing the tasks set forth in the letter dated June 26, 2002 from SEMARNAT to the Bank.

3. Municipalities (with more than 2500 inhabitants each and including the *Distrito Federal*), accounting for 55% of water use by volume in Mexico starting January 1, 2002 and ending on a specific date no earlier than October 1, 2002, have for said period paid (or had paid on their behalf) all their water use fees due under Title II, Chapter VIII of the 2002 version of the *Ley Federal de Derechos* (Federal Rights Law) published in the Borrower's *Diario Oficial de la Federación* (Official Gazette) on January 1, 2002.

4. At least 95% of the fees referred to in paragraph 3 above (and paid by or on behalf of municipalities for which an agreement (*convenio*) has been entered into pursuant to Article Second of the Presidential Decree published on page 16 of the First Section (*Primera Sección*) of the Borrower's *Diario Oficial de la Federación* (Official Gazette) on December 21, 2001) are available for transfer to said municipalities pursuant to Article 231-A of said *Ley Federal de Derechos*.

5. Information detailing amounts (at an aggregate national level) of paid water use fees transferred to municipalities by CNA pursuant to Article 231-A of said *Ley Federal de Derechos* is publicly available within Mexico.

6. Total fees collected pursuant to Article 198 of said *Ley Federal de Derechos* (starting January 1, 2002 and ending two months prior to the Second Tranche Release Date), and available for use for protected marine natural areas pursuant to the last

paragraph of said Article (during said same period), are at least twenty times greater than such fees so collected for the same period of the year 2001.

7. Information detailing amounts of fees collected pursuant to Articles 198, 198-A and 238-B of said *Ley Federal de Derechos* is publicly available within Mexico.

8. The environmental impact assessment (*manifestación de impacto ambiental*) review and approval functions of SEMARNAT's *Subsecretaría de Gestión para la Protección Ambiental*, its forest fire detection and control function, as well as its permit issuance functions pursuant to Article 11 of the Borrower's *Ley General del Equilibrio Ecológico y la Protección al Ambiente* (LGEEPA; General Law on Ecological Equilibrium and Environmental Protection), Article 11 of the Borrower's *Ley General de Vida Silvestre* (General Law on Wildlife), Article 7 of the Borrower's *Ley Forestal* (Forestry Law) and Article 50 Bis of the Borrower's *Ley de Bienes Nacionales* (National Assets Law), have been certified by an independent certification body as being in conformity with International Organization for Standardization (ISO) quality management standard 9001:2000. For purposes of this paragraph, the permit issuance functions referred to above are those functions (*trámites*) referred to within SEMARNAT as INE-05-002, INE-06-002, INE-04-002, INE-04-003, INE-02-004, INE-02-005, INE-02-009, SEMARNAT-03-005, SEMARNAT-02-001 and SEMARNAT-01-002-A.

9. All of the decentralization plans, for the assumption of environmental management functions assigned to the Borrower's *Estados* (States) pursuant to said *Ley General del Equilibrio Ecológico y la Protección al Ambiente*, prepared by such *Estados* and approved by SEMARNAT, are published and thus made publicly available by SEMARNAT.

10. At least ten of the Borrower's *Estados* (States) are receiving funding for capacity building under SEMARNAT's *Programa de Desarrollo Institucional Ambiental* (Environmental Institutional Development Program).

11. SEMARNAT is publicly disclosing information (on its website, for example), on the processing status of each request for its review and approval of environmental impact assessments and of each request for the issuance of a permit of the type listed in paragraph 8 above.