Global Environment Facility
Grant Agreement
(Mexico Sustainable Productive Landscapes Project)

among

UNITED MEXICAN STATES,

NACIONAL FINANCIERA, S.N.C., I.B.D.
acting as Trustee of the Climate Change Fund

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT acting as an Implementing Agency of the Global Environment Facility
AGREEMENT dated as of the Signature Date, entered into between: NACIONAL FINANCIERA, S.N.C., I.D.B ("NAFIN"), acting as trustee of the Climate Change Fund ("FCC"), and UNITED MEXICAN STATES ("Mexico"), as represented by the Ministry of Environment and Natural Resources ("SEMARNAT") (jointly referred to as the "Recipient", unless the context indicates otherwise); and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

The Recipient and the World Bank hereby agree as follows:

**Article I**

**Standard Conditions; Definitions**

1.01. The Standard Conditions, with the modifications set forth in Section I of 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 Standard Conditions or in this Agreement.

**Article II**

**The Project**

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient: (a) through SEMARNAT, shall carry out Parts 1, 2.1 and 3 of the Project; and (b) shall cause Part 2.2 of the Project to be carried out by FEGA in coordination with SEMARNAT, all in accordance with the provisions of Article II of the Standard Conditions and the FEGA 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 shall ensure that the Project is carried out 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, through NAFIN, acting as trustee of the FCC, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount not to exceed twenty-one million eight hundred sixty-two thousand three hundred eighty-five United States Dollars ($21,862,385) ("Grant") 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.

3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the donors to the 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 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:

(a) the World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the Signature Date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred;

(b) the FEGA Legal Framework has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the World Bank, the ability of FEGA to perform any of its obligations under the FEGA Agreement; and/or

(c) FEGA has failed to perform any of its obligations under the FEGA Agreement and that, in the opinion of the World Bank, such failure materially or adversely affects 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 to the World Bank that:

(a) the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental action.

(b) the Operational Manual has been adopted by the Recipient, through NAFIN, acting as trustee of the FCC, and SEMARNAT, in a manner and with contents acceptable to the World Bank.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank opinions satisfactory to the World Bank of counsel acceptable to the World Bank showing on behalf of NAFIN, acting as trustee of the FCC, and SEMARNAT, through separate opinions, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its 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 ("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 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, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the General Fiduciary Delegate of NAFIN.
6.02. The Recipient’s Address for purposes of Section 7.01 of the Standard Conditions is:

NAFIN
Nacional Financiera, S.N.C., I.D.B
Fiduciary Division acting as Trustee of the Climate Change Fund
Avenida Insurgentes Sur 1971
Torre IV Piso 6
Colonia Guadalupe Inn
C.P. 01020
Ciudad de México
México

Facsimile:
+525553256677

SEMARNAT
Secretaria de Medio Ambiente y Recursos Naturales
Avenida Ejército Nacional 223
Colonia Anáhuac Sección 1
C.P. 11320
Ciudad de México
México

6.03. The World Bank’s Address for purposes of 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: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Mexico City, United Mexican States, as of the day and year first above written.

UNITED MEXICAN STATES
represented by the Ministry of Environment and Natural Resources

By

[Signature]
Authorized Representative
Name: Rodolfo Lacy Tamayo
Title: SUBSECRETARIO DE PLANIFICACIÓN Y POLÍTICA AMBIENTAL
Date: 05/24/18

NACIONAL FINANCIERA, S.N.C., I.B.D.
acting as trustee of the Climate Change Fund

By

[Signature]
Authorized Representative
Name: Norka Ortiz Legarreta
Title: Trust Officer
Date: 05/24/18
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

By

[Signature]

Authorized Representative

Name: Pablo Saavedra
Title: Country Director, Mexico
Date: May 21, 2018
SCHEDULE 1
Project Description

The objective of the Project is to strengthen sustainable management of productive landscapes and increase economic opportunities for rural producers in Priority Areas of Mexico.

The Project consists of the following parts:


1.1 Building an enabling environment to support landscape planning and management, and enhancing national system capacities and knowledge through, inter alia:

(a) supporting institutional coordination and harmonizing of policies and programs through, inter alia: (i) assessing the environmental and social impacts of current programs/policies and identifying opportunities to improve their environmental outcomes; (ii) strengthening the FCC as an inter-institutional mechanism to coordinate and leverage climate funding from the public and private sector, as well as, the international community; (iii) strengthening the capacity of relevant agencies for integrated landscape monitoring taking into consideration their legal attributions;

(b) providing training and workshops for policy-makers, technical staff and extension workers, developing guidelines on governance models favoring land use planning and management, and proposing options to enhance environmental sustainability and profitability of key production systems, including, inter alia: (i) south-south cooperation, through the formation of strategic alliances between different actors working on integrated landscape management; and (ii) engagement with the financial sector to create awareness and support knowledge exchange on the potential benefits of engaging on, inter alia: climate finance, sustainable production systems, sustainable forest management and biodiversity conservation; and

(c) enhancing incentive mechanisms to support integrated landscape management through, inter alia, the carrying out of design and feasibility assessments and studies of economic incentives to support investments in sustainable and climate-smart approaches to productive activities.

1.2 Enhancing local capacities for productive landscape planning management and business development around conservation objectives, sustainable use of biodiversity and sustainable productive investments (including forestry) through, inter alia:
(a) Supporting broad alliances on landscape management objectives among relevant stakeholders at the territorial/landscape level through, *inter alia*: (i) mapping the relevant actors and roles in the Project intervention sites; (ii) supporting current or new platforms for dialogue and consensus building by organized producers and other local actors and encouraging women to join these platforms; (iii) carrying out capacity building activities to Eligible Beneficiaries and other actors to strengthen levels of collective action, internal governance structures and business strategies; and (iv) carrying out workshops and local assessments leading to the establishment of BRPL Plans; and

(b) Supporting the preparation of Subprojects through, *inter alia*: (i) the design and implementation of a communication and information strategy for each Project intervention site; (ii) providing technical assistance and facilitation to Eligible Beneficiaries; and (iii) developing a market information platform for Subprojects.

Part 2. Investments in Biodiversity-Friendly and Climate-Smart Production Systems

2.1 Providing Sub-Grants to Eligible Beneficiaries for the carrying out of Subprojects.

2.2 Financing the Capitalization of the Partial Credit Guarantee Fund to provide access to finance to Eligible Beneficiaries, or to members of Eligible Beneficiaries implementing Strategic Subprojects.


Carrying out Project management, monitoring and evaluation, including, *inter alia*: (a) the systematization of lessons learned under the Project; (b) the carrying out of Project management responsibilities including financial management, audits and procurement; (c) supporting the operation of the PCU and the RTUs; and (d) the carrying out of Project monitoring and evaluation, including socio-economic, institutional, climate change mitigation, and biological dimensions.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Implementation Arrangements

1. To facilitate the implementation of the Project, the Recipient, through SEMARNAT shall:
   
   (a) maintain throughout Project Implementation a Project Coordination Unit (“PCU”) with staffing and functions set forth in the Operational Manual;
   
   (b) maintain throughout Project implementation the Project Directive Committee (“PDC”) with composition and functions set forth in the Operational Manual; and
   
   (c) prior to the carrying out of any Project activities within a Region; establish and thereafter maintain throughout project implementation the relevant Regional Technical Unit (“RTU”) with composition and functions set forth in the Operational Manual.

B. FCC Agreement and FCC Committee

1. To facilitate the carrying out of the Project, the Recipient shall maintain throughout Project implementation the FCC Agreement and the FCC Committee.

2. The Recipient shall exercise its rights under the FCC 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 not assign, amend, abrogate, waive or fail to enforce the FCC Agreement or any of its provisions in a manner that affects, materially and adversely, in the opinion of the Bank, the implementation of the Project. In case of inconsistencies between the FCC Agreement and this Agreement, the provisions of this Agreement shall prevail.

C. Subproject and Coordination Agreements

1. To facilitate the carrying out of Part 2.1 of the Project, and prior to the carrying out of each Subproject, the Recipient, through NAFIN, acting as trustee of the FCC, shall enter into an agreement (“Subproject Agreement”) with the relevant Eligible Beneficiary, under terms and conditions acceptable to the World Bank, set forth in the Operational Manual and including, inter alia: (a) NAFIN’s obligation, acting as trustee of the FCC, to provide the Sub-Grant to the relevant Eligible Beneficiary;
and (b) the Eligible Beneficiary’s obligation to carry out the relevant Subproject in accordance with the relevant provisions of this Agreement.

2. To facilitate the carrying out of the Project, the Recipient, through NAFIN, acting as trustee of the FCC, and SEMARNAT, shall, no later than ninety (90) days after the Effective Date, enter into an agreement (“Coordination Agreement”) with each of the Project Entities under terms and conditions acceptable to the World Bank, set forth in the Operational Manual and including, inter alia: (a) the responsibilities of said Project Entity to collaborate with the implementation of the Project; and (b) the Recipient’s obligation to provide technical assistance and carry out acquisitions financed by Grant proceeds, as required and agreed with each Project Entity to facilitate the performance of its responsibilities under the Project.

3. The Recipient shall exercise its rights under each Subproject Agreement and Coordination 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 not assign, amend, abrogate, waive or fail to enforce each Subproject Agreement, each Coordination Agreement or any of their provisions. In case of inconsistencies between each Subproject Agreement and this Agreement or between each Coordination agreement and this Agreement, the provisions of this Agreement shall prevail.

D. Partial Credit Guarantee Fund

1. FEGA Agreement

(a) To facilitate the carrying out of Part 2.2 of the Project, the Recipient, through NAFIN, acting as trustee of the FCC, shall enter into an agreement (“FEGA Agreement”) with FEGA, under terms and conditions acceptable to the World Bank, including, inter alia: (a) NAFIN’s obligation, acting as trustee of the FCC, to provide the part of the Grant allocated under Category (3) to FEGA; and (b) FEGA’s obligation to manage and operate the Partial Credit Guarantee Fund in accordance with the provisions of the PCG Operational Manual.

(b) The Recipient shall exercise its rights under the FEGA 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 not assign, amend, abrogate, waive or fail to enforce the FEGA Agreement or any of its provisions. In case of inconsistencies between the FEGA Agreement and this Agreement, the provisions of this Agreement shall prevail.

2. Guarantee Agreements

(a) To facilitate the carrying out of Part 2.2 of the Project, and prior to the carrying out of any Strategic Subproject, the Recipient through NAFIN, acting as trustee of the
FCC, shall cause FEGA to enter into an agreement (the Guarantee Agreement) with the relevant Financial Intermediary under terms and conditions acceptable to the World Bank, set forth in the Operational Manual and including, \textit{inter alia}: (a) FEGA's obligation to provide a partial credit risk guarantee to said Financial Intermediary; and (b) prior to the carrying out of a Strategic Subproject, the Financial Intermediary's obligation to enter into an agreement with the relevant Eligible Beneficiary to provide financing for said Strategic Subproject under terms and conditions set forth in the Guarantee Agreement.

The Recipient shall cause FEGA to exercise its rights under each Guarantee 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 cause FEGA not to assign, amend, abrogate, waive or fail to enforce each Guarantee Agreement or any of its provisions. In case of inconsistencies between each Guarantee Agreement and this Agreement, the provisions of this Agreement shall prevail.

E. Operational Manuals

1. The Recipient, shall carry out the Project and/or cause the Project to be carried out, in accordance with the provisions of a manual (the Operational Manual) 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 composition and responsibilities of the PCU and RTUs; (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 and Strategic Subprojects; (f) the FCC Operational Rules; (g) the performance indicators for the Project; and (h) the ESMF, IPPF, PF and the Anti-Corruption Guidelines.

2. The Recipient, through NAFIN, acting as trustee of the FCC, shall cause FEGA to operate the Partial Credit Guarantee Fund under Part 2.2 of the Project in accordance with the provisions of a manual ("PCG Operational Manual") satisfactory to the World Bank and adopted by FEGA.

3. The Recipient shall not amend or waive or fail to enforce any provision of the Operational Manuals without the World Bank's prior written approval. In case of any conflict between the terms of any of the Operational Manuals and those of this Agreement, the terms of this Agreement shall prevail.
F. Anti-Corruption

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

2. For purposes of carrying out Part 2.2 of the Project, and without limitation to the provisions set forth in Section I.F.1 of Schedule 2 to this Agreement, the Recipient, through NAFIN, acting as trustee of the FCC, shall cause FEGA to issue a notice (Oficio) acceptable to the World Bank requiring the Financial Intermediaries to comply with the provisions of the Anti-Corruption Guidelines, and stating that once the Financial Intermediaries have entered into an Guarantee Agreement, such action will be interpreted as a tacit acceptance of the Anti-Corruption Guidelines.

G. Safeguards

1. The Recipient, through SEMARNAT, shall, and shall cause FEGA to, carry out the Project in accordance with the ESMF, the IPPF and the PF.

2. The Recipient shall ensure that the terms of reference of any Project consultancy shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank’s Safeguard Policies then in force, as applied to the advice conveyed through such technical assistance.

3. The Recipient, through SEMARNAT, shall ensure that no Subproject or Strategic Subproject that requires the use of or causes the potential pollution of International Waterways is carried out under the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient 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 forty-five (45) days after the end of the period covered by such report.

B. Financial Management; Financial Reports; Audits

1. The Recipient 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 SEMARNAT, 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 SEMARNAT, 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 World 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 (except for Part 2.2 of the Project) and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations, and the provisions of the Procurement Plan.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may 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:

<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) Goods, non-consulting services, consulting services, Capacity Building and Project Incremental Costs under Parts 1 and 3 of the Project</td>
<td>10,767,385</td>
<td>100%</td>
</tr>
</tbody>
</table>
### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
   
   (a) for payments made prior to the Signature Date.
   
   (b) under Category (3) until the FEGA Agreement has been executed, and the PCG Operational Manual has been adopted by FEGA.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2023.

### V. Other Undertakings

1. Without limitation to the provisions set forth in Section IV.B.1(b) of this Schedule, each withdrawal under Category (3) shall be made in accordance with the requirements set forth in the Operational Manual.
APPENDIX

Section I. Definitions.


2. “BRPL Plans” means landscape management plans for biodiverse and resilient productive landscapes which reflect, *inter alia*: (i) a shared or agreed mid- to long-term landscape management objectives among relevant stakeholders, and (ii) the set of prioritized and localized landscape strategies for integrated landscape management and connectivity built jointly by local actors.

3. “Capacity Building” means the reasonable expenditures acceptable to the World Bank as set forth in the Operational Manual (other than consultants’ services) incurred by the Recipient in connection with the carrying out of capacity building activities (including workshops, conferences and seminars) under the Project.

4. “Capitalization of Partial Credit Guarantee Fund” means the transfer of Grant proceeds from the Grant account to FEGA, for FEGA to operate the Partial Credit Guarantee Fund as set forth in the Operational Manual.

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

6. “CONABIO” means *Comisión Nacional para el Conocimiento y Uso de la Biodiversidad*, the United Mexican States’ inter-ministerial National Commission for the Knowledge and Use of Biodiversity, created by Presidential Decree dated March 16, 1992, as amended to the Signature Date, or any successor thereto.


8. “CONANP” means *Comisión Nacional de Areas Naturales Protegidas*, the Recipient’s National Commission for Natural Protected Areas created pursuant to SEMARNAT’s internal regulations published in the Official Gazette on July 5, 2000, or any successor thereto.

9. “Coordination Agreement” means the agreement referred to in Section I.C.2 of Schedule 2 to this Agreement, collectively referred to as “Coordination Agreements”.
10. “Displaced Person” means a person or legal entity who, on account of the execution of the Project and/or Subprojects, has experienced or would experience direct economic and social impacts caused by the involuntary restriction to access legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and, “Displaced Persons”, means more than one such Displaced Person.

11. “Eligible Beneficiary” means a beneficiary of a Sub-Grant or of a guarantee backstopped by the Partial Credit Guarantee Fund, selected following the procedure and requirements set forth in the Operational Manuals, as applicable.

12. “ESMF” means Environmental and Social Management Framework, the framework prepared by SEMARNAT, acceptable to the World Bank, published on SEMARNAT’s website on January 25, 2018, and on the World Bank’s external website on January 25, 2018, 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, inter alia: (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 Project activities (including a list of type of investments not eligible for financing under the Project); (c) guidelines for the carrying out of environmental assessments and the preparation and implementation of environmental management plans, when applicable; (d) a pest management plan; 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.

13. “FCC” means Fondo para el Cambio Climático, the Climate Change Fund, a public trust fund of Mexico established by the “FCC Agreement”.

14. “FCC Agreement” means the agreement entered into between SHCP, NAFIN and SEMARNAT dated November 30, 2012, as it may be amended from time to time in a manner acceptable to the World Bank.

15. “FCC Committee” means the committee established by the FCC Agreement.

16. “FCC Operational Rules” means Reglas de Operación del Fondo para el Cambio Climático, the FCC Operational Rules effective since March 12, 2015, as they may be amended from time to time in a manner acceptable to the World Bank.

17. “FEGA” means Fondo Especial de Asistencia Técnica y Garantía para Créditos Agropecuarios, Mexico’s Special Fund for Technical Assistance and Guarantees for Agricultural Credits, created pursuant to the FEGA Legal Framework.
18. "FEGA Agreement" means the agreement referred to in Section I.D.1(a) of Schedule 2 to this Agreement.

19. "FEGA Legal Framework" means the agreement entered into between SHCP and the Central Bank of Mexico (Banco de México) dated October 30, 1972, as amended to the date of this agreement, and as it may be amended from time in a manner acceptable to the World Bank, and the laws referred to in said agreement.

20. "Financial Intermediary" means any entity that complies with the criteria set forth in the PCG Operational Manual to benefit from a guarantee financed out of the Partial Credit Guarantee Fund.

21. "Guarantee Agreement" means each of the agreements referred to in Section I.D.2(a) of Schedule 2 to this Agreement.

22. "INECC" means Instituto Nacional de Ecología y Cambio Climático, the Recipient’s National Institute of Ecology and Climate Change created pursuant to the Recipient’s General Law on Climate Change, published on June 6, 2012, or its successor thereto.

23. "International Waterways" means: (a) any river, canal, lake, or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states, whether World Bank members or not; (b) any tributary or other body of surface water that is a component of any waterway described in (a) above; or (c) any bay, gulf, strait, or channel 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.


25. "IPPF" means Indigenous People Planning Framework, the framework prepared by SEMARNAT, acceptable to the World Bank, and published on SEMARNAT’s website on January 25, 2018 and on the World Bank’s external website on January 25, 2018, 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 they benefit from the Project, including procedures for the preparation and implementation of the pertinent indigenous peoples development plan(s), as said framework may be amended from time to time with the agreement of the World Bank.


27. "NAFIN" means Nacional Financiera, S.N.C., I.B.D., a Mexican development bank serving as the trustee of the FCC, or any successor thereto, acting through its fiduciary division.
28. "Operational Manual" means the manual set forth in section I.E.1 of Schedule 2 to this Agreement.


30. "Partial Credit Guarantee Fund" or "PCG" means the fund operated by FEGA under Part 2.2. of the Project.

31. "PCG Operational Manual" means the manual set forth in section I.E.2 of Schedule 2 to this Agreement.

32. "PCU" means the Project Coordination Unit set forth in Section I.A.1(a) of Schedule 2 to this Agreement.

33. "PDC" means the Project Directive Committee referred to in Section I.A.1(b) of Schedule 2 to this Agreement.

34. "PF" means Process Framework, the framework adopted by SEMARNAT and published on SEMARNAT’s website on January 25, 2018 and on the World Bank’s external website on January 25, 2018, which sets forth the principles and procedures for working with, and assisting, Displaced Persons in legally designated parks and protected areas, as said Process Framework may be revised from time to time with the prior approval of the Bank.

35. "Priority Area" means each one of the Project sites set forth in the Operational Manual, collectively referred to as “Priority Areas”.

36. "Procurement Plan" means the Recipient’s procurement plan for the Project dated February 13, 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.


38. "Project Entity" means either, CONAFOR, CONABIO, INECC, CONANP, SAGARPA or any other entity referred to in the Operational Manual.

39. "Project Incremental Costs" means the reasonable incremental operating expenditures, based on an annual allocation previously approved by the World Bank and the Recipient, required for an efficient Project implementation, administration, supervision, monitoring and evaluation, excluding salaries of the Recipient’s officials and public servants, as set forth in the Operational Manual.
40. "Region" means a group of Project sites within the Priority Area, as set forth in the Operational Manual.

41. "RTU" means any Regional Technical Unit as referred to in Section I.A.1(c) of Schedule 2 to this Agreement, collectively referred to as Regional Technical Units.

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

43. "SEMARNAT" means Secretaría de Medio Ambiente y Recursos Naturales Mexico’s Ministry of Environment and Natural Resources, or any successor thereto.

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

45. "Signature Date" means the latest of the three dates on which the World Bank and the Recipient (including NAFIN and SEMARNAT) signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.


47. "Strategic Subproject" means a Subproject fully or partially financed by a financial product backstopped by a guarantee financed out of the Partial Credit Guarantee Fund.

48. "Sub-Grant" means a grant made out of the proceeds of the Grant to a Producer Organization for the carrying out of a Subproject.

49. "Subproject” means a knowledge-sharing or business activity: (a) encompassing sustainable and climate-smart production; (b) promoting the adoption of best practices and technologies to improve sustainable productivity and profitability; (c) promoting sustainable management of biodiversity; and/or (d) contributing to the reduction of greenhouse gas emissions, all to be carried out in Priority Areas, including investments on, inter alia: (i) productive infrastructure; (ii) managed crop and livestock rotations; (iii) improved tillage practices; (iv) soil management practices; (v) establishment of silvopastoral systems; (vi) use of organic fertilizers; (vii) selection of improved seeds and crops; (viii) improved phytosanitary management; (ix) sustainable forest management; (x) community-based biodiversity monitoring; (xi) certified production; (xii) best practices regarding the management and conservation of biodiversity; and (xiii) development of territorial branding strategies, differentiation initiatives, and market linkages, all as set forth in the Operational Manual.
50. "Subproject Agreement" means each of the agreements set forth in Section I.C.1. of Schedule 2 to this Agreement.

51. "World Bank's Safeguard Policies" means the World Bank's operational safeguard policies and procedures, set forth in the World Bank's Policies and Directives under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, and 4.37, or such policies and procedures then in force.

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 shall forthwith terminate two years after the Closing Date."