

**CONFORMED COPY**

**CTF LOAN NUMBER TF098062**

# **Clean Technology Fund Loan Agreement**

**(Efficient Lighting and Appliances Project)**

**between**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT  
acting as an implementing entity of the Clean Technology Fund**

**and**

**NACIONAL FINANCIERA, S.N.C.**

**Dated December 8, 2010**

**CTF LOAN NUMBER TF098062**

**CLEAN TECHNOLOGY FUND LOAN AGREEMENT**

AGREEMENT dated December 8, 2010, entered into between: INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund (“CTF”) and NACIONAL FINANCIERA, S.N.C. (“Borrower”).

(A) WHEREAS by an agreement of even date herewith (the IBRD Loan Agreement), the World Bank has agreed to extend to the Guarantor a loan in the amount of two hundred and fifty million six hundred twenty five thousand Dollars (\$250,625,000) to assist in financing Parts 1 and 2(a)(i), of the Project on terms and conditions set forth in said IBRD Loan Agreement.

(B) WHEREAS by an agreement of even date herewith (the GEF Grant Agreement) the World Bank has agreed to extend to the Guarantor a grant in the amount of seven million one hundred eighteen thousand and six hundred Dollars (\$7,118, 600) (the GEF Grant) to assist in financing of Parts 2(b), and 3 of the Project set forth in Schedule 1 to the IBRD Loan Agreement.

(C) WHEREAS the Borrower has informed the World Bank that the proceeds of the Loan (as set forth in the table in Schedule 2 to this Agreement and for purposes of supporting the Project), shall be used in conformity with the requirements of the Borrower’s income, budgetary and public debt laws and the terms of this Agreement.

The Borrower and the World Bank hereby agree as follows:

**ARTICLE I - STANDARD CONDITIONS; DEFINITIONS**

- 1.01. The Standard 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 Standard Conditions, or in the Appendix to this Agreement, the Appendix to the IBRD Loan Agreement or the Appendix to the GEF Grant Agreement.

**ARTICLE II - LOAN**

- 2.01. The World Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of fifty million Dollars (\$50,000,000) (“Loan”), to assist in financing Part 2 (a)(ii) of the 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 the Director of International Financial Institutions of NAFIN (*Director de Organismos Financieros Internacionales de NAFIN*).
- 2.03. The Loan is funded out of the resources made available to the World Bank as an implementing entity of the CTF. In accordance with Section 3.02 of the Standard Conditions, the Borrower may withdraw the Loan proceeds subject to the availability of such funds.
- 2.04. The Management Fee payable by the Borrower, pursuant to Section 4.01(b) of the Standard Conditions, on the Unwithdrawn Loan Balance shall be equal to one-tenth of one percent (1/10 of 1%) per annum.
- 2.05. The Service Charge payable by the Borrower on the Withdrawn Loan Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.06. The Payment Dates are March 15 and September 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.08. The Payment Currency is USD.

### **ARTICLE III - THE PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project, and to this end, the Borrower shall cause the Operator to carry out Part 2(a)(ii) of the Project in accordance with the provisions of Article II of the Standard Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the World 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 - ADDITIONAL REMEDIES**

- 4.01. The Additional Event of Suspension consists of the following, namely that the loan under the IBRD Loan Agreement has become due and payable prior to its agreed maturity.

- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty days notice of the pertinent event has been given by the World Bank to the Borrower.

#### **ARTICLE V - EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consists of the following:
- (a) that the IBRD Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled; and
  - (b) that the NAFIN-Operator Financing Agreement has been executed on behalf of the parties thereto.
- 5.02. Without prejudice to the provisions of the Standard Conditions, the Effectiveness Deadline is the date ninety (90) days after the date of this Agreement, but in no case later than the eighteen (18) months after the World Bank's approval of the Loan which expire on May 23, 2012.

#### **ARTICLE VI - BORROWER'S REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative referred to in Section 10.02 of the Standard Conditions is its General Director (*Director General*).
- 6.02. The Borrower's Address referred to in Section 10.01 of the Standard Conditions is:

Nacional Financiera, S.N.C. (NAFIN)  
Avenida Insurgentes Sur 1971  
Edificio Anexo-Nivel Jardín  
Piso Financiero  
Colonia Guadalupe Inn, CP 01020  
México, DF

Facsimile: +52-55-5325-8084

6.03. The World Bank's Address referred to in Section 10.01 of the Standard Conditions is:

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

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

AGREED at Cancun, United Mexican States, as of the day and year first above written.

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
acting as an implementing entity of the  
Clean Technology Fund**

**By /s/ Robert B. Zoellick  
Authorized Representative**

**NACIONAL FINANCIERA, S.N.C.**

**By /s/ Héctor Rangel Domene  
Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to promote the Guarantor's efficient use of energy and to mitigate climate change, by increasing the use of energy efficient technologies at the residential level.

For purposes of this Agreement, the Project consists of Part 2 (a)(ii) set forth in Schedule 1 to the IBRD Loan Agreement, subject to such modifications thereof as the Guarantor, the Borrower and the World Bank may agree upon from time to time to achieve such objectives.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional and Other Arrangements**

##### **A. Institutional Arrangements**

1. Without limitation upon the provisions of Section 3.01 of this Agreement, the Borrower shall carry out the Project in accordance with the Operational Manual. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.
2. The Borrower shall:
  - (a) make available to the Operator, through an agreement (the NAFIN-Operator Financing Agreement), the required amounts from the Loan to allow the Operator to carry out Part 2(a)(ii) of the Project; and
  - (b) exercise its rights and carry out its obligations under the NAFIN-Operator Financing Agreement in such manner as to protect the interests of the Borrower and the World Bank, and to accomplish the purposes of the Loan. Except as the World Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive or fail to enforce the NAFIN-Operator Financing Agreement or any of its provisions. In case of any conflict between the terms of this Agreement and the terms of the NAFIN-Operator Financing Agreement, the terms of this Agreement shall prevail.

##### **B. Anti-Corruption**

The Borrower shall, and shall cause the Operator to, ensure that Part 2 (a)(ii) of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

##### **C. Credit to Eligible Beneficiaries**

1. The Borrower shall cause the Operator to extend a Credit to Eligible Beneficiaries in accordance with eligibility criteria and procedures acceptable to the World Bank, as set forth in the Operational Manual and in accordance with current internal practices of the Borrower.
2. The Borrower shall cause the Operator to make each Credit under a Credit Agreement with the respective Eligible Beneficiary, on terms and conditions

approved by the World Bank, in which the Borrower shall obtain rights adequate to protect its interests and those of the World Bank.

3. The Borrower shall cause the Operator to exercise its rights and carry out its obligations under each Credit Agreement in such manner as to protect the interests of the Borrower and the World Bank and to accomplish the purposes of the Loan. Except as the World Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any Credit Agreement or any of its provisions.

**D. Safeguards and Operational Manual**

The Borrower shall carry out Part 2 (a)(ii) of the Project in accordance with: (a) the IPPF; (b) the Environmental Management Plan; and (c) the Operational Manual.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports; Completion Report**

1. The Borrower shall monitor and evaluate the progress of Part 2 (a)(ii) 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 the indicators agreed with the World Bank and set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than three months after the end of the period covered by such report.
2. The Borrower shall prepare the Completion Report in accordance with the provisions of Section 2.06 (c) of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

**B. Financial Management; Financial Reports; Audits**

1. The Borrower shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall ensure that interim unaudited financial reports for Part 2 (a)(ii) of the Project are prepared and furnished to the World Bank not later than sixty days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.



3. The Borrower shall have its 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 fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods.** All goods required for Part 2 (a)(ii) of the Project and to be financed with an amount equivalent to the amount in Dollars provided under 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. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
3. **Special Provisions.** The Borrower shall: (a) supply the SEPA with the information contained in the initial Procurement Plan within 45 days after the date of this Agreement: and (b) update the Procurement Plan at least once a year, or as needed through the duration of the Project, to reflect the actual Project implementation needs and progress and supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter.

**B. Particular Methods of Procurement of Goods**

1. **International Competitive Bidding.** Except, as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Method of Procurement of Goods.** The following method may be used for procurement of goods for those contracts specified in the Procurement Plan:

<b>Procurement Method</b>
Commercial Practices

**C. Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World 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: (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 Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, 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 proceeds of the Loan shall be disbursed in Dollars unless otherwise agreed between the Borrower and the World Bank and so reflected in the additional instructions referred in Section IV.A.1 immediately above. Consistently with Section 3.06 of the Standard Conditions, the Borrower shall use an amount equivalent to the amount in Dollars provided under the Loan Agreement to finance Eligible Expenditures.
3. The following table specifies the category of Eligible Expenditure that may be financed out of the proceeds of the Loan (“Category”), the allocations of the amounts of the Loan, and the percentage of expenditures to be financed for Eligible Expenditures:

<b><u>Category</u></b>	<b><u>Amount of the Loan Allocated (expressed in USD)</u></b>	<b><u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u></b>
(1) Credits	50,000,000	60% of amounts paid by the Operator to Eligible Retailers.
<b>TOTAL AMOUNT</b>	50,000,000	

**B. Withdrawal Period**

1. The Closing Date is June 30, 2014.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Loan repayable (expressed as a percentage)</b>
On each March 15 and September 15, commencing on March 15, 2021 to and including September 15, 2030.	5%

## 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 with the modifications set forth in Section II of this Appendix.
2. “Appliances Replacement Program” means *Programa de Sustitución de Electrodomésticos para el Ahorro de Energía*, a program established by the Guarantor, through SENER on February 2009, which provides incentives to electricity consumers to exchange old inefficient appliances (refrigerators and air conditioners) with more efficient ones, as further described in the Operational Manual, and referred to in 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. “Credit” means a loan made by the Borrower, through the Operator, out of the proceeds of the CTF Loan, to an Eligible Beneficiary, for purposes of partially financing the replacement of an old and inefficient appliance with a more efficient one under the Appliances Replacement Program.
5. “Credit Agreements” means any of the agreements to be entered into between the Operator and each of the Eligible Beneficiaries (as hereinafter defined), referred to in Section I.C of Schedule 2 to this Agreement, pursuant to which the Borrower shall extend a Credit (as hereinafter defined) to the Eligible Beneficiaries.
6. “Eligible Beneficiaries” means electricity consumers from low income and other qualified households (calculated by their level of electricity consumption) currently owning and using appliances at least 10 year old, and eligible for financial assistance under the Appliances Replacement Program, all in accordance with the specifications of the Operational Manual.
7. “Environmental Management Plan” means the plan prepared by the Guarantor, through SENER, and approved by Bank on June 18, 2010, and made available to the public on July 7, 2010 on the website <http://www.energia.gob.mx>, which sets out the environmental protection measures in respect of the Project, including: (i) an environmental screening checklist for Project interventions; and (ii) environmental supervision, monitoring and evaluation procedures for the Project.

8. “IBRD Loan Agreement” means the agreement of even date herewith between the Borrower and the World Bank referred to in the WHEREAS clause (A) of this Agreement.
9. “IPPF” means the Indigenous Peoples Framework prepared by the Guarantor, through SENER, and approved by the Bank on June 28, 2010, and made available to the public on June 29, 2010, on the website <http://www.energia.gob.mx>, which sets out the measures to be taken (including the preparation and implementation of indigenous peoples plans) to ensure that indigenous peoples will not be harmed by the Project and to ensure their participation and involvement in the implementation and monitoring of the Project as it affects them.
10. “NAFIN-Operator Financing Agreement” means the agreement referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement.
11. “Operator” means FIDE (*Fideicomiso para el Ahorro de Energía Eléctrica*), or any other entity with similar mandate, proposed by the Borrower, through SENER, and acceptable to the World Bank, as set forth in the Operational Manual, for the purposes of Part 2(a) of the Project.
12. “Operational Manual” means the manual referred to in Section I.C.1 of Schedule 2 of the IBRD Loan Agreement, dated October 15, 2010, as said manual may be amended from time to time with the World Bank’s prior approval.
13. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October 2006, and May 2010.
14. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated October 8, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
15. “SENER” means *Secretaría de Energía*, the Borrower’s Ministry of Energy.
16. “SEPA” means the World Bank’s publicly accessible Procurement Plans Execution System.
17. “Standard Conditions” means the Standard Conditions for Loans Made by the World Bank Out of the Climate Investment Funds, dated July 31, 2010.

## **Section II. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

### Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in

connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”