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August 18, 2017

Lic. Nidya Odete Legaspi Ortiz  
Trust Delegate  
Nacional Financiera, S.N.C.  
Avenida Insurgentes Sur 1971  
Torre IV Piso 6  
Colonia Guadalupe Inn,  
Ciudad de México C.P. 01020

Ing. Rafael Pacchiano Alamán  
Secretary of SEMARNAT  
Technical Secretary of CONABIO  
Secretaría de Medio Ambiente y Recursos Naturales  
Av. Ejército Nacional 223  
Col. Anáhuac,  
Ciudad de México C.P. 11320

Re: GEF Grant No. TF0A4448  
Preparation of Sustainable Productive Landscapes Project  
Letter Agreement

Dear Sir and Madam,

In response to the request for financial assistance made on behalf of NACIONAL FINANCIERA, S.N.C, acting as trustee of the *Fideicomiso Fondo para la Biodiversidad* (Biodiversity Trust Fund “FBB/Trust”) (the “Recipient”); with the intervention of the UNITED MEXICAN STATES (“UMS”), as represented by the *Secretaría del Medio Ambiente y Recursos Naturales* (Ministry of Environment and Natural Resources “SEMARNAT”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as implementing agency of the Global Environmental Facility (“GEF”), proposes to extend to the Recipient a grant in an amount not to exceed two hundred seventy-five thousand two hundred twenty-nine United States Dollars (\$275,229) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the activities described in the Annex (“Activities”) for the preparation of the proposed Sustainable Productive Landscapes Project.

This Grant is funded out of the abovementioned “GEF” for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), 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 “GEF”, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Activities in accordance with the terms and conditions set forth or referred to in this Agreement, but it is not authorized to, and will not, execute the proposed Sustainable

1818 H Street NW - Washington, DC 20433 USA

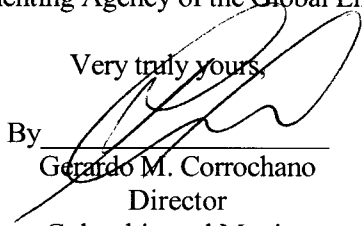
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Productive Landscapes Project which may result from the Activities financed by the Grant. The award of the Grant does not constitute or imply any commitment on the part of the World Bank, either as Implementing Agency of the GEF or in its own capacity, to assist in the financing of any project which may result from the Activities financed by the Grant.


Please confirm the Recipient's agreement to the foregoing by having an authorized representative of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective on the latest of the countersignature dates.

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
Acting as an Implementing Agency of the Global Environment Facility

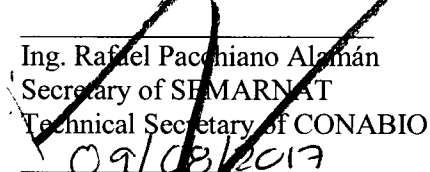
Very truly yours,

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

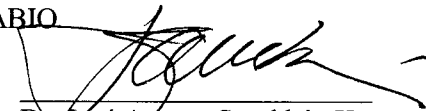
AGREED:

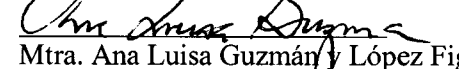
By   
Lic. Nidya Odete Legaspi Ortiz  
Trust Delegate  
Nacional Financiera, S.N.C.  
Date: 08-29-2017

UNITED MEXICAN STATES

By   
Ing. Rafael Pacchiano Alamán  
Secretary of SEMARNAT  
Technical Secretary of CONABIO  
Date: 09/08/2017

IN WITNESS:

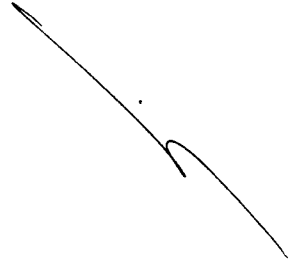
CONABIO  
By   
Dr. José Aristeo Sarukhán Kermez  
National Coordinator

By   
Mtra. Ana Luisa Guzmán López Figueroa  
Recipient's Representative and Trust Technical Secretary  
Fideicomiso Fondo para la Biodiversidad (FBB/Trust).

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012.
- (2) Disbursement Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017.

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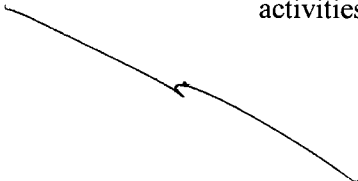
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**Article I**  
**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. **Definitions.** 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, provided that for the purposes of this Agreement the term “Project”, whenever used in the Standard Conditions, shall mean the Activities referred to in Section 2.01 of this Annex.

- (a) “CONABIO” means *Comisión Nacional para el Conocimiento y Uso de la Biodiversidad*, is an inter-ministerial commission created by Presidential Decree, dated March 13, 1992 (as amended by subsequent Presidential Decree, dated November 11, 1994) and referred to in the preamble to this Agreement.
- (b) “FFB/Trust” means the biodiversity trust fund (*Fideicomiso Fondo para la Biodiversidad*) created pursuant to Trust Agreement (as hereinafter defined) as financial agent of CONABIO initiatives in the field of biodiversity conservation.
- (c) “FFB/Trust Technical Committee” means the group of people within government, academic and non-governmental sectors, which drives the governance of the FFB/Trust, duly empowered to authorize the entry and exit of the financial resources of the Trust. The Technical Committee has a defined structure, scope of work and terms of reference, as established in the Trust Agreement (as hereinafter defined).
- (d) “FFB/Trust Technical Secretary” means the person, appointed by the FFB/Trust Technical Committee, duly authorized to act as a representative of the Trustee to sign on its behalf the agreements, addendums and transactions issued under the FFB/Trust. The Trust Technical Secretary has other duties specified at the Trust Agreement (as hereinafter defined), such as preparing financial reports.
- (e) “NAFIN” means *Nacional Financiera, S.N.C.*, a Mexican development bank acting as trustee of the FFB/Trust (as defined above) pursuant to the provisions of the Trust Agreement (as hereinafter defined).
- (f) “Operating costs” means reasonable expenditures for operating costs required for the activities described in Schedule 1 of this Agreement, which would not have been incurred absent the Activities, including: (i) stationary and supplies; (ii) communications, mass media and printing services, vehicle rental, operation and maintenance; and (iii) travel and *per diem* directly related to aforementioned activities.



- (g) “SEMARNAT” means *Secretaría de Medio Ambiente y Recursos Naturales*, Ministry of Environment and Natural Resources.
- (h) “Training, Workshops and Stakeholder Consultations” means reasonable expenditures incurred in all the activities related to this Agreement, including, *inter alia*, expenditures incurred in connection with the purchase and publication of materials, rental of facilities and facilitation services, course fees, travel, *per diem* and subsistence of participants.
- (i) “Trust Agreement” means the May 18, 1993 agreement between various individual grantors and “NAFIN”, establishing the “FFB/Trust” (as amended by subsequent agreements dated January 22, 1996, December 23, 2003, July 5, 2004 and February 26, 2010), and designating Nacional Financiera, S.N.C. as trustee thereof.

## **Article II Activities Execution**

2.01. **Grant Objectives and Description.** The objective of this Grant is to assist in the preparation of the Sustainable Productive Landscapes Project, which main objective is to promote sustainable productive landscapes that foster connectivity of forest landscapes for biodiversity conservation and ecosystem services in priority areas of the United Mexican States. The Activities for which the Grant is given in order to prepare the Sustainable Productive Landscapes Project consist of the following parts:

### **Part 1: Territorial Information and Monitoring System**

(a) Identifying the baseline biodiversity data needed for an integrated knowledge management and monitoring system, and carrying out the design of that said system; and (b) identifying and elaborating appropriate biodiversity outcome indicators for the Sustainable Productive Landscapes Project.

### **Part 2: Technical Studies**

Carrying out technical studies to identify relevant mainstreaming indicators for the achievement of objectives of the Sustainable Productive Landscapes Project.

### **Part 3: Consultative Participatory Process**

Carrying out consultative participatory processes through workshops with key stakeholders in order to design the Sustainable Productive Landscapes Project and to validate expected Sustainable Productive Landscapes Project impacts.

### **Part 4: Environmental and Social Management**

Carrying out social and environmental assessments for the Sustainable Productive Landscapes Project, including, *inter alia*: (a) a comprehensive analysis on land issues; (b) an identification of potential stakeholders; (c) an identification of criteria and procedural analysis on land-use planning; and (d) a resettlement process framework.

**Part 5: Management, Financial Planning, Procurement and Implementation**

Supporting the preparation and coordination of the administrative, supervision, monitoring, evaluation, financial management and procurement aspects of the Activities, through the financing of operating costs and consulting services.

2.02. **Grant Execution Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall execute the Activities in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 and as of July 1, 2016 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Completion Report.** The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than one month after the Closing Date.

2.04. **Financial Management.**

- (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
- (b) The Recipient shall ensure that an interim unaudited financial report for the Activities is prepared and furnished to the World Bank not later than one month after the Closing Date, in form and substance satisfactory to the World Bank. Such interim unaudited financial report shall cover the entire period during which withdrawals from the Grant Account were made.
- (c) The Recipient shall, upon the World Bank’s request, have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period indicated in the World Bank’s request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the date of the World Bank’s request.

2.05. **Procurement.**

All goods, non-consulting services and consulting services required for the Activities 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 “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Activities (“Procurement Plan”) dated April 6, 2017 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.

**Article III  
Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** 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 100% of Eligible Expenditures consisting of goods, consulting Services, Operating Costs, Training Workshops and Stakeholder Consultations, all inclusive of Taxes.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$50,000 equivalent may be made for payments made prior to this date but on or after January 1, 2017, for Eligible Expenditures.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2017.

#### **Article IV Additional Remedies**

4.01. **Additional Events of Suspension.** The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

- (a) The Recipient and the UMS, through its representatives in the Technical Committee and through CONABIO shall, without the consent of the World Bank, have: (i) assigned or transferred, in whole or in part, any of the obligations arising under this Agreement; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or asset financed wholly or in part out of the proceeds of this Grant, except with respect to transactions in the ordinary course of business which, in the opinion of the World Bank; (A) do not materially and adversely affect the ability of the Recipient and the UMS, through its representatives in the Technical Committee and through CONABIO to perform any of its obligations under, or entered into pursuant to, this Agreement, or to achieve the objectives of this Grant; and (B) do not materially and adversely affect the financial condition or operation of the Recipient and the UMS, through its representatives in the Technical Committee and through CONABIO.
- (b) The FFB/Trust and CONABIO shall have ceased to exist in the same legal form as that prevailing as of the date of this Agreement.
- (c) Any action shall have been taken for the dissolution, disestablishment or suspension of operations of the FFB/Trust and CONABIO.
- (d) In the opinion of the World Bank, the legal character, ownership or control of the FFB/Trust and CONABIO shall have changed from that prevailing as of the date of this Agreement so as to materially and adversely affect the ability of the Recipient and the UMS, through its representatives in the Technical Committee and through CONABIO to perform any of their obligations arising under, or entered into pursuant to, this Agreement, or to achieve the objectives of this Grant.

**Article V**  
**Recipient's Representative; Addresses**

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the "Trust Technical Secretary".

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Nacional Financiera, S.N.C.  
Avenida Insurgentes Sur 1971  
Torre IV Piso 6  
Colonia Guadalupe Inn,  
Ciudad de México C.P. 01020

Secretaría de Medio Ambiente y Recursos Naturales  
Av. Ejército Nacional 223,  
Col. Anáhuac,  
Ciudad de México C.P. 11320

5.03. **World Bank's Address.** The World Bank's Address referred to in 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:

Facsimile:

248423 (MCI) or  
64145 (MCI)

1-202-477-6391

