

November 22, 2013

Martha Susana Berruecos García T.
Directora de Organismos Financieros Internacionales
Nacional Financiera, S.N.C.
Insurgentes Sur No. 1971
Edificio Anexo Nivel Jardín. Piso Financiero
Col. Guadalupe Inn
México, D.F.

Re: MEXICO: IBRD Loan No. 8120-MX (Forests and Climate Change Project)
Additional Instructions: AMENDED Disbursement Letter

Dear Lic. Berruecos García T.:

I refer to the Loan Agreement (“Agreement”) between the International Bank for Reconstruction and Development (“World Bank”) and the United Mexican States (the “Borrower”) for the above-referenced project, dated May 25, 2012. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of the Loan No. 8120-MX (“Loan”). This letter (“Disbursement Letter”), replaces its previous version dated August 29, 2013, and constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Loan is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

According to Article II, Section 2.02 of the Loan, unless the Borrower, through the Titular de la Unidad de Crédito Público of SHCP, otherwise informs the World Bank, the Borrower representative for purposes of taking any action required or permitted to be taken regarding the Loan is the Director/a de Organismos Financieros Internacionales of Nacional Financiera, S.N.C. (NAFIN) or any person or persons whom such representative designated in writing. Therefore, this Disbursement Letter must be understood to be directed to NAFIN as the Borrower’s Representative and direct responsible of the withdrawal of the proceeds of the Loan, including, without limitation, the reception and utilization of Secure Identification Credentials (SIDC).

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Loan:

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- Advance
- Reimbursement

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four months after the Closing Date specified in Section IV.B.3 to Schedule 2 of the Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the specific Disbursement Conditions specified in Agreement.

II. Withdrawal of Loan Proceeds

(i) Authorized Signatures (subsection 3.1). Applications for this Loan will be signed by the officials authorized to sign Applications as indicated in the letter dated January 18, 2011 signed by MDI. Danielle Pellat Thomé, *Directora de Organismos Financieros Internacionales*, and Lic. Gabriel Fernández de la Concha, *Director Jurídico Corporativo y de Negocio*. This letter of authorization applies to the Loan, as confirmed in the Minutes of Negotiations dated November 30, 2011.

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed Applications, together with supporting documents to the address indicated below:

The World Bank
Setor Comercial Norte,
Quadra 02, Lote A
Edifício Corporate Finance Center
7º andar
70712-900 Brasília, D.F.
Brazil
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Borrower to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Borrower has designated in writing, pursuant to the terms of the following subparagraph of this Section, its officials who are authorized to sign and deliver Applications and to receive "SIDC" from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Borrower have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Borrower with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Borrower may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Borrower.

- ***Terms and Conditions of Use of SIDC to Process Applications.*** By designating officials to use SIDCs and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of Secure Identification Credentials”) provided in Attachment 2; and (b) to cause such official to abide by those terms and conditions.

(iv) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is United States Dollars (USD) **\$1,000,000** equivalent

(v) Advances (sections 5 and 6)

- ***Type of Designated Account (subsection 5.3):*** Segregated
- ***Currency of Designated Account (subsection 5.4):*** United States Dollars
- ***Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):*** Banco de México (central bank)
- ***Ceiling (subsection 6.1):*** USD \$10,000,000

III. Reporting on Use of Loan Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each Application as set out below:

- ***For requests for Reimbursement and reporting eligible expenditures paid from the Designated Account***
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments for: (i) Goods, against contracts valued at USD \$300,000 equivalent or more, (ii) Works, against contracts valued at USD \$350,000 equivalent or more, (iii) Consulting Firms, against contracts valued at USD \$300,000 equivalent or more, and (iv) Individual Consultants, against contracts valued at USD \$100,000 equivalent or more, in the form attached (Attachment 3A - Statement of Expenditures with supporting documentation);
 - Statement of Expenditures in the form attached (Attachment 3B - Statement of Expenditure without supporting documentation) for all other expenditures / contracts below the above mentioned thresholds, including Non-consulting services and Operating cost; and
 - Customized Statement of Expenditures in the form attached (Attachment 3C – Customized Statement of Expenditure) for eligible expenditures for Category 2

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under Part 2 (i), (ii), (iii), (iv) and (v) of the Project, and for Category 4 under Part 3.3 of the Project.

(ii) Other Supporting Documentation Instructions. For expenditures paid from the Designated Account, also, a Designated Account Statement and an account activity reconciliation statement, in the form attached (Attachment 4) should be provided with each Application.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3). Minimum frequency: Quarterly.

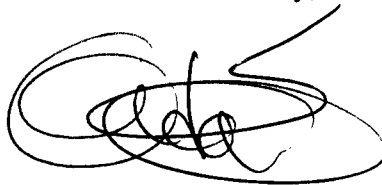
IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <http://www.worldbank.org> and its secure website "Client Connection" at <http://clientconnection.worldbank.org>. Print copies are available upon request.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<http://clientconnection.worldbank.org>). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. All Borrower officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the World Bank by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact us at loalcr@worldbank.org (with copy to Victor Ordonez at vconde@worldbank.org) using the above Loan number as a reference.

Yours sincerely,



Victor Ordonez
Sr. Finance Officer, Loan Department
The World Bank

Attachments

The attachments number **1, 3A, and 4** provided in the Disbursement Letter dated May 25, 2012, as the attachments number **2, 3B, and 3C** provided in the Disbursement Letter dated August 29, 2013, remain without any changes.

FOR OFFICIAL USE ONLY

Prepared and amended: Victor **Ordonez**, CTRLN (11.22.2013)

Cleared with and cc.: Fabiola **Altimari**, LEGLE
Carole **Megevand**, LCSAR