

**CONFORMED COPY**

**CTF LOAN NUMBER TF096291**

# **Clean Technology Fund Loan Agreement**

**(Urban Transport Transformation Project)**

**between**

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

**and**

**BANCO NACIONAL DE OBRAS Y SERVICIOS PUBLICOS, S.N.C.**

**Dated July 21, 2010**

**CLEAN TECHNOLOGY FUND LOAN AGREEMENT**

AGREEMENT dated July 21, 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 BANCO NACIONAL DE OBRAS Y SERVICIOS PUBLICOS, S.N.C. (“Borrower”).

(A) WHEREAS by an agreement of even date herewith between the United Mexican States (the Guarantor), through SHCP, and the Bank (the Guarantee Agreement), the Guarantor has agreed to guarantee the Loan Payment obligations of the Borrower in respect of the Loan;

(B) WHEREAS by an agreement of even date herewith (the IBRD Loan Agreement), the World Bank has agreed to extend to the Borrower a loan in the amount of one hundred and fifty million Dollars (\$150,000,000) to assist in financing the Project on terms and conditions set forth in the IBRD Loan Agreement.

(C) WHEREAS the Borrower has informed the Bank that the proceeds of the Loan (as set forth in the table in Section IV of Schedule 2 to this Agreement and for purposes of supporting the Project), shall be used in conformity with the requirements of the public debt law of the United Mexican States 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.

**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 two hundred million Dollars (\$200,000,000) (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).

- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 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. The Borrower agrees that only the resources made available to the World Bank for the purpose of the Loan shall be considered for the enforcement of any obligations, claims or liabilities under or in connection with the Loan.
- 2.04. The Management Fee payable by the Borrower, pursuant to Section 4.01(a) of the Standard Conditions, shall be equal to one-quarter of one percent (1/4 of 1%) of the Loan. The Borrower shall make the one-time payment of the Management Fee not later than 60 days after the Effective Date.
- 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%).
- 2.06. The Payment Dates are June 15 and December 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 objective of the Project. To this end, the Borrower shall cause the Eligible Beneficiaries to carry out the Project to in accordance with the provisions of Article II of the Standard Conditions and pursuant to the terms and conditions of the relevant Credit Agreements.
- 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 any Eligible Beneficiary shall have failed to perform any of its obligations under the relevant Credit Agreement or a situation shall have arisen so as to materially and adversely affect, in the opinion of the Bank, the ability of any Eligible Beneficiary to carry out its obligations under the relevant Credit Agreement, in

which cases the Bank may suspend Loan disbursements with respect to the above-cited Eligible Beneficiary (and related Subproject) that has so failed to perform, or whose ability to perform has been materially and adversely affected.

- 4.02. The Additional Event of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the World Bank to the Borrower.

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

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) 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) The Borrower has adopted the Operational Manual.
- 5.02. 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 Bank's approval of the Loan which expire on September 25, 2011.

#### **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:

Banco Nacional de Obras y Servicios Públicos, S.N.C.  
Javier Barros Sierra, 515  
Colonia Lomas de Santa Fe, Delegación Álvaro Obregón  
México DF, 01219  
Telex: (52-55) 5270-1200                      Facsimile: (52-55) 5270-1564

- 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 Mexico City, Mexico, 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/ Pamela Cox**

**Authorized Representative**

**BANCO NACIONAL DE OBRAS Y SERVICIOS  
PUBLICOS, S.N.C.**

**By /s/ Alonso García Tamés**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to contribute to the transformation of urban transport in Mexican cities toward a lower carbon growth path.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objective:

#### **Part 1. Capacity Building**

Provision of technical assistance and training to the Eligible Beneficiaries for the development and/or strengthening of the local urban transport development process in the Participating Entities, including, *inter alia*:

- (i) the preparation, update or completion of Integral Transport Plans (ITP), which will include climate change mitigation considerations;
- (ii) the development of plans for modernizing traffic management and for efficient allocation of public space for transport and non-motorized modes;
- (iii) support to urban transport institutions or regional transport coordination commissions which are responsible for sector coordination, modal and fare integration promotion and updating of ITPs; and
- (iv) training of local government staff and other civil servants in areas such as transport system inventory, urban transport planning and programming, traffic management, formulation of urban transport projects including bus rapid transit projects, traffic safety, non-motorized transport modes, environmental and social evaluation and rehabilitation and maintenance of roads.

#### **Part 2. Development of Integrated Transit Systems that Reduce CO2 Emissions**

Development of integrated transit systems that contribute to the reduction of CO2 emissions in the Borrower's cities within the context of the ENACC and the PECC, by approximately 1,96 million tons per year beginning in 2017, through the carrying out of the following activities:

### **A. Mass Transit Corridors and Ancillary Investment**

- (a) Provision of financing for the development of Integrated Mass Transit Corridors (IMTC) in the Participating Entities, including, *inter alia*: the preparation, design, construction, supervision, maintenance and rehabilitation of roads for trunk lines and feeder roads, terminals, yards, transfer and access stations, mixed traffic lanes, and the acquisition of rolling stock, signaling, control centers, information systems, environmental monitoring equipment, and fare collection systems.
- (b) Provision of financing for ancillary carbon-reduction transport investments, including, *inter alia*: the adoption of traffic management measures, non-motorized transport, design of and implementation of universal access facilities, carrying out of studies and design of facilities for bike-transit integration, parking space and transfer stations, vehicle use restriction, public space improvements, including sidewalks, adoption of safety and security programs, design of land use density and clustering plans, intelligent transportation, transport demand management marketing and promotion, freight management and car free planning.

### **B. Low Carbon Rolling Stock Technologies and Scrapping of Displaced Buses**

- (a) Provision of financing for the acquisition of low-carbon rolling stock to be operated in the Participating Entities; and
- (b) Provision of finance for programs concerning the scrapping of old and displaced buses, including, *inter alia*: (i) building institutional capacity to develop and/or adopt clean and environmentally sound scrapping strategies (collection, dismantling and final disposal); (ii) the purchasing of displaced rolling stock; and (iii) financing of the scrapping process, defined as the collection, destruction and recycling of steel scrap and disposal of non recyclable materials.

### **Part 3. Project Management**

Provision of support (including the implementation of a technical monitoring system) to the Eligible Beneficiaries for the supervision and monitoring of the implementation of the Subprojects in the Participating Entities.

## 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. Except as the Bank shall otherwise agree, the Borrower shall not amend or waive any provision of the Operational Manual without the Bank's prior written approval. 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 select each Subproject in accordance with the eligible criteria and procedures satisfactory to the Bank established in the PROTRAM Guidelines, and the Operational Manual.

##### B. Anti-Corruption

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

##### C. Subprojects and Credit Agreements.

1. The Borrower shall make Sub-loans to Eligible Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Bank, as set forth in the Operational Manual and in accordance with current internal practices of the Borrower.
2. The Borrower shall make each Sub-loan under a Credit Agreement with the respective Eligible Beneficiary (*Contrato de Crédito*), on terms and conditions approved by the Bank, in which the Borrower shall obtain rights adequate to protect its interests and those of the Bank, including the right to:
  - (a) suspend or terminate the right of the Eligible Beneficiary to use the proceeds of the Sub-loan, or obtain a refund of all or any part of the amount of the Sub-loan then withdrawn, upon the Eligible Beneficiary's failure to perform any of its obligations under the Credit Agreement; and
  - (b) require each Eligible Beneficiary to: (i) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the



provisions of the Anti-Corruption Guidelines applicable to Recipients of loan proceeds other than the Borrower and with the provisions of the ESMF; (ii) provide, promptly as needed, the resources required for the purpose; (iii) procure the goods, works and services to be financed out of the Sub-loan in accordance with the provisions of this Agreement; (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Subproject and the achievement of its objectives; (v) (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject; and (B) at the Bank's or the Borrower's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank; (vi) enable the Borrower and the Bank to inspect the Subproject, its operation and any relevant records and documents; and (vii) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

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

**D. Safeguards**

1. The Borrower shall carry out and/or shall cause each Eligible Beneficiary to carry out Part 1 and 2 of the Project the Sub-projects in accordance with the provisions and recommendations of the ESMF.
2. The Borrower shall and/or shall cause each Eligible Beneficiary to, prior to the carrying out of any works under any Sub-project: (a) carry out, or cause to be carried out, an environmental screening/assessment of each of the pertinent works, and if needed, as determined by the Bank, approve or cause to be approved, an environmental management plan or similar environmental instrument, acceptable to the Bank, for each of said works (which plan or similar environmental instrument shall be based on the results of the pertinent screening/assessment mentioned herein, and the Bank's comments on the results of said screening/assessment, if any); and (b) immediately after said approval, implement and/or cause to be implemented, the corresponding plan (or similar environmental instrument) in accordance with its terms, and in a manner acceptable to the Bank.

3. If as a result of the carrying out of the screening/assessment process mentioned in Section I.D 2. of this Schedule, it is determined by the Bank that resettlement will be involved in respect of any given works under the Project, the Borrower shall, and/or shall cause each Eligible Beneficiary to: (i) prior to the commencement of any said works under the territorial jurisdiction of the relevant Participating Entity, prepare (and/or cause to be prepared) and furnish to the Bank, a resettlement plan (acceptable to the Bank) which plan shall be based on the provisions of the relevant Resettlement Framework; and (ii) immediately after, implement and/or cause to be implemented (as the case may be) the corresponding resettlement plan in accordance with its terms, and in a manner acceptable to the Bank.

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

### **A. Project Reports; Completion Report**

1. The Borrower 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 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 the Project are prepared and furnished to the World Bank not later than forty-five days after the end of each calendar quarter, covering the quarter, 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, commencing with the fiscal year in which the Effective Date occurs. 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 and Works.** All goods and works required for the Project and to be financed out of the proceeds of 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. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **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.
4. **Special Provisions.** The Borrower shall: (a) supply the SEPA with the information contained in the initial Procurement Plan within 45 days after the Project has been approved by the Bank; 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 and Works**

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 Methods of Procurement of Goods and Works.** The following methods, other than International Competitive Bidding, may be used for procurement of goods (US\$<3000,000) and works (US\$<15,000,000) for those contracts specified in the Procurement Plan:

<b>Procurement Method</b>
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting, subject to the Bank’s prior approval
(d) Procurement under BOO (Built, Own, Operate) /BOT (Built, Operate, Transfer) /BOOT (Built, Own, Operate, Transfer), Concessions and Similar Private Sector Arrangements acceptable to the Bank.

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants’ Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan:

<b>Procurement Method</b>
(a) Fixed Budget Selection
(b) Least Cost Selection
(c) Selection of Individual Consultants
(d) Single Source Selection, subject to the Bank’s prior approval

**D. 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 following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocations of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<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) Consultants’ services and Training for Part 1 of the Project	5,000,000	100%
(2) Goods, works and consultants’ services for Part 2.A of the Project	106,000,000	100%
(3) Goods, works and consultants’ services for Part 2.B(a) of the Project	76,000,000	100%
(4) Goods, works and consultants’ services for Part 2.B(b) of the Project	13,000,000	Amount payable in accordance with Section 2.04 of this Agreement and Section 4.01(a) of the Standard Conditions
<b>TOTAL AMOUNT</b>	200,000,000	

3. For purposes of this Section IV. A, the term “Training” means non-consultant expenditures incurred in connection with the provision of training under the Project, including training fees, logistics, materials, and reasonable cost of travel and per diem of trainers and trainees.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
- (a) from the Loan Account until the Bank has received payment in full of the Management Fee; or

- (b) for payments made prior to the date of this Agreement , except that withdrawals up to an aggregate amount not to exceed \$40,000,000 equivalent may be made for payments made prior to this date but on or after August 24, 2009 (but in no case earlier than one year from the date of this Agreement), for Eligible Expenditures; or
- (c) for payments to finance Eligible Expenditures under Categories (1), (2) (3) and (4) in respect of any Subproject to be carried out by any Eligible Beneficiary, unless: (i) the Borrower has carried out and submitted to the Bank a satisfactory financial management assessment of the relevant Eligible Beneficiary, as described in the Operational Manual; (ii) the relevant Credit Agreement has been signed by the parties thereto; and (iii) the Borrower and/or the Eligible Beneficiary have complied with the requirements of Section I.D.2 and 3 (if applicable) of this Agreement.

2. The Closing Date is June 30, 2017.

**SCHEDULE 3**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Loan repayable (expressed as a percentage)</b>
On each June 15 and December 15, commencing on June 15, 2020 to and including December 15, 2029.	<b>5%</b>

## 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.
2. “BRT” means bus rapid transit system.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.”
5. “Credit Agreements” means any of the agreements to be entered into between the Borrower 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 make Sub-loans (as hereinafter defined) to the Eligible Beneficiaries.
6. “Eligible Beneficiaries” means the Guarantor’s Federal District, a state or municipality or any public or private entity (with legal personality) in the Guarantor’s territory, which is eligible for participation in the Project and for carrying out a Subproject according to the eligibility criteria and procedures set forth in the Operational Manual, to which the Borrower proposes to make or has made a Sub-loan.
7. “ENACC” means the *Estrategia Nacional de Cambio Climático*, the national strategy for Climate Change published by the Guarantor in May 2007 in [www.semarnat.gob.mx](http://www.semarnat.gob.mx) in May 2007.
8. “ESMF” means Environmental and Social Management Framework (*Marco de Salvaguarda Ambiental y Social para el Transporte Urbano – MASTU*), the Borrower’s environmental and social framework for the Project, disclosed on January 2009 and updated on February 18, 2010, which includes specific procedures to address the direct and indirect environmental impacts of the Project’s activities and specific guidelines and procedures to prevent, mitigate or compensate eventual environmental and social impacts, including the guidelines for carrying out the environmental/social screenings/assessments referred to in Section I.D of Schedule 2 to this Agreement, as well as a Resettlement Framework (as hereinafter defined). Such document constitutes an integral part



of the Operational Manual, and may be amended from time to time with the agreement of both the Borrower and the Bank.

9. “FONADIN” means *Fideicomiso Fondo Nacional de Infraestructura*, the national infrastructure fund established pursuant to the Guarantor’s Decree published in the Guarantor’s *Diario Oficial de la Federación* on February 7, 2008, with the purpose of coordinating federal investment in infrastructure, mainly in the communications, transport, water, environment and tourism sectors.
10. “FONADIN Technical Committee” means the technical committee (*Comité Técnico*) of FONADIN, as defined in the Decree referred to in definition (10) of Section I of this Appendix and with the structure, procedures and functions defined under the Fourth Modifying Agreement (as hereinafter defined).
11. “Fourth Modifying Agreement” means the *Cuarto Convenio Modificatorio al Contrato de Fideicomiso de Administración y Fuente de Pago Número 1936*, dated May 6, 2008, entered into between the Borrower, in its capacity as financial agent of the Guarantor and the Borrower, in its capacity of fiduciary institution, and with the participation of *Secretaría de Hacienda y Crédito Público*, with the purpose of modifying and merging the FARAC - *Fideicomiso de Apoyo para el Rescate de Autopistas Concesionadas* into FONADIN.
12. “GHG” means greenhouse gases.
13. “IMTC” means integrated mass transit corridor, a high capacity public transport system that entail improvements in infrastructure, technology, operations and institutional characteristics in order to provide users with high quality service and that results in emission reductions.
14. “ITPs” means integral transport plan or *Plan Integral de Movilidad Urbana Sustentable* (PIMUS) or equivalent, as defined in the PROTRAM Guidelines (as hereinafter defined).
15. “IBRD Loan Agreement” means the agreement of even date herewith between the Borrower and the Bank referred to in the Whereas clause (B) of this Agreement.
16. “Operational Manual” means the Borrower’s manual, satisfactory to the Bank and setting out the operational and administrative rules, procedures and formats for evaluation, approval, processing, financing implementation and supervision of Sub-Projects, including inter alia: (i) the carrying out of financial management activities (including reporting and audits) for the Project; (ii) the carrying out of procurement; (iii) Project monitoring, evaluation and reporting thereon (including the indicators referred to in Schedule 2, Section II.A of this

Agreement); and (iv) the ESMF. Said manual may be amended from time to time with the agreement of both the Borrower and the Bank.

17. “Participating Entity” means the Guarantor’s Federal District, a state or municipality in the Guarantor’s territory where a Subproject will be implemented by an Eligible Beneficiary.
18. “PECC” means the *Programa Especial de Cambio Climático*, the Borrower’s special program for combating climate change while establishing the sectoral level interventions that will result in GreenHouse Gas emission reductions, published in the Borrower’s *Diario Oficial de la Federación* on August 28, 2009, which provides an accounting of emissions by sector, creates a framework for monitoring improvements and establishes a blueprint for emission reduction initiatives, sector by sector.
19. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
20. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated November 6, 2009 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.
21. “Project” means the project described in Schedule 1 to this Agreement, for which the Loan is extended, as the description of such project may be amended from time to time by agreement between the Bank and the Borrower.
22. “PROTRAM” means *Programa de Apoyo Federal al Transporte Masivo*, the Borrower’s support program for mass transit, established pursuant to Resolution (*Acuerdo*) of FONADIN Technical Committee’s meeting of December 17, 2008.
23. “PROTRAM Guidelines” means the *Lineamientos del Programa de Apoyo Federal al Transporte Masivo* approved by a Resolution of FONADIN Technical Committee on December 17, 2008, as approved to be amended on May 14, 2010 by Resolution CT/2A ORD/14-MAYO-2010/XXIII of FONADIN Technical Committee.
24. “Resettlement Framework” means the Borrower’s framework, included in the ESMF (as defined above), which includes, *inter alia*, the principles and objectives governing resettlement preparation and implementation, a description of the process for preparing and approving resettlement plans, and the applicable legal framework to address resettlement issues under the Project.

25. “SEPA” means the Bank’s publicly accessible Procurement Plans Execution System.
26. SHCP” means the Guarantor’s *Secretaría de Hacienda y Crédito Público*; the Guarantor’s Ministry of Finance and Public Credit.
27. “Sub-loan” means a loan made or proposed to be made by the Borrower, out of the proceeds of the Loan, through a Credit Agreement, to an Eligible Beneficiary, for purposes of financing the expenditures incurred by the Eligible Beneficiary for goods, works and services under Part 1 and/or 2 of the Project.
28. “Subproject” means a specific activity under Parts 2 of the Project, selected to be financed under the Project in accordance with the criteria and procedures of the Operational Manual, which is proposed to be carried out by an Eligible Beneficiary through the utilization of the proceeds of a Sub-loan, in accordance with the provisions of the relevant Credit Agreement.
29. “Standard Conditions” means the Standard Conditions for Loans Made by the World Bank Out of the Climate Investment Funds, dated March 18, 2009.