

CONFORMED COPY

LOAN NUMBER 7571-MX

Loan Agreement

(Information Technology Industry Development Project)

between

UNITED MEXICAN STATES

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated April 21, 2009

LOAN AGREEMENT

Agreement dated April 21, 2009, between UNITED MEXICAN STATES (“Borrower”), as represented by its SHCP and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”).

Whereas the Borrower has informed the 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 described in Schedule 1 to this Agreement), 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 Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of eighty million Dollars (\$80,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“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. The Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the *Director Internacional* of NAFIN, and any person or persons whom she or he shall designate in writing.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (d) of the General Conditions.
- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.
- (c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar for which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04 (c) of the General Conditions up to the amount allocated from time to time for the purpose in the table in Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project, through SE, in accordance with the provisions of the Operational Manual and Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the 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 — REMEDIES OF THE BANK

- 4.01. The Additional Events of Suspension consist of the following:
- (a) NAFIN shall have failed to perform any of its obligations under the *Contrato de Mandato*;
 - (b) PROSOFT Program has for any reason been suspended, cancelled or terminated or its rules of operation have been amended, suspended, abrogated, repealed or waived so as to, materially and adversely affect, in the opinion of the Bank, the ability of SE to perform any of its obligations under this Agreement.
- 4.02. The Additional Events of Acceleration consist of the following, namely that any event specified in paragraph (a) or (b) of Section 4.01 of this Agreement occurs.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following, namely that the *Contrato de Mandato* has been duly executed by the parties thereto.
- 5.02. The following is specified as an Additional Legal Matter, to be included in the opinion or opinions to be furnished to the Bank, namely, that the Borrower (in its legal opinion) and NAFIN (in a separate legal opinion satisfactory to the Bank, issued by NAFIN counsel acceptable to the Bank), indicate that the *Contrato de Mandato* has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and NAFIN and is legally binding upon the Borrower and NAFIN in accordance with the *Contrato de Mandato*'s terms.
- 5.03. Without prejudice to the provisions of the General 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 Bank's approval of the Loan which expire on January 11, 2010.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. Except as provided in Section 2.02 of this Agreement, the Borrower's Representative is its *Titular de la Unidad de Crédito Público* of SHCP.
- 6.02. The Borrower's Address for the purposes of Section 10.01 of the General Conditions is:

Secretaría de Hacienda y Crédito Público
Unidad de Asuntos Internacionales de Hacienda
Palacio Nacional
Edificio 12,
2 piso,
Colonia Centro
06000 México, D.F.

Facsimile: 011-52-55-3688-1216

- 6.03. The Bank's Address is:

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

Cable address:	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.

UNITED MEXICAN STATES

By /s/ Gerardo Rodríguez Regordosa
Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By /s/ Axel van Trotsenburg
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Borrower to implement an alternative strategy for PROSOFT in order to foster the creation of jobs in IT companies in the Borrower's territory, by improving their competitiveness and efficiency through access to: (a) a larger supply of trained personnel; (b) technologies, quality standards and global marketing networks of multinational corporations; and (c) private debt finance.

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. Human Skills Development

- (a) Provision of technical assistance for the establishment and start-up of Mexico FIRST, establishment of global alliances among Mexico FIRST and leading universities and private IT companies, recruitment of its key staff, design of its first year operational programs and financing of its operational costs.
- (b) Provision of Training Grants for technical, managerial and English courses, certifications, seminars and workshops for IT faculty, students, industry professionals and potential recruits.

Part 2. Strengthening of IT Clusters

- (a) Provision of technical assistance and operating costs for the creation of the IT.Link Program.
- (b) Provision of technical assistance: (i) to existing IT Clusters in Selected States, which Selected States have developed strategies and have the adequate resources to develop the IT/ITES sector, including support of activities to increase their competitiveness, and give them access to international markets and carry out awareness and dissemination campaigns; and (ii) to IT Clusters in those other States that have not yet developed a strategy but have enough resources to develop the industry, for the design of their IT/ITES strategy and investment plans.
- (c) Carrying out of workshops aimed at raising awareness of the benefits of IT outsourcing and the usage of information technology in business and production processes.

- (d) Provision of Certification Grants to IT companies through internationally recognized certification programs.

Part 3. Financing of the IT Industry

- (a) Provision of technical assistance to design and establish the FIT Program, including the selection of a reputable institution for its management.
- (b) Provision of Accreditation Grants to IT companies to participate in the FIT Program.
- (c) Provision of technical assistance to selected financial intermediaries and banks to develop capacity to appraise IT projects and IT companies.

Part 4. Supporting Infrastructure

- (a) Provision of technical assistance to prepare feasibility studies, design, and bidding specifications for Selected IT Parks to be developed based on a PPP model in the Borrower's territory.
- (b) Development, using a PPP model and based on the results of the technical assistance provided through Part 4 (a) of the Project, of Selected IT Parks in the Borrower's territory.

Part 5. Outsourcing of Government Services

Provision of support for the development and implementation of PPPs for the outsourcing of government services to the private sector, including, *inter alia*:

- (a) technical assistance to review the Borrower's legal and regulatory framework and to propose changes and/or new regulations and rules to streamline the implementation of these PPPs;
- (b) technical assistance to carry out feasibility studies, design and bidding specifications;
- (c) training of Government officials on the design and implementation of the PPPs; and
- (d) technical assistance and equipment as necessary (including software) to support the creation and operation of an integration competency center, including defining the location, composition and recruitment of key staff and budget and an implementation program for the first three years of its operation.

Part 6. Strengthening of the IT Legal and Regulatory Framework and Institutions

- (a) Provision of technical assistance to draft changes and/or improvements to the Borrower's IT legal and regulatory framework.
- (b) Carrying out of awareness raising campaigns for specific IT programs such as the Trustmark Seal Program, and dissemination of other IT sector laws and regulations and their enforcement.
- (c) Development and carrying out of tailor-made professional training courses for legislators, judges, public servants, law enforcement officers, technical experts in trials, and professors and lawyers in general on IT issues, regulations and enforcement best practices.
- (d) Creation of a dispute settlement center within the Mexican Software Consortium.
- (e) Supporting the creation and/or strengthening of local master programs in IT law to train academics on IT issues, regulations and enforcement best practices.

Part 7. Strengthening of PROSOFT and Project Management

- (a) Provision of technical assistance, training and operational costs for the creation of an international consultative commission in PROSOFT in order to advise SE on new developments in the global IT industry and to formulate new policies for the sector.
- (b) Provision of technical assistance to carry out studies on the Borrower's IT sector, as requested by the international consultative commission referred to in (a) above, and carrying out of workshops, consultations and other learning events.
- (c) Provision of Operational cost financing for the Team to manage, implement, monitor and evaluate the Project.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. (a) Without limitation upon the provisions of Section 3.01 of this Agreement and except as the Borrower and the Bank may otherwise agree, the Borrower, through SE, shall carry out the Project in accordance with the provisions of a manual, satisfactory to the Bank (the "Operational Manual"), which shall contain specific provisions and detailed arrangements for the execution, monitoring and evaluation of the Project including, *inter alia*:
 - (i) the procurement, financial management and disbursement requirements procedures, including the specific fiduciary responsibilities of SE, NAFIN and other participating entities in the implementation of the Project;
 - (ii) the ESMF;
 - (iii) the Performance Indicators; and
 - (iv) the specific procedures for submitting proposals and requesting funds to the PROSOFT Fund for Project activities.
- (b) The Operational Manual may be amended by the Borrower from time to time With the prior approval of the Bank. In the 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, through SE, shall:
 - (a) maintain, at all times during Project implementation, a Team within SE, with structure, functions and responsibilities acceptable to the Bank, including, *inter alia*, the responsibility of the Team to coordinate and monitor the carrying out of the Project and to consolidate and furnish to the Bank all the information provided by other participating entities in the Project, in order to enable the Borrower to comply with its obligations under this Agreement;

- (b) ensure that the Team is, at all times during Project implementation, led by a Project coordinator and assisted by adequate professional and administrative staff in numbers and with experience and qualifications acceptable to the Bank; and
- (c) cause any Promotion Agency or any other entities participating in the implementation of the Project to procure the goods, works and services for the execution of the Project in accordance with the terms and provisions of this Agreement and the Operational Manual.

B. Subsidiary Agreement

1. To facilitate the carrying out of Part 1 (b) of the Project, SE shall enter into a subsidiary agreement with an entity satisfactory to SE and to the Bank, under terms and conditions approved by the Bank (“Subsidiary Agreement”), which shall include *inter alia*, the terms and conditions for the carrying out of Part 1 (b) of the Project (including a financial management system satisfactory to the Bank) and for the transfer of the necessary proceeds from SE’s budget through specific agreements (*Convenios de Adhesion*) to such entity, in accordance with the terms of this Agreement and the Operational Manual.
2. SE shall exercise its rights under the Subsidiary 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, SE shall not assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any provision thereof.

C. Environmental and Social Provisions

Without limitation to the provisions of Section 5.01 (b) of the General Conditions and of Section I.B of this Schedule, the Borrower, through SE shall:

1. carry out and cause the Project to be carried out in accordance with the provisions and recommendations of the ESMF; and
2. prior to the approval of any proposed civil work(s) under the Project, the Borrower, through SE, shall, as per the ESMF:
 - (a) carry out an environmental screening and assessment of such proposed civil work(s);
 - (b) ensure that the design, construction and operation of said civil work(s) are consistent with appropriate environmental manuals;
 - (c) provide necessary related training; and
 - (d) prepare and implement the respective IPDP and/or RAP when necessary.

D. *Contrato de Mandato*

1. The Borrower, through SHCP, shall enter into a contract (*Contrato de Mandato*), among SE as Executing Agency, and NAFIN, satisfactory to the Bank, whereby:
 - (a) NAFIN agrees to act as financial agent of the Borrower with regard to the Loan, meaning that, *inter alia*, NAFIN agrees to represent the Borrower *vis-à-vis* the Bank for purposes of submitting Loan withdrawal applications to the Bank in form and substance sufficient to justify disbursement by the Bank to the Borrower of Loan proceeds and agrees to maintain and operate the bank account which shall be opened in NAFIN (referred to in the instructions cited in Section IV.A of this Schedule) in compliance with the terms of this Agreement; and
 - (b) the Borrower, through SHCP and SE, shall cooperate fully with NAFIN to ensure that NAFIN is able to comply with all of NAFIN's obligations referred to in paragraph (a) of this Section.
2. The Borrower, through SHCP and SE, shall exercise its rights and carry out its obligations under the *Contrato de Mandato* in such a manner as to protect the interests of the Bank and to accomplish the purposes of the Loan. Except as the Bank may otherwise agree, the Borrower shall not amend or fail to enforce any provision of the *Contrato de Mandato*. In case of any conflict between the terms of the *Contrato de Mandato* and those of this Agreement, the terms of this Agreement shall prevail.

E. *Anti-Corruption*

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

Section II. Project Monitoring Reporting and Evaluation**A. *Project Reports***

1. The Borrower, through SE, shall monitor and evaluate the progress of the Project and prepare semi-annual Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the Performance Indicators set forth in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 60 days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through SE, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower, through SE, shall prepare and furnish to the Bank, not later than 45 days after the end of such period, as part of the Project Report, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower, through SE, shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each 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 Bank not later than six months after the end of such period.

Section III. Procurement**A. General**

1. **Goods and Works and Non-Consultant Services.** All goods, works and non-consultant services required for the Project and to be financed out of the proceeds of the Loan, including those procured by beneficiaries and other participating entities under PROSOFT, shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, the Operational Manual 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, including those procured by beneficiaries and other participating entities under PROSOFT, shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, the Operational Manual 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 Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works and Non-Consultant Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding procedures.
2. **Other Methods of Procurement of Goods and Works and Non-Consultant Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) National Competitive Bidding
(b) Shopping

3. **Commercial Practices.** Goods and works procured by beneficiaries under PROSOFT estimated to cost less than \$100,000.00 per contract, may be procured in accordance with commercial practices acceptable to the Bank, and described in the Operational Manual.

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 table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a)Quality-based Selection
(b)Selection Under a Fixed Budget
(c)Least Cost Selection
(d) Selection Based on Consultant’s Qualifications
(e) Single Source Selection
(f) Selection of Individual Consultants

3. **Commercial Practices.** Consultant services for beneficiaries under PROSOFT estimated to cost less than \$150,000.00 per contract for assignments of a standard or routine nature and \$100,000.00 for all other assignments, may be procured in accordance with commercial practices acceptable to the Bank and described in the Operational Manual.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank, in accordance with the requirements set forth or referred to in the Procurement Guidelines and the Operational Manual.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower shall cause NAFIN (pursuant to the *Contrato de Mandato*), to withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower and/or NAFIN (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the 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 allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(1) (a) Goods, works, consultants' services, non-consultant services and operating costs under Part 1 (a) of the Project	2,750,000	100%
(b) Training Grants under Part 1(b) of the Project	35,500,000	100% of goods, works, consultants' services and or operating costs financed by Training Grants

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(2) (a) Goods, consultants' services and training under Part 2 (a), (b) and (c) of the Project	3,950,000	100%
(b) Certification Grants under Part 2 (d) of the Project	5,000,000	100% of goods, works, consultants' services and or operating costs financed by Certification Grants
(3) (a) Goods, works, consultants' services and training under Part 3 (a) and (c) of the Project	1,500,000	100%
(b) Accreditation Grants under Part 3 (b) of the Project	1,400,000	100% of goods, works, consultants' services and or operating costs financed by Accreditation Grants
(4) Works and consultants' services under Part 4 of the Project	10,100,000	100%
(5) Consultants' services and training under Part 5 of the Project	2,700,000	100%
(6) Goods, consultants' services and training under Part 6 of the Project	6,100,000	100%
(7) Consultants' services, training, non-consultant services and operating costs under Part 7 of the Project	3,550,000	100%
(8) Unallocated	7,250,000	

<u>Category</u>	<u>Amount of the Loan Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be financed (inclusive of Taxes)</u>
(9) Front-end Fee	200,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
TOTAL AMOUNT	80,000,000	

For the purposes of this Section IV:

- (a) “training” means the reasonable expenditures incurred by the Borrower in connection with the carrying out of training activities (including workshops, conferences and seminars) under the Project, including travel costs, *per diem* of trainers, trainees, facilitators and stakeholders and training materials; and
- (b) “operating costs” means the reasonable costs of salaries for the Team, communications, office supply, travel and *per diem* directly related to the performance of the Project activities, which would not have been incurred absent the Project.

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 date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$16 million equivalent may be made for payments made within 12 months prior to this date, but on or after January 24th, 2008, for Eligible Expenditures; and
 - (b) for payments made for expenditures covered by Category (1) (b), unless the Subsidiary Agreement referred to in Section I. B of Schedule 2 to this Agreement has been executed.
2. The Closing Date is June 30, 2013.

SCHEDULE 3

Amortization Schedule

The Borrower shall repay the principal amount of the Loan in full on March 15, 2018.

APPENDIX**Section I. Definitions**

1. “Accreditation Grants” means any grant made or proposed to be made by SE under Part 3 (b) of the Project, according to the criteria and procedures set forth in the Operational Manual.
2. “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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Certification Grants” means any grant made or proposed to be made by SE under Part 2 (d) of the Project, according to the criteria and procedures set forth in the Operational Manual.
5. “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.
6. “*Contrato de Mandato*” means the agreement to be entered into between the Borrower, through SHCP, SE as Executing Agency, and NAFIN pursuant to Section I.D. of Schedule 2 to this Agreement, as the same may be amended from time to time.
7. “ESMF” or “Environmental and Social Management Framework” means the Borrower’s environmental and social framework for the Project, which framework contains specific environmental rules and procedures for the environmental and social screening, impact mitigation, monitoring and implementation of the activities to be financed under the Project, including the procedures to be carried out with respect the execution of any civil work(s) under the Project and the criteria for when an IPDP or/and an RAP (as hereinafter defined) are required.
8. “FIT Program” means the Financing of IT Companies Accreditation Program, a program to be designed and implemented by SE to help financial intermediaries and banks assess whether an IT/ITES SME is creditworthy.
9. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005 (as amended through February 12, 2008).

10. “IPDP” or “Indigenous Peoples Development Plan” means the Borrower’s indigenous peoples’ development plan for the Project.
11. “IT” means information technology.
12. “ITES” means information technology enabled services.
13. “IT Clusters” means non-profit organizations (“Asociación Civil”), usually related to a specific State within the Borrower’s territory, the main objective of which is to improve the capacities of their members (which include, *inter alia*, IT companies, business organizations, government and academic institutions), foster the development of local IT markets and explore international business opportunities.
14. “IT.Link Program” means the Information Technology Linkages Network Program, a program that will be designed to link local IT/ITES SMEs with multinational corporations to foster business cooperation and learning and knowledge sharing.
15. “IT Parks” means agglomerations of IT companies, universities, research and development institutions, service providers, financial institutions and others in a single campus like facility, to seek synergy and exploit advantages through networking of the different market participants.
16. “Mexico FIRST” means the México Federal Institute for Remote Services and Technology, a non-profit organization (*asociación civil*) created by ANIEI (Mexico’s National Association of Institutions of Informatics Education) and CANIETI (Mexico’s National Chamber of Electronic Industry, Telecommunications and Information Technologies), or its successor or successors thereto.
17. “Mexican Software Consortium” means the consortium created by AMIPCI (Mexican Internet Association) and BSA BUSINESS SOFTWARE ALLIANCE, INC, in December 18, 2006, through a PPP, to promote local technological innovation and the protection of inventions and works of art.
18. “NAFIN” means *Nacional Financiera, S.N.C.* a Mexican development bank serving as the Borrower’s financial agent for purposes of the Loan.
19. “Operational Manual” means the manual for the operation of the Project dated June 4, 2008, referred to in Section I.A.1 of Schedule 2 to this Agreement, as the same may be amended from time to time.

20. “Performance Indicators” means the indicators for monitoring and evaluating progress towards the attainment of the Project’s objective set forth in the Operational Manual.
21. “PPP” means public-private partnerships.
22. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
23. “Procurement Plan” means the Borrower’s procurement plan for the Project, which includes all the Project’s contracts, dated June 4, 2008, 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.
24. “Promotion Agency” means a federal entity or private enterprise approved by the PROSOFT Directive Council to present requests for support to PROSOFT from targeted beneficiaries.
25. “PROSOFT” means *Programa de Desarrollo de la Industria del Software*, the Borrower’s program for the development of the IT services industry, created in the Borrower’s National Development Plan for the period 2001-2006 and published in the Borrower’s Official Gazette of May 30, 2001, or any other successor program approved by the Borrower for the same purpose.
26. “PROSOFT Fund” means the fund created under PROSOFT to support projects in the IT sector and to foster the use of IT in other economic sectors of the Borrower’s territory.
27. “RAP” or “Resettlement Action Plan” means the Borrower’s resettlement action plan for the Project.
28. “SE” means *Secretaria de Economía*, the Borrower’s Secretariat of the Economy.
29. “Selected IT Parks” are those IT Parks that will be subject to support from the Project, to be decided under the criteria specified in the Operational Manual.
30. “Selected States” are those States within the Borrower’s territory that, depending on their competitiveness and the level of maturity of their IT Clusters, will receive targeted support from the Project.
31. “SHCP” means *Secretaría de Hacienda y Crédito Público*, the Borrower’s Secretariat of Finance and Public Credit.

32. “SMEs” means small and medium enterprises.
33. “Subsidiary Agreement” means the agreement (*Convenio de Colaboración*) referred to in Section I.B of Schedule 2 to this Agreement.
34. “Team” means the Project implementation team referred to in Section I.A.2 of Schedule 2 to this Agreement, established in the SE, to manage Project implementation, and with staffing, functions and responsibilities as described in the Operational Manual.
35. “Training Grants” means any grant made or proposed to be made by Mexico FIRST under Part 1 (b) of the Project, according to the criteria and procedures set forth in the Operational Manual.
36. “Trustmark Seal Program” means the Borrower’s program created by AMIPCI (Mexican Internet Association) which started activities in December 2006, designed to promote e-commerce by guaranteeing that commercial websites comply with formal business registration and privacy requirements of the Borrower’s Federal Consumer Protection Law (FCPL).