Loan Agreement

(Reducing Inequality of Educational Opportunity Project)

between

UNITED MEXICAN STATES

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated September 14, 2015
LOAN AGREEMENT

Agreement dated September 14, 2015, between UNITED MEXICAN STATES ("Borrower") duly represented by its Ministry of Finance and Public Credit (Secretaria de Hacienda y Crédito Público) 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 Section IV.A.3 of Schedule 2 to this Agreement and for purposes of supporting the project described in Schedule 1 to this Agreement (the “Project”)), shall be used in conformity with the requirements of the Borrower’s income, budgetary and public debt laws and the terms of this Agreement.

NOW THEREFORE 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. Noting that the Borrower has informed the Bank that the proceeds of the Loan shall be used in conformity with the requirements of the Borrower’s income, budgetary and public debt laws and the terms of this Agreement, but without limitation to the provisions of Section 8.01 of the General Conditions, the Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of one hundred and fifty million Dollars ($150,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist the Borrower in financing the Project.

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement. Unless the Borrower’s representative designated in Section 6.01 of this Agreement otherwise informs the Bank, the Borrower’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Director/a de Organismos Financieros
Internacionales of NAFIN or any person or persons whom he or she shall designate in writing for this particular purpose.

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 Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate 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 (e) of the General Conditions.

2.06. The Payment Dates are February 15 and August 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

2.08. (a) The Borrower may (or may cause NAFIN) 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: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference 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 or the Reference Rate.
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.

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 4.05 (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 objectives of the Project. To this end, the Borrower shall cause CONAFE to carry out the Project, in coordination with SEP and the States (through the SEPEs), all in accordance with the provisions of 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 — REMEDES OF THE BANK

4.01. The Additional Events of Suspension consist of the following, namely that any of the parties to the Contrato de Mandato or to any of the Coordination Agreements shall have failed to: (a) perform any of its obligations under the Contrato de Mandato or under the relevant Coordination Agreement; and/or (b) comply with any other transparency and anticorruption commitments undertaken vis-à-vis the Borrower with respect to this Project.

4.02. The Additional Events of Acceleration consist of the following, namely, that any of the events 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 Bank to the Borrower.
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 Additional Legal Matter consists of the following, namely that the Borrower (in a separate legal opinion satisfactory to the Bank, issued by Borrower counsel acceptable to the Bank), CONAFE (in a separate legal opinion satisfactory to the Bank, issued by CONAFE counsel acceptable to the Bank) 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, CONAFE and NAFIN and is legally binding upon the Borrower, CONAFE 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 April 24, 2016.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as set forth in Section 2.02 of this Agreement, the Borrower’s Representative is the Titular de la Unidad de Crédito Público of SHCP. The authorized representative to make requests for Conversions or for an IBRD Hedge (as defined in the Hedging Guidelines) on behalf of the Borrower shall be: (a) the Titular de la Unidad de Crédito Público of SHCP or any person or persons whom he or she shall designate in writing for this particular purpose; or (b) the Director/a de Organismos Financieros Internacionales of NAFIN.

6.02. The Borrower’s Address is:

Secretaría de Hacienda y Crédito Público
Unidad de Asuntos Internacionales de Hacienda
Insurgentes Sur 1971, Torre III, Piso 3
Colonia Guadalupe Inn, 01020
Delegación Alvaro Obregón
México, Distrito Federal
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: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 1-202-477-6391
Washington, D.C.

AGREED at Mexico City, Mexico, as of the day and year first above written.

UNITED MEXICAN STATES

By

Authorized Representative

Name: Alejandro Díaz de León
Title: Titular de la Unidad de Crédito Público

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Authorized Representative

Name: Gerardo M. Corrochano
Title: Director
SCHEDULE 1

Project Description

The objectives of the Project are: (a) to improve parental competencies in early childhood development in targeted rural communities; and (b) increase the transition rate from the primary to the secondary education level in CONAFE-administered schools in targeted municipalities.

The Project consists of the following parts:

**Part 1: Early Childhood Development**

Provision of capacity building to parents, relatives and caregivers of children aged 0 to 3 years and 11 months in selected rural communities to improve their competencies in caring for children and contributing to their comprehensive development through, *inter alia*:

(a) the carrying out of capacity building activities to parents, relatives, and children aged 0 to 3 years and 11 months, through the provision of ECD Support to ECD promoters, module supervisors, zone coordinators, and liaison coordinators;

(b) the carrying out of capacity building activities for ECD promoters, module supervisors, zone coordinators, and **liaison** coordinators; and

(c) the design of educational modules to carry out the activities under Parts 1(a) and (b) herein.

**Part 2: Mobile Pedagogical Support (Asesores Pedagógicos Itinerantes)**

Carrying out of mobile pedagogical support to under-performing students, teachers, and parents of students in selected under-performing community schools through, *inter alia*:

(a) the provision of mobile pedagogical support to selected students, teachers and parents of students in selected under-performing community schools through the provision of API Support to APIs and their supervisors;

(b) the carrying out of capacity building activities for APIs and their supervisors; and
(c) the design of educational modules to provide the pedagogical support under Part 2(a) herein.

**Part 3: Technical Cooperation, Research and Innovation**

Provision of technical assistance to CONAFE to support Project management, including the carrying out of any analysis required therefor.
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, the Borrower shall cause CONAFE to, in coordination with SEP and SEPEs, carry out the Project in accordance with a manual (the Operational Manual), which shall include specific provisions on detailed arrangements for the carrying out of the Project, including, *inter alia*:

   (i) the procurement, disbursement and financial management requirements for the Project (including specific measures, satisfactory to the Bank, to strengthen – if needed and as determined by the Bank – the financial management capacities of the CONAFE State delegations);

   (ii) the IPP;

   (iii) the criteria to select the targeted rural communities under Part 1 of the Project and the terms of reference for the capacity building activities under said Part of the Project;

   (iv) the criteria to select the targeted under-performing community schools under Part 2 of the Project and the students receiving mobile pedagogical support under Part 2 (a) of the Project; and

   (v) the transparency and anticorruption provisions, including a provision stating that part of the funds for the Project are provided by the Bank through this Agreement, and therefore establishing that all parties (individuals and entities) involved in the Project agree, by the mere fact of participating in the Project, to be bound by, and to comply with, the Anti-Corruption Guidelines.

(b) Except as the Bank shall otherwise agree, the Borrower shall cause CONAFE not to amend, waive or fail to enforce 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. (a) The Borrower shall cause CONAFE to enter into a separate Coordination Agreement, satisfactory to the Bank, with each of the States (through the relevant SEPE), whereby:

(i) CONAFE shall agree to provide or cause to be provided, in a timely manner as needed, the funds required for implementing the Project within each State; and

(ii) the State (through SEPE) shall agree to assist CONAFE in the carrying out of the Project.

(b) The Borrower shall cause CONAFE to ensure that each Coordination Agreement be duly authorized or ratified by, and executed and delivered by, CONAFE and each State (through the relevant SEPE) and be legally binding upon CONAFE and each State in accordance with the relevant Coordination Agreement’s terms.

(c) The Borrower shall cause CONAFE to exercise its rights and carry out its obligations under each Coordination Agreement. Except as the Bank may otherwise agree, CONAFE shall not amend, terminate, waive or fail to enforce any provision of each Coordination Agreement. In case of any conflict between the terms of each Coordination Agreement and those of this Agreement, the terms of this Agreement shall prevail.

3. The Borrower shall, and shall cause CONAFE, to ensure that each State abides by all applicable Project provisions laid out in this Agreement, including the carrying out of the Project in accordance to the Operational Manual (including the Anti-Corruption Guidelines).

4. The Borrower shall cause CONAFE to:

(a) coordinate Project implementation through the DECIS, DAF and DPE and ensure that DECIS, DAF and DPE maintain, throughout Project implementation, staff in sufficient numbers and with experience and qualifications satisfactory to the Bank;

(b) with the collaboration of the relevant State delegations of CONAFE, maintain records and separate accounts adequate to reflect, in accordance with sound accounting practices, the funds and other resources it has received, allocated and/or spent in connection with the Project; and

(c) cooperate fully with NAFIN so as to allow NAFIN to comply with NAFIN’s obligations referred to in this Agreement.
B. **Contrato de Mandato**

1. The Borrower, through SHCP, shall enter into a contract (*Contrato de Mandato*), satisfactory to the Bank, among CONAFE and NAFIN, whereby, *inter alia*:

   (a) CONAFE agrees to carry out the Project in accordance with the provisions of this Agreement including compliance with the Operational Manual (including the IPP and the Anti-Corruption Guidelines);

   (b) 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 – if requested by the Borrower (through SHCP) – to maintain and operate the designated account (referred to in the additional instructions cited in Section IV.A.1 of Schedule 2 to this Agreement) in compliance with the terms of this Agreement;

   (c) NAFIN agrees to abide by the Anti-Corruption Guidelines;

   (d) the Borrower, through SHCP, shall have the right to, in case of fraud or corruption (as defined in the Anti-Corruption Guidelines) provide for the early termination of the *Contrato de Mandato*, or temporarily suspend its effects, or, if applicable, require the Restitution of an amount equivalent the funds transferred to NAFIN under said *Contrato de Mandato*; and

   (e) the Borrower agrees to cause CONAFE to cooperate fully with NAFIN to ensure that NAFIN is able to comply with all of NAFIN’s obligations referred to in Section I.B.1 (b) above.

2. The Borrower 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, terminate, waive 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.
C. **Anti-Corruption**

1. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines. In this regard, the Borrower shall, and cause CONAFE to ensure, *inter alia*, compliance with paragraph 9 (d) of the Anti-Corruption Guidelines as follows:

   (a) by requiring the States to take appropriate measures to prevent, inform on, respond to and investigate corrupt, fraudulent, collusive, coercive and obstructive practices with respect to their participation of the Project;

   (b) by allowing the Bank to inspect accounts, records and other documents of any/or all the States relating to the Project upon the Bank's request and in the company of the corresponding Borrower's representatives and/or CONAFE's representatives, as the case may be; and

   (c) by allowing the Bank, at its request, to have such accounts, records and other documents audited by or on behalf of the Bank, using the Bank's terms of reference for such purpose, with the collaboration of the Borrower and CONAFE, as the case may be;

all the above pursuant to audit, transparency, control, restitution and information sharing clauses within the Coordination Agreements and its annual annexes, the Operational Manual, the *Oficio* referred under Section I.C.2 below, and/or any other means (including, but not limited to the Borrower's rights under the Federal Budget and Fiscal Responsibility Law, the General Public Debt Law, and the Monitoring and Accountability Law).

2. Without limitation upon the provisions of Section I.A.2 of Schedule 2 to this Agreement, and Section 9.03(b) of the General Conditions, the Borrower shall, no later than the date ten (10) business days after the date of this Agreement, issue a notice (*Oficio*) acceptable to the Bank: (a) attaching a copy of the Anti-corruption Guidelines; and (b) asking the States to comply with transparency and anticorruption provisions, including a provision stating that the Bank is supporting the Project through this Agreement, and therefore establishing that all parties (individuals and entities) involved in the Project agree, by the mere fact of participating in the Project, to be bound by, and to comply with, the Anti-Corruption Guidelines.
Section II.  Project Monitoring, Reporting and Evaluation

A.  Project Reports

1.  The Borrower shall cause CONAFE to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than sixty (60) days after the end of the period covered by such report.

B.  Financial Management, Financial Reports and Audits

1.  The Borrower shall cause CONAFE to 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 shall cause CONAFE to prepare and furnish to the Bank not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3.  The Borrower shall cause CONAFE to have the 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, commencing with the fiscal year in which the Project becomes effective. 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.  Non-consulting Services.  All non-consulting 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 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 Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

4. **Special Provisions.** The Borrower shall cause CONAFE to: (a) supply the SEPA with the information contained in the initial Procurement Plan within 45 days after the date of this Agreement; and (b) update the Procurement Plan at least once a year, or as needed through the duration of the Project, to reflect the actual Project implementation needs and progress and supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter.

**B. Particular Methods of Procurement of Non-consulting Services**

1. **National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding procedures.

2. **Other Methods of Procurement of Non-consulting Services.** The following methods, other than National Competitive Bidding, may be used for procurement of non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; and (b) Direct Contracting when justified according to the Procurement Guidelines.

**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 contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants’ Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of
Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

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.

**Section IV. Withdrawal of Loan Proceeds**

A. General

1. The Borrower may 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 (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).

2. The Bank shall, on behalf of the Borrower, withdraw from the Loan Account on or after the Effective Date and pay to itself the Front-end Fee payable pursuant to Section 3.01 of the General Conditions. The remaining proceeds of the Loan shall be disbursed in Dollars unless otherwise agreed between the Borrower and the Bank and so reflected in the additional instructions referred to in Section IV.A.1 immediately above. Consistently with Section 2.05 of the General Conditions, the Borrower shall use an amount equivalent to the amount in Dollars provided under the Loan Agreement to finance Eligible Expenditures.

3. The following table specifies the 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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) ECD Support and Capacity Building under Part 1(a) and 1(b) of the Project</td>
<td>115,970,000</td>
<td>100%</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Loan Allocated (expressed in USD)</td>
<td>Percentage of Expenditures to be financed (inclusive of Taxes)</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>------------------------------------------------------------</td>
</tr>
<tr>
<td>(2) APIs Support and Capacity Building under Part 2(a) and (b) of the Project</td>
<td>31,410,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Non-consulting services, and consultants’ services under Part 1(c), 2(c), and 3 of the Project</td>
<td>2,245,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>375,000</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions</td>
</tr>
<tr>
<td>(5) Interest Rate Cap or Interest Rate Collar premium</td>
<td>0</td>
<td>Amount due pursuant to Section 2.08(c) of this Agreement</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>150,000,000</td>
<td></td>
</tr>
</tbody>
</table>

4. For purposes of this Section IV.A the term “Capacity Building” means reasonable expenditures (other than consultants’ services and non-consulting services) incurred in connection with capacity building activities under Parts 1(b) and 2(b) of the Project.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made from the Loan Account for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $30,000,000 may be made for payments made prior to this date but on or after January 1, 2014, for Eligible Expenditures.

2. The Closing Date is December 31, 2018.
SCHEDULE 3

The Borrower shall repay the principal amount of the Loan in full on August 15, 2030.
APPENDIX

Section I. Definitions


2. “API Support” means payments made out of the proceeds of the Loan to APIs and their supervisors for the provision of pedagogical support under Part 2(a) of the Project.


4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

5. “CONAFE” means the Borrower’s National Council for Educational Development (Consejo Nacional de Fomento Educativo), regulated under a Decree of the Borrower, published in the Borrower’s Official Gazette on September 10, 1971 (as amended to the date of this Agreement).


7. “Contrato de Mandato” means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the Bank’s prior approval.

8. “Coordination Agreement” means any agreement entered into between CONAFE and a State pursuant to Section I.A.2 of Schedule 2 to this Agreement, as the same may be amended from time to time with the Bank’s prior approval.

9. “DAF” means Dirección de Administración y Finanzas, CONAFE’s Administration and Finances Directorate.

10. “DECIS” means Dirección de Educación Comunitaria e Inclusión Social, CONAFE’s Community Education and Social Inclusion Directorate.
11. “DPE” means Dirección de Planeación y Evaluación, CONAFE’s Planning and Evaluation Directorate.


13. “ECD Support” means payments made out of the proceeds of the Loan to ECD promoters, module supervisors, zone coordinators and liaison coordinators for the carrying out of capacity building activities under Part I(a) of the Project.

14. “Federal Budget and Fiscal Responsibility Law” means the Borrower’s Ley Federal de Presupuesto y Responsabilidad Hacendaria, as said law and its subsequent amendments have been published in the Official Gazette through August 11, 2014.

15. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

16. “General Public Debt Law” means the Borrower’s Ley General de Deuda Pública, as said law and its subsequent amendments have been published in the Official Gazette through August 11, 2014.


19. “Monitoring and Accountability Law” means the Borrower’s Ley de Fiscalización y Rendición de Cuentas de la Federación, as said law and its subsequent amendments have been published in the Official Gazette through June 18, 2010.

20. “NAFIN” means Nacional Financiera, S.N.C., I.B.D, a Mexican development bank serving as the Borrower’s financial agent for purposes of the Loan, or any successor thereto acceptable to the Bank.

21. “Operational Manual” means the manual referred to in Section I.A.2 of Schedule 2 to this Agreement, dated September 9, 2014 as said manual may be amended from time to time with the Bank’s prior approval.

23. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated September 9, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

24. “Restitution” means paying back the ill-gotten gains to the government or to the victim of fraud and corruption, as set forth in the Anti-Corruption Guidelines.

25. “SEP” means Secretaría de Educación Pública, the Borrower’s Public Education Ministry.


27. “SEPE” means Secretaría de Educación Pública Estatal, a State’s Public Education Ministry or equivalent.

28. “SHCP” means Secretaría de Hacienda y Crédito Público, the Borrower’s Ministry of Finance and Public Credit.

29. “State” means the thirty one geopolitical subdivisions (Estados) of the Borrower.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (Front-end Fee) is modified to read as follows:

“Section 3.01. Front-end Fee; Commitment Charge

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the “Front-end Fee”).

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the “Commitment Charge”). The Commitment Charge shall accrue from a date sixty
days after the date of the Loan Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

3. In the Appendix, Definitions, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”