Mr. Iskandar Thamrongsab  
Project Director  
Hilal Ahmar Foundation (HAF)  
Pattani  
THAILAND  

Re: Grant No. TF0B0231: Socio-Economic Reintegration Project in Southern Thailand  
Letter Agreement  

Dear Mr. Thamrongsab:

In response to the request for financial assistance made on behalf of the Kingdom of Thailand which has designated the Hilal Ahmar Foundation (HAF) as the Grant recipient (the Recipient), I am pleased to inform you that the International Bank for Reconstruction and Development (“Bank”), acting as administrator of grant funds provided by the Republic of Korea (“Donor”) under the Korean Trust Fund for Economic and Peace-Building Transitions, proposes to extend to the Recipient, a grant in an amount not to exceed one million three hundred and fifty thousand US Dollars (USD1,350,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date this Agreement, and returning one duly executed copy to the Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Birgit Hansl
Country Manager

AGREED:
Hilal Ahmar Foundation (HAF)

By

Authorized Representative

Name ISKANDAR THAMRONOSAB
Title PROJECT DIRECTOR
Date Nov 15, 2019

Enclosures:


(2) Disbursement and Financial Information Letter of the same date as this Agreement, together with the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.
1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Section:

(a) "Anti-Corruption Guidelines" means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006, and revised in January, 2011, and as of July 1, 2016.

(b) "Beneficiaries" means collectively eligible villages under Part 2 (i) of the Project and eligible IPBs under Parts 1(ii) and (iii) of the Project selected in accordance with the eligibility criteria set out in the Project Operations Manual; and the term "Beneficiaries" means any of such Beneficiaries.

(c) "Category" means a category set forth in the table in Section 3.01 of this Agreement.

(d) "Community Social Integration Grant" means a grant made by the Recipient, out of the proceeds of the Grant in accordance with the provisions of this Agreement and the provisions of the Project Operations Manual, to selected villages, for the purposes of carrying out Part 2 (i) of the Project, and "Community Social Integration Grants" means collectively, the plural thereof.

(e) "Environmental and Social Commitment Plan" or the acronym "ESCP" means the Recipient’s environmental and social commitment plan, acceptable to the Bank, dated November 02, 2019, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Bank and such term includes any annexes or schedules to such plan.

(f) "Environmental and Social Standards" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity

(g) “Establishment Documents of HAF” means the regulations, instruments, and certificates which shall establish, operationalize and govern the HAF.

(h) “Hilal Ahmar Foundation” and acronym “HAF” mean a non-governmental organization established and operating in accordance with the Establishment Documents of HAF.

(i) “Individual Project Beneficiaries” and acronym “IPBs” mean the beneficiaries to be selected in accordance with the selection criteria set forth in the Project Operations Manual to receive Socio-Economic Reintegration Grants and Vulnerability Grants; and “Individual Project Beneficiary” means any of the Individual Project Beneficiaries.

(j) “Operating Costs” means the reasonable expenses incurred by the Recipient, on account of Project implementation, for the rental of vehicles, fuel, office supplies and equipment, other consumables, equipment insurance, office rent, internet connection and communications costs, support for information systems, translation costs, bank charges, advertising expenses, utilities, and travel, transportation, per diem and accommodation costs, and salaries of contractual and temporary staff, and other reasonable expenditures directly associated with implementation of Project activities, but excluding salaries, fees, honoraria, and bonuses of members of the Kingdom of Thailand’s civil service.

(k) “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.

(l) “Project Advisory Committee” and the acronym “PAC” mean the committee referred to in Section 2.03A(2) of this Annex.

(m) “Project Operations Manual” means the manual to be adopted by the Recipient for the implementation of the Project and referred to in Section 2.03 (B) of this Annex, containing detailed arrangements and procedures as shall be required for the Project, as said manual may be modified from time to time with the prior written approval of the Bank.

(n) “Socio-Economic Reintegration Grant” and acronym “SERG” mean a grant made by the Recipient out of the proceeds of the Grant in accordance with the provisions of this Agreement and the provisions of the Project Operations Manual, to a selected Individual Project Beneficiary, for the purposes of carrying out Part 1(ii)
of the Project, and "Socio-Economic Reintegration Grants" means, collectively, the plural thereof.


(p) “Sub-Grants” means collectively, the Community Social Integration Grants, Socio Economic Reintegration Grants, and Vulnerabilities Grants.

(q) “Sub-grant Agreement” means an agreement concluded between the Recipient and a Beneficiary.

(r) “Sub-project” means the activities to be financed by Sub-grants under Parts 1(ii) and (iii) and Part 2 (i) of the Project.

(s) “Training and Workshops” means the reasonable costs of training and workshops conducted under the Project, including purchase and publication of materials, rental of facilities, course fees, and travel, accommodation and subsistence of trainees, trainers, and facilitators, and other costs directly related to the training course and workshop preparation and implementation.

(t) “Vulnerability Grant” means a grant made by the Recipient out of the proceeds of the Grant in accordance with the provisions of this Agreement and the provisions of the Project Operations Manual, to selected Individual Project Beneficiary, for the purposes of carrying out Part 1 (iii) of the Project, and “Vulnerability Grants” means, collectively, the plural thereof.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to assist the government of the Kingdom of Thailand to pilot an enhanced socio-economic reintegration process for selected former combatants.

The Project consists of the following parts:

Part 1: Economic Reintegration. Supporting economic reintegration process of IPBs through provision of:

(i) support to access orientation, information, counseling and referral services;

(ii) Socio-Economic Reintegration Grants for education and skills training, including livelihood improvement support; and

(iii) Vulnerability Grants to IPBs in dire circumstance, through unconditional cash transfers.

Part 2: Social Reintegration. Supporting communities and stakeholders in the reintegration process through provision of:
(i) Community Social Integration Grants to villages for social activities identified through community participatory process, including reconciliation activities, sports activities, livelihoods enhancement activities;
(ii) support to IPBs and families for medical and psycho-social care; and
(iii) instituting a feedback and response mechanism for the Project.

Part 3: Project Management. Provision of technical and operational assistance to HAF for the overall aspects of the Project management including: (i) administration, procurement, financial management, coordination; and (ii) monitoring and evaluation, knowledge dissemination and audit of the Project.

2.02. Project Execution Generally. The Recipient declares its commitment to the objective of the project described in Section 2.01 of this Annex ("Project"). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions and the provision of this Annex.

2.03. Institutional and Other Arrangements.

A. Institutional Arrangements

1. To facilitate the carrying out of the Project, the Recipient shall maintain, at all times during Project implementation, Project implementation structures with functions and resources satisfactory to the Bank, and with staff in adequate numbers and with qualifications, experience and terms of reference satisfactory to the Bank.

2. The Recipient shall coordinate with the PAC throughout the implementation of the Project to ensure effective Project implementation.

B. Project Operations Manual

The Recipient shall carry out the Project in accordance with the Project Operations Manual. Except as the Bank may otherwise agree in writing, the provisions of the Project Operations Manual shall not be amended or otherwise waived without the prior consent of the Bank. In the event of a conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plans

The Recipient shall furnish to the Bank, for review and approval as soon as available, but in any case not later December 15th of each year, the detailed annual work plan and budget for the Project for each subsequent year of Project implementation, of such scope and detail as the Bank shall have reasonably requested and thereafter ensure that the Project is carried out in accordance with such plan and budget as agreed with the Bank.

D. Sub-grants

1. The Recipient shall make Sub-grants to available to Beneficiaries in accordance with eligibility criteria and procedures acceptable to the Bank as set out in the Project Operations Manual.
2. The Recipient shall make each Sub-grant to a Beneficiary through a Sub-grant Agreement on terms and conditions acceptable to the Bank, which shall include obtaining rights adequate to protect its interests and those of the Bank, including the right to:

(i) suspend or terminate the right of Beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon Beneficiary’s failure to perform any of its obligations under the Sub-grant Agreement;

(ii) require Beneficiary to: (A) carry out its Sub-project 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 Grant proceeds other than the Recipient; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-grants in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Sub-project and the achievement of its objectives; (E) (1) 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 Sub-project; and (2) at the Bank’s or HAF’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 Recipient and the Bank; (F) enable HAF and the Bank to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Bank all such information as the Recipient or the Bank shall reasonably request relating to the foregoing.

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

2.04. Environmental and Social Standards.

(a) The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

(b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:

(i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;

(ii) sufficient funds are available to cover the costs of implementing the ESCP;
(iii) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and

(iv) the ESCP or any provision thereof, is not amended, revised or waived, except as the Bank shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(c) The Recipient shall:

(i) take all measures necessary on its part to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and

(ii) promptly notify the Bank of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

(d) The Recipient shall maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

2.05. Project Monitoring, Reporting and Evaluation. The Recipient shall ensure that each Project Report is furnished to the Bank not later than one month after each calendar quarter, covering the calendar quarter.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consulting services, Operating Costs, and Training and Workshops</td>
<td>816,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-grants under Parts 1(ii) and (iii) and Part 2 (i) of the Project.</td>
<td>534,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,350,000</td>
<td></td>
</tr>
</tbody>
</table>

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for:

(a) payments prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $35,000 equivalent may be made for payments made prior to this date but on or after September 13, 2019, for Eligible Expenditures under Category (1).

(b) Sub-grants under Category (2), unless the Recipient has prepared and adopted the Project Operations Manual acceptable to the Bank.

3.03. **Withdrawal Period.** The Closing Date is December 31, 2020.

**Article IV**

**Additional Remedies**

4.01. **Additional Event of Suspension.** The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions is as follows: The Establishment Documents of HAF has been amended, suspended, terminated, supplemented, replaced, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of HAF to perform any of its obligations under this Agreement.

**Article VI**

**Recipient’s Representative; Addresses**

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Project Director.

6.02. For purposes of Section 7.01 of the Standard Conditions: Recipient’s address is:

Project Director
Hilal Ahmar Foundation (HAF)
300/122 Nong Chik Road, Moo 4, Rusamilae Sub-District, Mueng District, Pattani Province, Thailand 94000.
Fax No: Fax No: 073313321
6.03.  **Bank’s Address.** For purposes of Section 7.01 of the Standard Conditions: (a) the Bank’s address is:

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

(b) the Bank’s Electronic Address is:

<table>
<thead>
<tr>
<th>Telex:</th>
<th>Facsimile:</th>
</tr>
</thead>
<tbody>
<tr>
<td>248423 (MCI) or 64145 (MCI)</td>
<td>1-202-477-6391</td>
</tr>
</tbody>
</table>