February 5, 2016

H.E. Mr. Apisak Tantiworawong
Minister of Finance
Ministry of Finance
Rama VI Road, Phaya Thai,
Bangkok 10400

Re: Thailand Partnership for Market Readiness (PMR)
Multi-Donor Trust Fund – Implementation Phase Project
Grant No. TF018769

Excellency:

In response to the request for financial assistance made on behalf of the Kingdom of Thailand ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by the contributors ("Contributors") under the Partnership for Market Readiness Multi-Donor Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed three million United States Dollars (U.S.$3,000,000) ("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 World Bank receives periodic contributions from the Contributors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Contributors 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 the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as administrator of the Partnership for Market Readiness Multi-Donor Trust Fund

By

Ulrich Zachau

AGREED:

KINGDOM OF THAILAND

By:  Suttirat Rattanachat

Authorized Representative

Name:  Ms. Suttirat Rattanachat

Title:  Deputy Permanent Secretary, Chief of Expenditure and Liability Management Group, Ministry of Finance

Date:  16 February, 2016

Cc with copies:  Mr. Suwit Rojanavanich
Director-General
Public Debt Management Office
Ministry of Finance
Rama VI Road, Phayathai,
Bangkok 10400

Ms. Prasert Suwannachai
Executive Director
Thailand Greenhouse Gas Management Organization (Public Organization)
The Government Complex
9th Floor, 120 Chaengwatana Road,
Laksi, Bangkok 10210

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 (“Standard Conditions”), 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 Agreement including, without limitation, in the paragraphs set forth below.

(a) “DEDE” means Thailand’s Department of Alternative Energy Development and Efficiency, or any successor thereto, which is the agency responsible for energy efficiency promotion, energy conservation regulation, energy sources provision, alternative development of integrated energy uses and energy technology dissemination.

(b) “MOU” means the Memorandum of Understanding dated November 30, 2012 entered into between TGO (as hereinafter defined) and DEDE to facilitate the implementation of Part 1 of the Project, under terms and conditions satisfactory to the World Bank, and reflects the mutual understanding reached between TGO and DEDE to cooperate and implement the energy performance certificate scheme referred to in Section 2.01(a) of this Agreement.

(c) “Operating Costs” means the reasonable expenditures directly related to the Project incurred by TGO in managing and coordinating the implementation of the Project (and includes only expenditures that would not have been incurred in the absence of the Project), including consumable materials and supplies, communications services (postage, telephone and internet), printing services, translation and interpretation services, office space rental and utilities, maintenance of office equipment, vehicle rental, fuel, operation and maintenance of vehicles, bank charges, advertising expenses, utilities, project staff travel, lodging and per diems, (excluding salaries, bonuses, fees, honoraria or equivalent payments to members of the Recipient’s civil service) and other reasonable expenditures directly associated with the implementation of the Project activities.

(d) “PMR Steering Committee” means a cross-ministerial committee established by TGO, comprising of senior level representatives to oversee the implementation of the Project.

(e) “TGO” means the Thailand Greenhouse Gas Management Organization (Public Organization), a governmental organization established under the laws of the Recipient with a specific purpose as an implementing agency on greenhouse gas emission reduction in Thailand, and which will serve as the executing agency for the Project in accordance with the provisions of this Agreement.

(f) “Training and Workshops” means the costs of training activities under the Project and attributable to seminars, workshops, and domestic and overseas study trips, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.
(g) "World Bank Safeguard Policies" means the World Bank's operational policies and procedures set forth in the World Bank's Operational Manual and identified as OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to provide selected technical and analytical support to Thailand that informs policy decisions to develop readiness of market-based instruments to reduce greenhouse gas (GHG) emissions in Thailand. The Project consists of the following parts:

(a) Part 1: Preparation of key market components of energy performance certificate scheme

Provision of technical assistance to support the preparation phase of the energy performance certificate scheme through detailed assessment of various preparedness levels, identifying and bridging gaps, stakeholder consultations, data readiness, target setting methodology for different industrial sectors and buildings, development of a monitoring, reporting and verification system, assessment of laws and regulations and modifications required to implement the energy performance certificate scheme, and an analytical study on performance-based incentive and pricing mechanism for the energy performance certificate scheme.

(b) Part 2: Development of local GHG abatement plans and a study on pricing mechanism for low carbon city program

Provision of technical assistance for selected municipalities to develop local GHG abatement plans to identify mitigation actions and potential low-carbon investment projects to increase supply of low-carbon projects in the domestic voluntary market, carrying out of a study on the pricing mechanism for the low carbon city program, and development of GHG abatement plan guidelines to prepare local GHG abatement plans for other municipalities.

(c) Part 3: Policy recommendations on legal framework to establish an emission trading scheme

Carrying out of a policy study to review international experiences on the legal and institutional framework and existing domestic laws for establishing an emission trading scheme and provision of recommendations on a suitable legal framework and other related regulations and administrative rules together with institutional arrangements for establishing an emission trading scheme.
(d) **Part 4: Project Management**

Carrying out a program of activities designed to strengthen the capacity of TGO to manage the Project, including technical support, procurement, and financial management, financing of operating costs, and organizing training and workshops related to the Project implementation.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through TGO in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements**

(a) The Recipient shall vest in TGO the overall responsibility for the implementation of the Project, and shall maintain, at all times during the implementation of the Project, staff and resources for such purpose, satisfactory to the World Bank.

(b) The Recipient shall ensure that TGO maintains the PMR Steering Committee, which shall be responsible for overseeing the implementation of the Project, including providing recommendations for developing market-based, carbon market and other mechanisms to support GHG mitigation, appointing working groups to support the work of the PMR Steering Committee, and reporting on the progress of Project implementation to the Board of TGO.

(c) The Recipient shall, to facilitate the implementation of Part I of the Project, ensure that TGO carries out its obligations under the MOU and in accordance with terms and conditions acceptable to the World Bank. In the case of any conflict between the provisions of the MOU and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(d) The Recipient shall, no later than thirty (30) days from the effectiveness of this Agreement, establish a Project Management Unit for the overall management of the Project. The Executive Director and the Director of the TGO’s Review and Monitoring Office shall be appointed as the Project Director and Project Manager, respectively, and will be responsible for the overall organization, including procurement and financial management, and daily operation as well as coordination with other relevant stakeholders, ministries, and agencies.

(e) The Recipient shall, no later than thirty (30) days from the effectiveness of this Agreement establish technical working groups for each of Parts 1, 2 and 3 of the Project to serve as think tanks for the respective Parts of the Project. Each technical working group shall comprise representatives of relevant line agencies and other public and private stakeholders.

(f) The Recipient shall ensure that the terms of reference for any consultancies related to studies and technical assistance under this Agreement and the product thereof such as the GHG abatement plan and the GHG abatement plan guidelines referred to in Section 2.01(b) of this Agreement, shall duly incorporate the requirements of the World Bank Safeguard Policies then in force, as applied to any consultations, information gathering and advice conveyed through such studies, technical assistance and/or capacity building activities, and such terms of reference shall be satisfactory to the World Bank following its review thereof.
2.04. Contributor Visibility and Visit

(a) The Recipient shall take all such measures as the World Bank may reasonably request to identify publicly the Contributors' support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, enable the representatives of the Contributors to visit any part of the Recipient's territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation

(a) The Recipient 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 set forth below in paragraph (b) of this Section. Each Project Report shall cover a period of 6 months, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) The core energy performance certificate readiness components (target setting methodology and monitoring, reporting and verification system) submitted for DEDE's policy consideration.

(ii) Local GHG abatement plans for 24 cities submitted to city management to inform city's priority abatement projects.

(iii) The policy recommendation on legal framework for establishing an emission trading scheme submitted for TGO Board's consideration.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

2.06. Financial Management

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each six months, covering such six months, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements 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 Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
2.07. **Procurement**

(a) **General.** All goods, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) The capitalized terms used in the following paragraphs of 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of Shopping method.

(ii) Direct Contracting may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of Individual Consultants; and (F) Single-source procedures for the Selection of Individual Consultants.
(e) 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.

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) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (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 following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 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, consultants’ services, Training and Workshops, and Operating Costs under the Project</td>
<td>3,000,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

TOTAL AMOUNT 3,000,000

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient, except that withdrawals up to an aggregate amount not to exceed $300,000 equivalent may be made for payments made prior to this date but on or after February 1, 2013, for Eligible Expenditures.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2019.

Article IV
Recipient’s Representative; Addresses

4.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

4.02. Recipient’s Address. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:
4.03. *World Bank’s Address*. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile:  
1-202-477-6391