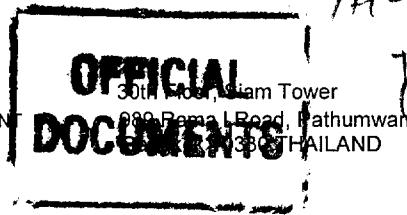


The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION



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January 13, 2012

Khun Chakkrit Parapuntakul
Director General
Public Debt Management Office
Ministry of Finance
Rama 6 Road, Phayathai
Bangkok 10400
Kingdom of Thailand

COPY

Khun Tussanai Buranupakorn
Mayor
Chiang Mai Municipal Office
Wang Sing Kham Road
Chiang Mai 50300
Kingdom of Thailand

Dear Sirs,

**Re: GEF Grant No. TF099285 (Grant for Chiang Mai Sustainable Urban Transport Project)
Additional Instructions: Disbursement**

I refer to the Letter Agreement (“Agreement”) between the International Bank for Reconstruction and Development/International Development Association (“World Bank”), acting as administrator of grant funds provided by the Global Environment Facility (“GEF”), and the Kingdom of Thailand on behalf of Chiang Mai Municipality (the “Recipient”) for the above-referenced project, dated October 12, 2011. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of No. Grant TF099285 (“Grant”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) *Disbursement Methods (section 2)*. The following Disbursement Methods may be used under the Grant:

- Reimbursement
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1).

A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank – Bangkok
30th Floor, Siam Tower
989 Rama I Road, Patumwan
Bangkok 10330, Thailand
Attention: Annette Dixon, Thailand
East Asia and Pacific Region

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank – Manila
23/F, The Taipan Place Building
Emerald Avenue, Ortigas Center
Pasig City, Metro Manila, Philippines
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation* (“Terms and Conditions of Use of Tokens”) provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for direct payments is USD20,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** United States Dollar (USD)
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** A commercial bank/financial institution acceptable to the World Bank
- **Ceiling (subsection 6.1):** US\$70,000.

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement and for reporting eligible expenditures paid from the Designated Account:**
 - Records evidencing eligible expenditures (e.g. copies of receipts, supplier invoices) for payments against contracts that are subject to the World Bank’s prior review in the form attached (Attachment 5);
 - Statement of Expenditures in the form attached (Attachment 4) for all other expenditures / contracts; and
 - A designated account reconciliation (Attachment 6) and related bank statement.
- **For requests for Direct Payment:** Records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): monthly

IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<https://clientconnection.worldbank.org>). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact LOA Service Account at LOA-TF@worldbank.org using the above reference.

Yours sincerely,



Annette Dixon
Country Director, Thailand
East Asia and Pacific Region

Attachments:

1. World Bank Disbursement Guidelines for Projects, dated May 1, 1006
2. Form for Authorized Signatures
3. Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and Supporting Documentation, dated January 20, 2010
4. Form of Statement of Expenditures
5. Form of Payments Against Contracts Subject to the Bank's Prior Review
6. Form of Designated Account Reconciliation Statement