

**INTEGRATED SAFEGUARDS DATA SHEET****APPRAISAL STAGE**

Report No.:

94629

Date ISDS Prepared/Updated: February 23, 2015

**I. BASIC INFORMATION****1. Basic Project Data**

<b>Country:</b>	Thailand	<b>Project ID:</b>	P128965
<b>Project Name:</b>	Thailand - Partnership for Market Readiness		
<b>Task Team Leader:</b>	Waraporn Hirunwatsiri		
<b>Estimated Appraisal Date:</b>	September 22, 2014	<b>Estimated Bank Approval Date:</b>	March 2, 2015
<b>Managing Unit: c</b>	EASTS	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector:</b>	General energy sector (50%), General industry and trade sector (50%)		
<b>Theme:</b>	Climate change (100%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>	No		
<b>Financing (In USD Million)</b>			
<b>Financing Source</b>		<b>Amount</b>	
Borrower		2.79	
Partnership for Market Readiness		3.00	
Total		5.79	
<b>Environmental Category:</b>	B		
<b>Is this a Repeater project?</b>	No		
<b>Is this a Transferred project?</b>	No		

**2. Current Project Development Objectives**

The PDO 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.

### 3. Project Description

**Background for the PMR.** The PMR is a grant-based, capacity building multi-donor trust fund that provides funding and technical assistance for the collective innovation and piloting of market-based instruments for greenhouse gas emissions reduction. It provides a platform for technical discussions on market instruments, fostering South-South exchange, facilitating collective innovation for pilot efforts and harnessing financial flows for implementation and scale up.

**Proposed PMR activities for implementation phase.** In view of the establishment of a mandatory market-based mechanism to implement cost-effective emission reductions nation-wide in the long-run (tentatively post 2020), the Royal Thai Government (RTG) plans to introduce three key building blocks/schemes: (i) the Legal Framework for Emission Trading Scheme (ETS); (ii) Energy Performance Certificates (EPC) scheme; and (iii) Low Carbon City (LCC) scheme.

Given the above, the Market Readiness Proposal (MRP) was designed to comprise four project components to support the preparation of key market components of EPC scheme, development of local GHG abatement plans and a study on pricing of LCC credits, policy recommendation on legal framework to establish the ETS and project management. The PMR support will be solely on technical assistance activities.

**Component 1: Preparation of key market components of the Energy Performance Certificate (EPC) Scheme:** The voluntary EPC scheme, which already has legal framework in terms of energy reporting system to support its implementation under the Energy Conservation and Promotion Act, is proposed in the MRP to be first launched so that the country can learn more about various elements of market-based mechanism. The proposed EPC scheme is a voluntary target-and-reward scheme<sup>1</sup> targeting the energy intensive industrial units and commercial buildings, the major GHG emitters which are already the Designated Factories and Buildings or DF&BS being regulated under the Energy Conservation Act. The proposed EPC scheme will cover seven industrial sectors and four types of commercial buildings. This component will provide technical assistance to support the preparation phase of the EPC scheme. This phase would focus on the detailed assessment of the various preparedness levels, identify and bridge the gaps, and stakeholder consultations. The PMR support will complement the government's other planned activities to implement EPC. The PMR support will focus on data readiness, target setting methodology for different industrial sectors and buildings, development of MRV system, assessment of laws and regulations and modifications required to implement EPC, and an analytical study on performance-based incentive and pricing mechanism for EPC (e.g. pricing of surplus allowances to be bought back by public sink fund, potential source of fund, financial, legal and administrative structure of the fund). These core components of EPC scheme can later be transferred to prepare the ETS.

**Component 2: Development of Local GHG Abatement Plans and a study on pricing of LCC credits:**

This component will provide support to 24 local municipalities to develop a local GHG Abatement Plan which will be used to guide mitigation actions and low-carbon investment, from which carbon credits can be generated for trading under the LCC program in the existing domestic voluntary carbon market (so-called Thailand Voluntary Emission Reduction Program or T-VER). It will be built on the TGO's past experiences on piloting city carbon footprint in 3 municipalities (Chiangrai municipality,

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<sup>1</sup>The over-performers will be rewarded by public sink fund who will buy back surplus allowances at a guaranteed price; however, the under-performers will not be penalized.

Lampang municipality and Nong Samrong Municipality (Udonthani province)) project. The pilot city carbon footprint project assisted 3 municipalities to prepare city GHG inventory, prioritize them, assess potential technology to reduce GHG emission and recommend GHG reduction activity for the city's mayor consideration. Based on the existing Thai City Carbon Footprint (CCF) Guidelines and experiences gained from the development of 24 local Abatement Plans, the GHG Abatement Plan Guideline will also be developed as part of PMR. A Project Design Document (PDD) for the selected mitigation action will be developed for each municipality using the RTG co-financing resources. Development of LCC PDD will follow the current T-VER methodology and use the same criteria. The PDD will not be a comprehensive city-wide program but rather focus on specific activity. It is an initial assessment document for considering GHG reduction project of the city/municipality and is not an investment plan but briefly describes the project activities, baseline GHG emission and reduction from the proposed activity and monitoring plan. From TGO's experience on piloting city carbon footprint project, potential activities for LCC include solar rooftop project, conversion of street lighting and/or municipality's building lighting to LED, methane recovery from existing wastewater treatment system/landfill, improvement of solid waste transportation logistic to reduce fuel consumption and operating cost, promotion of non-motorized vehicle (e.g. bicycle) and electric car etc.

The PMR will also support the LCC pricing/incentives study to set price of carbon credits generated under the LCC program for voluntary buyers and provide recommendations on other fiscal or financial incentives that the RTG can adopt to create the domestic voluntary carbon market. The study will also help TGO explore the potential to set up an LCC fund to act as a carbon fund.

**Component 3: Policy recommendation on legal framework to establish the ETS:** This component will complement RTG's ongoing and planned activities on assessing the applicability of ETS in Thailand. TGO is now conducting impact assessment on macro-economic of establishing an ETS. In addition, TGO also has a plan to pilot test some of the key elements of an ETS system in the TGO's Thailand-V-ETS to further inform the policy process. The PMR will specifically support the legal aspect of the overall ETS assessment. The legal framework is a crucial basis for any mandatory scheme to be adopted in the future as Thailand currently has no legal requirement for GHG reporting. The PMR will provide a policy study to review international experiences on legal and institutional framework required for establishing an ETS, existing domestic laws which are related to future establishment of an ETS, and provide recommendations on suitable legal framework and other related regulations and administrative rules together with institutional arrangement for establishing an ETS in Thailand. In parallel with this work, TGO will use the national budget for other technical preparation works for other elements of ETS design (e.g. defining the scope, setting cap and target, etc.).

#### **Component 4: Project management**

This component will support the daily project management activities as well as provide technical support to TGO. It will support hiring of individual consultants to assist TGO on project coordination and management, technical support, procurement, and financial management to comply with the Bank's guidelines and procedures. It will also support incremental operating cost and organize workshops and training related to the project implementation.

#### **4. Project Location and Salient Physical Characteristics Relevant to the Safeguards Analysis (if known)**

The project support to Thailand consist solely of technical assistance activities, i.e. study and assessment on legal framework, data gaps, price level and fund structure and allocations, establishment of data reporting and MRV system, capacity building, development of local GHG abatement plans and abatement plan guidelines, preparation of project design document, etc. It will not finance any physical investment or piloting of EPC/LCC or preparation of feasibility study and technical design work. The technical assistance activities and capacity building will take place in various locations in Thailand. For the LCC component, 24 municipalities are targeted.

**5. Environmental and Social Safeguards Specialists on the Team**

Wasittee Udchachone - Environmental Specialist (Consultant)

Pamornrat Tansanguanwong - Senior Social Development Specialist

**6. Safeguard policies**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	<p>The project will provide technical assistance to Thailand in preparing core carbon market readiness. The project supports will be solely on technical assistant activities to support preparation of Thailand ETS, EPC and LCC schemes. It will not support physical investment, piloting activity, preparation of feasibility study and technical design work. The project, however, will support the preparation of local GHG Abatement Plans of participating municipalities and the preparation of Project Design Document (PDD) for each participating municipality based on their Abatement Plans.</p> <p>It is anticipated that the project will lead to long term positive impacts to the environment particularly on GHG emission reduction and energy consumption reduction. The project activities are likely to have minimal or no adverse impacts, although the PDD may lead to the preparation and implementation of projects in the future that may have environment and social impacts downstream, when these are implemented. That taken into account, the project is categorized as Category B.</p> <p>The Bank will work with the counterpart to ensure stakeholder consultations especially on</p>

		<p>the development of the Abatement Plan and PDD of each participating municipality and that perspective of men and women on GHG and its mitigation actions are taken into account. The Bank will review and provide inputs on key TORs, e.g., preparation of local GHG Abatement Plans to ensure that appropriate safeguards measures, including environment and social screening criteria, are incorporated in relevant studies and the development of Abatement Plan Guidelines. The project will screen the PDDs based on these Guidelines for environment and social impacts and to identify appropriate safeguard instruments to be prepared for each project as part of preparing their feasibility studies and detailed engineering designs in the future.</p>
Natural Habitats OP/BP 4.04	No	<p>No negative impacts to natural resources are anticipated since the project would not finance any physical investment and piloting activities. The project will mainly involve energy intensive industrial units and commercial buildings. The LCC preparation scheme will involve municipalities and unlikely to involve natural habitats. In addition, it is expected that the project will lead to long term positive impacts to the environment particularly on GHG emission reduction and energy consumption reduction.</p> <p>The Abatement Plan Guidelines that integrate environment and screening criteria will be used to screen potential impacts of projects identified in the PDD on natural habitats and make sure that appropriate instrument prepared as part of the feasibility study will take into account measures on natural habitats in accordance with the policy.</p>
Forests OP/BP 4.36	No	<p>No negative impacts to forests are anticipated since the project would not finance any physical investment and piloting activities. It is expected that the project will lead to long term positive impacts to the environment particularly on GHG emission reduction and energy consumption reduction.</p> <p>The Abatement Plan Guidelines that integrate</p>

		environment and screening criteria will be used to screen potential impacts of projects identified in the PDD on forests and make sure that appropriate instrument prepared as part of the feasibility study will take into account measures on forests in accordance with the policy.
Pest Management OP 4.09	No	The project will neither promote, purchase, use pesticides nor envisage to lead to increase usage of pesticides.
Physical Cultural Resources OP/ BP 4.11	No	The project will not involve civil work or activities that potentially affect Physical Cultural Resources.  The Abatement Plan Guidelines that integrate environment and screening criteria will be used to screen potential impacts of projects identified in the PDD on PCRs and make sure that appropriate instrument prepared as part of the feasibility study will take into account measures on PCRs in accordance with the policy.
Indigenous Peoples OP/BP 4.10	No	The project supports will be solely on technical assistance activities, which are not anticipated to have adverse impacts on indigenous people.  The PDDs will be screened using the screening criteria integrated into the Abatement Plan Guidelines to ascertain if any of those subprojects identified in the PDD have presence of IPs, and to make sure that appropriate instrument prepared will take into account measures in accordance with the policy.
Involuntary Resettlement OP/BP 4.12	No	Technical assistant support activities provided by the project will not involve involuntary resettlement or restricted of access to legally designated parks and protected areas.  The PDDs will be screened using the screening criteria integrated into the Abatement Plan Guidelines to ascertain if any of those subprojects identified in the PDD will involve land acquisition and/or involuntary resettlement and to make sure that appropriate instrument such as Resettlement Action Plans, if required, are prepared as part of the feasibility study and engineering design.
Safety of Dams OP/BP 4.37	No	The project will not involve construction or rehabilitation of dams nor any investment that will rely on the services of existing dams or dams under construction.
Projects on International	No	The project will not involve any international

Waterways OP/BP 7.50		waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project supports will be implemented within Thailand territory and will not involve disputed areas.

## II. KEY SAFEGUARDS POLICY ISSUES AND THEIR MANAGEMENT

### A. Summary of Key Safeguards Issues

#### 1. Describe any safeguard issues and impacts associated with the Restructured project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project is designed to assist Thailand in preparing core carbon market readiness components in the energy and urban sector with a view to establishing a mandatory GHG ETS in the future. PMR supports will be solely on technical assistant activities to support preparation of Thailand ETS, EPC and LCC scheme. It will not finance any physical investment and piloting activity. The project will conduct analytical works and studies of legal and institutional framework that involve emission trading, emission standards and reduction of energy consumption. These studies will be needed for EPC preparation and to inform ETS policy design in the future.

For LCC component, PMR will support development of local GHG Abatement Plan for 24 municipalities and GHG Abatement Plan Guideline. Development of the abatement plans will be conducted in consultation with key stakeholders from government, private sectors and representatives from local communities and civil society. According to the local abatement plan, the PDD, for the selected mitigation action will be developed for each municipality using the RTG co-financing resources. The PDD will not be a comprehensive city-wide program but rather focus on specific activity. It is an initial assessment document for considering GHG reduction project of the city/municipality and *is not an investment plan* but briefly describes the project activities, baseline GHG emission and reduction from the proposed activity and monitoring plan. From TGO's experience on piloting city carbon footprint project, potential activities for LCC include solar rooftop project, conversion of street lighting and/or municipality's building lighting to LED, methane recovery from existing wastewater treatment system/landfill, improvement of solid waste transportation logistic to reduce fuel consumption and operating cost, promotion of non-motorized vehicle (e.g. bicycle) and electric car etc. In developing the abatement plan and PDD, it is important that the project recognizes that women and men may have different perspective on GHG mitigation action and these should be taken into account during the stakeholder consultation and project implementation.

In summary, the project will be solely on technical assistance activities. The PMR support will not include physical investment, piloting activities nor investment plan/feasibility study. It is anticipated that the project will lead to long term positive impacts to the environment particularly on GHG emission reduction and energy consumption reduction. The project activities are likely to have minimal or no adverse impacts, although the PDD may lead to the preparation and implementation of projects in the future that may have environment and social impacts downstream, when these are implemented. That taken into account, the project is categorized as Category B.

- 2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:**  
See section 1.
- 3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.**  
See section 1.
- 4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.**

No separate safeguards instrument is required for this TA project. The key TORs will be reviewed by the Bank, e g., preparation of local GHG Abatement Plans to ensure that appropriate safeguards measures, including environment and social screening criteria, are incorporated in relevant studies and the development of Abatement Plan Guidelines. The project will screen the PDDs based on these Guidelines for environment and social impacts, identify policies triggered and appropriate safeguard instruments to be prepared for each project as part of preparing their feasibility studies and detailed engineering designs in the future outside this project.

The Bank will work with the counterpart to ensure stakeholder consultations especially on the development of the Abatement Plan and PDD of each participating municipality and that perspectives of men and women on GHG and its mitigation actions are taken into account.

TGO is an autonomous governmental organization under the Ministry of Natural Resources and Environment (MONRE). It was established with a specific purpose as an implementing agency on GHG emission reductions in Thailand. TGO is an officially CDM Designated National Authority (CDM-DNA) which holds an authority to approve and monitor CDM projects at national level including approval of the CDM project Initial Environmental Evaluation-Sustainable Development (IEE-SD). It also acts as the national information clearing house of greenhouse gas and technical focal point on greenhouse gas management. It has high capacity on and familiar with safeguard aspects in CDM projects development and approval. However, it has limited experiences on the World Bank safeguard policies. During the appraisal mission, the TGO counterpart on safeguard has been assigned. The TGO safeguard counterpart will work closely with the Bank environmental safeguard specialist and social safeguard specialist to ensure that adequate safeguard considerations are taken into account in preparing and implementing the project. A session on an overview of the Bank safeguard policies and its application to the project was introduced to TGO after the appraisal mission and will be continued during PMR implementation. The Bank will ensure when reviewing TORs that the adequate safeguards expertise is associated to activities and studies taking into account safeguard policy issues.



**5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.**

Market-based mechanism is an innovative concept in Thailand both in the government and private sector. Several stakeholder consultation workshops, dialogue, roundtables, etc. were conducted during the project preparation and will be continued throughout implementation phase to ensure that all parties fully understand the planned project activities and appropriately benefit from the capacity building and technical assistance provided by the PMR. This provides an excellent opportunity to promote broad stakeholder engagement and participation through public information disclosure at all critical phases of the project. Stakeholders' perception of the project, their view on the design of EPC scheme and the LCC program as well as the proposed regulations and institutional structure, type and level of incentives and other relevant issues have been gathered and taken into account in the project design. During the implementation, as women and men may have different perspective on GHG mitigation action, the work with 24 municipalities will take gender-sensitive aspects into account especially when organizing stakeholder consultations.

**B. Disclosure Requirements**

<b>Environmental Assessment/Audit/Management Plan/Other</b>	
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	N/A
"In country" Disclosure	N/A
<i>Comments:</i>	
<b>Resettlement Action Plan/Framework/Policy Process</b>	
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	N/A
"In country" Disclosure	N/A
<i>Comments:</i>	
<b>Indigenous Peoples Development Plan/Framework</b>	
Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
"In country" Disclosure	N/A
<i>Comments:</i>	
<b>Pets Management Plan</b>	

Date of receipt by the Bank	N/A
Date of submission to InfoShop	N/A
"In country" Disclosure	N/A
<i>Comments:</i>	
<b>If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP. N/A</b>	
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b> N/A	

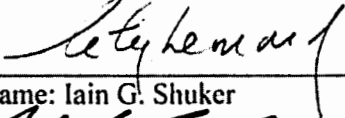
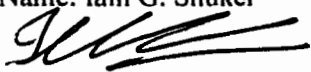
**C. Compliance Monitoring Indicators at the Corporate Level**

<b>OP/BP/GP 4.01 – Environment Assessment</b>	
Does the project require a stand-alone EA (including EMP) report?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> NA <input type="checkbox"/>
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
<b>OP/BP/GP 4.04 – Natural Habitats</b>	
Would the project result in any significant conversion or degradation of critical habitats?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
<b>OP/BP/GP 4.09 – Pest Management</b>	
Does the EA adequately address the pest management issues?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Is a separate PMP required?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
<b>OP/BP/GP 4.11 – Physical Cultural Resources</b>	
Does the EA include adequate measures related to cultural property?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>
<b>OP/BP/GP 4.10 – Indigenous Peoples</b>	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>

<b>OP/BP/GP 4.12 – Involuntary Resettlement</b>	
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [ ] No [ ] NA [X]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [ ] No [ ] NA [X]
<b>OP/BP/GP 4.36 – Forests</b>	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [ ] No [ ] NA [X]
Does the project design include satisfactory measures to overcome these constraints?	Yes [ ] No [ ] NA [X]
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes [ ] No [ ] NA [X]
<b>OP/BP/GP 4.37 – Safety of Dams</b>	
Have dam safety plans been prepared?	Yes [ ] No [ ] NA [X]
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	Yes [ ] No [ ] NA [X]
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	Yes [ ] No [ ] NA [X]
<b>OP 7.50 – Projects on International Waterways</b>	
Have the other riparians been notified of the project?	Yes [ ] No [ ] NA [X]
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes [ ] No [ ] NA [ ]
Has the RVP approved such an exception?	Yes [ ] No [ ] NA [X]
<b>OP 7.60 – Projects in Disputed Areas</b>	
Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared?	Yes [ ] No [ ] NA [X]
Does the PAD/MOP include the standard disclaimer referred to in the OP?	Yes [ ] No [ ] NA [X]
<b>World Bank Policy on Disclosure of Information</b>	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [ ] No [ ] NA [X]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [ ] No [ ] NA [X]
<b>All Safeguard Policies</b>	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ ] No [ ] NA [X]
Have costs related to safeguard policy measures been included in the project cost?	Yes [ ] No [ ] NA [X]
Does the Monitoring and Evaluation system of the project includes the monitoring of safeguard impacts and measures related to	Yes [ ] No [ ] NA [X]

safeguard policies?	
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes <input type="checkbox"/> No <input type="checkbox"/> NA <input checked="" type="checkbox"/>

### III. APPROVALS

Task Team Leader:	Name: Waraporn Hirunwatsiri	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Peter Leonard 	Date: 23-02-15
Practice Manager:	Name: Iain G. Shuker 	Date: 25-02-15