

**MEMORANDUM OF UNDERSTANDING**  
**FOR**  
**THE DEVELOPMENT OF**  
**THE CASA 1000 POWER TRANSMISSION PROJECT**  
**and**  
**THE FURTHER DEVELOPMENT OF A CENTRAL ASIA-SOUTH ASIA**  
**REGIONAL ELECTRICITY MARKET (CASAREM)**

**BISHKEK, KYRGYZ REPUBLIC**

**September 20, 2011**

This Memorandum of Understanding for the development of CASA-1000 Power Transmission Project and the further development of a Central Asia-South Asia Regional Electricity Market ("MoU") is entered into by the following Governments:

The Islamic Republic of Afghanistan ("Afghanistan");

The Kyrgyz Republic ("Kyrgyz Republic");

The Islamic Republic of Pakistan ("Pakistan");

The Republic of Tajikistan ("The Republic of Tajikistan").

In this MoU, the four Governments, when referred to jointly, shall be known as the Parties.

#### **Preamble**

**WHEREAS** the Parties, along with multilateral financial institutions, bilateral agencies, and private investors, have met – Islamabad (2006), Dushanbe (2006), Kabul (2007), Islamabad (2008) -- to discuss the development of CASAREM and, in particular, the CASA 1000 Project; and

**WHEREAS** the Parties in Dushanbe signed a Memorandum of Understanding for the Development of Central Asia South Asia Regional Electricity Market on October 28, 2006 ("Dushanbe MoU"); and

**WHEREAS** the Parties in Kabul signed a Memorandum of Understanding for the Development of Central Asia South Asia Regional Electricity Market on November 16, 2007 ("Kabul MoU"); and

**WHEREAS** the Parties in Kabul established an Inter-Governmental Council ("IGC") and Secretariat pursuant to the Kabul MoU; and

**WHEREAS** the Parties in Islamabad signed an Inter-Governmental Agreement for the development of CASA-1000 Power Transmission Project and the further development of a Central Asia-South Asia Regional Electricity Market on August 4, 2008 ("IGA"); and

**WHEREAS** the Parties intend that the CASA 1000 Project ("Project") be implemented and that the further development of CASAREM be facilitated:

**NOW, THEREFORE, the Parties agree as follows:**

**1.0 Reaffirmation of Prior Agreements and Agreed Principles**

- 1.1 The Parties reaffirm the terms, conditions, and mutual commitments in the IGA, as agreed on August 4, 2008 in Islamabad; The IGA is attached to this MoU as an Appendix for reference;
- 1.2 The Parties reaffirm and restate here that:
  - 1.2.1 the CASA 1000 Project will be developed on the basis that it must be economically viable and sustainable for all Parties;
  - 1.2.2 the Project will include exports of electricity from the Kyrgyz Republic and Republic of Tajikistan to Islamic Republic of Afghanistan and Islamic Republic of Pakistan.

**2.0 Assessment of the Technical and Economic Viability of the Project**

- 2.1 SNC Lavalin was engaged by the Parties, with the support of the World Bank, to reassess the technical and economic viability of the Project;
- 2.2 The Final Report was received and reviewed by the Parties;
- 2.3 SNC's for Central Asia – South Asia Transmission and Trade (CASA-1000) project feasibility study update, dated February 2011, confirmed the technical and economic viability of the Project;
- 2.4 The Project Components, broadly described, will include:
  - 2.4.1 A 500 kV AC line between the Kyrgyz and Tajik grids;
  - 2.4.2 A 500 kV DC line between the Republic of Tajikistan and Pakistan via Kabul, Afghanistan;
  - 2.4.3 3 substations: 1300 MW AC/DC in the Republic of Tajikistan; 300 MW DC/AC in Afghanistan; 1300 MW DC/AC in Pakistan;
  - 2.4.4 AC network reinforcements necessary to accommodate the power flows.

**3.0 Environmental and Social Impact Assessment (“ESIA”) of the Project**

- 3.1. The Parties recognize that Phase One of the ESIA Consultation has been undertaken under the auspices of the World Bank;

3.2 The Parties agree that each government will now lead a community consultation process using materials prepared by or for the World Bank.

#### 4.0 Agreed Next Steps

4.1 The Parties agree that the SNC Final Report is sufficient for the purposes of taking the next steps to further the implementation of the Project;

4.2 The agreed next steps will include, but may not be limited to, the following:

4.2.1 Each Country will establish a team, including the Working Group, that is dedicated to implement the CASA Project; a member of that team will be the focal point person for the purposes of communication with other parties, including IGC and Secretariat members, IFIs and donors, advisors, and others.

4.2.2 Each Country as per its own rules and procedures will hire advisors (“Country Advisors”), as each may determine is necessary, to, *inter alia*, undertake the following:

4.2.2.1 develop a strategy for the negotiation of the Project contractual agreements and assist in the negotiation of these agreements;

4.2.2.2 assist in addressing any technical and/or economic questions regarding the Project;

4.2.2.3 develop a strategy and, as may be necessary, help to implement the Country’s obligations under the IGA.;

4.2.2.4 coordinate, as may be necessary, with the IGC advisors (section 4.2.3 below) and, at the discretion of the Countries, with IFIs, donors, and others.

4.2.3 The IGC will identify and retain advisors for the IGC as a whole (“IGC Advisors”). The responsibility of the IGC Advisors will be, *inter alia*, to:

4.2.3.1 assist the IGC to determine private sector interest in the Project and provide advice regarding how that interest might be enhanced;

4.2.3.2 interface with the Country Advisors and the Working Groups to facilitate the development of the Project;

4.2.3.3 assist in developing and implementing a competitive bidding process for the selection of a private sector party;

4.2.3.4 assist in closing the transaction with the selected private party.

4.3 The Parties, individually and jointly, will request that the IFIs and donors to finance the Project preparation and implementation;

4.4 The decisions pertaining to the IGC Secretariat will be included in the Minutes of the IGC Meeting in Bishkek on September 20, 2011.

**5.0 Other Understandings Modification or Termination of MoU**

5.1 The provisions of this MoU shall not contravene the national laws of the Parties.

5.2 In the event that any Party believes that this MOU needs to be amended or modified, the Parties agree to meet and discuss the proposed amendments/modifications. Such amendments/modifications shall be formalized through Protocols, which shall constitute integral parts of this MoU.

5.3 The MoU may be terminated:

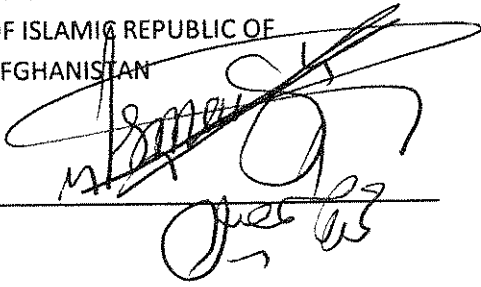
- i. if any Party decides not to proceed further;
- ii. if and when a subsequent agreement is negotiated among the Parties to replace this MoU.
- iii. If any of the Parties decides to withdraw from this MOU such Party shall submit corresponding notification in writing to the other Parties. For the Party having made such a decision, this MOU shall discontinue in three months from the date of submission of such a notification.

This MOU is made in the Russian and English languages, with four (4) original copies, one for each of the Parties. In case of any discrepancy in the texts or conflict in interpretation, the English text shall prevail.

This MOU shall become effective on the day of signing.

In Witness whereof, this MoU is signed at Bishkek, Kyrgyz Republic, 20 September 2011.

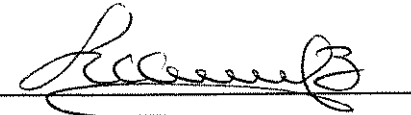
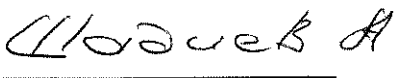
ON BEHALF OF GOVERNMENT  
OF ISLAMIC REPUBLIC OF  
AFGHANISTAN



---

Full Name:

ON BEHALF OF GOVERNMENT  
OF KYRGYZ REPUBLIC

---

Full Name:


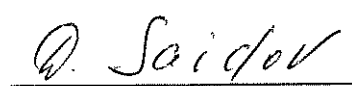
ON BEHALF OF GOVERNMENT  
OF ISLAMIC REPUBLIC OF  
PAKISTAN

*by* (initials, subject approved  
by Govt of Pakistan).  
Initials Kazi

---

Full Name:

ON BEHALF OF GOVERNMENT  
OF THE REPUBLIC OF TAJIKISTAN

---

Full Name: