

MEMORANDUM OF UNDERSTANDING

On

Railway System Linking both Countries

Between

The Islamic Republic of Afghanistan

And

The Islamic Republic of Pakistan

With the objective of expanding bilateral, regional and transit trade cooperation and rail connectivity as well as increasing economic opportunities for both countries, the MOU is intended to:

- i) Both the countries in Joint Declaration signed during the visit of Afghanistan President His Excellency Hamid Karzai to Pakistan on 10-11th March, 2010 assigned high priority to the construction of Rail Link from Peshawar to Jalalabad.
- ii) Feasibility study is a pre-requisite for the construction of new Rail Link. World Bank has shown interest to provide US\$ 1.5 million under Trade and Transport Facilitation Program (TTFP-2) loan for the feasibility study.
- iii) World Bank (WB) and Asian Development Bank (ADB) have initiative for supporting regional connectivity projects under its Transport and Trade Facilitation Strategy and its involvement with the Railway Projects in Afghanistan and Pakistan.

Now, therefore, both the countries through their representatives agree as under:

- 1) The Islamic Republic of Pakistan subject to availability of funds shall be responsible for the Peshawar-Torkham Rail Link and the Islamic Republic of Afghanistan shall be responsible for the Torkham-Jalalabad Rail Link.
- 2) Islamic Republic of Pakistan will take steps for construction of the Chaman-Spin Boldak Railway line subject to availability of funds.
- 3) Acquisition of land required for the projects and right of way (ROW) for smooth implementation of the project will be accomplished by both the Governments in their respective areas.

4) Both countries shall work to secure necessary funding to complete respective feasibility studies and the construction of the Railway links.

5) Both countries agree on following:-

- Railway infrastructure be constructed through the most efficient and technological feasible route;
- Avoid commercial and agricultural land as well as historical sites;
- Railway to be environmentally friendly and energy efficient;
- Railway to support capacity of 35 Million Tons of Cargo annually;
- Railway system to be affordable, safe, secure, and reliable.

6) Both parties agree to launch immediate effort to harmonize the rules of the rail transport to ensure non-discriminatory, reasonable fees; streamline and transparent procedures for utilizing railway services; and open access on competitive basis for all shipping and transport services, loading/unloading services; and other ancillary services.


7) Islamic Republic of Pakistan will provide technical support including training of Railway Management Team, Engineers and other Technical Personnel to the Railway authorities of Islamic Republic of Afghanistan.

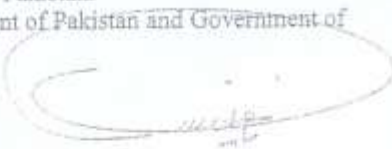
8) Both Ministries shall provide full cooperation and facilitate the work of the organization commissioned to undertake this feasibility study and construction of Rail Link.

9) A working Group comprising representatives from Ministries of Railway, Finance, Economic Affairs, Commerce and Customs Authorities of both countries shall coordinate effort undertaken by both countries to speed up completion of respective feasibility studies and construction of Rail links.

This Memorandum of Understanding Signed between the Minister of Finance Islamic Republic of Afghanistan and the Federal Minister for Railways, Islamic Republic of Pakistan signed on 7th day of July 2010 in Islamabad, Pakistan.

This MOU is subject to the approval of Government of Pakistan and Government of Afghanistan according to their rules.


Haji Ghulam Ahmad Bilour
Federal Minister for Railways
For on behalf of
Government of Pakistan


Dr. Hazrat Omar Zakhilwal
Minister of Finance
For on behalf of
Government of Afghanistan