

Subject: Kazakhstan Proposed Moinak Electricity Transmission Project

Dear Mr. Pasyuk,

Thank you for your letter of June 5, 2009 to Mr. Philippe H. Le Hourerou, Regional Vice President designate for Europe and Central Asia, concerning the above-referenced project under preparation. Mr. Shigeo Katsu our Regional Vice President for Europe and Central Asia has asked me to respond to you. As you know, the Bank is not involved in the financing of the Moinak hydroelectric power plant (HPP). The Bank has never received a formal request from the Government of Kazakhstan for financing the Moinak HPP under a sovereign guarantee. Therefore, no such request has been denied by the Bank.

Regarding the proposed transmission project, we note your concern that routing the power lines across the Charyn and Altyn-Emel national parks violates the law of the Republic of Kazakhstan on 'Specially Protected Natural Areas.' We have raised this matter repeatedly with the Kazakhstan Electricity Grid Operating Company (KEGOC), the prospective borrower, and have sought legal clarifications from several competent agencies of the Government of Kazakhstan.

In a letter dated June 17, 2009, KEGOC informed the Bank that the design company 'Energostroyproyekt' is currently working on the selection of the line routes connecting the Moinak HPP with two existing substations. KEGOC has instructed the design company to consider only line corridors that completely bypass the above-mentioned national parks. Indeed, the maps attached to the letter show that the Moinak HPP-Shelek substation power line and the Moinak HPP-Robot substation power line do not cross any parts of the national parks. Therefore, these line corridors are acceptable to the Bank. Nevertheless, as a legal safeguard, the Loan Agreement will include a provision prohibiting the borrower to route the lines, during construction, across any part of the national parks.

Furthermore, KEGOC is committed to fully comply with the public consultation requirements of the Republic of Kazakhstan. Public consultations based on the feasibility study documentation were held on November 14, 2008. Another public consultation will be held for the project based on the Environmental Impact Assessment of the detailed working designs to be developed. Meanwhile, as agreed during the Bank's appraisal mission of May 11-21, 2009, KEGOC would proactively share all project-related documents, including maps, with civil society representatives and all stakeholders.

I hope you find the above information useful. We remain available to continue to engage with you in the context of the proposed project.

Sincerely,

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