

PROJECT NUMBER 610517

TRANSACTION ADVISORY SERVICES AGREEMENT

Between

THE REPUBLIC OF LEBANON REPRESENTED BY

THE HIGH COUNCIL FOR PRIVATIZATION AND PPP

and

THE INTERNATIONAL FINANCE CORPORATION

Dated _____

TRANSACTION ADVISORY SERVICES AGREEMENT

AGREEMENT (the “**Agreement**”) dated _____ between:

1. THE REPUBLIC OF LEBANON, represented by the High Council for Privatization and PPP (the “**Client**” or “**HCP**”); and
2. THE INTERNATIONAL FINANCE CORPORATION, an international organization established pursuant to the Articles of Agreement among its member countries, including the Republic of Lebanon (“**IFC**”)

(each a “**Party**” and together the “**Parties**”)

INTRODUCTION:

- A. HCP is a governmental body established under Law 228 (2000) and expanded by Law 48 (2017) to oversee privatization and facilitate public-private partnerships (“**PPPs**”). Chaired by the Prime Minister, the council includes key ministers such as the Minister of Justice, Minister of Finance, Minister of Economy and Trade, and Minister of Labor, with other ministers joining on a project-specific basis. HCP’s mandate includes planning and executing privatization projects, attracting private investment in public infrastructure, and advising the government on legal, financial, and technical aspects of PPPs.
- B. The Government of Lebanon (“**GoL**”), represented for the purposes of this Agreement by HCP as the contracting authority, seeks to enhance the country’s airport infrastructure and management through private sector participation. The Ministry of Public Works and Transport (“**MPWT**”), as the line ministry that manages the country’s land, sea and air transport, and the Directorate General of Civil Aviation (“**DGCA**”), which oversees civil aviation and airport operations, as well as Secretary General HCP, Representative of the Ministry of Finance, Representative of the Ministry of Public Works and Transport, and Head of the Airport Regulatory Authority will be represented in the committee (“**Project Committee**”) that acts as the implementing body for the Project and will lead and oversee all the diligence and day-to-day implementation in conjunction with the project team (“**Project Team**”), both of which (the Project Committee and Project Team) will be duly established as per article 3 sections 3 and 4, and article 5 of Law number 48 /2017 (PPP Law).
- C. The project consists of two components. The first focuses on Rafic Hariri International Airport (“**OLBA**”), aiming to rehabilitate, expand, and operate Lebanon’s sole commercial airport under a PPP contract to improve service quality in line with

international best practices and increase capacity to meet current and future demand (“**Component 1**”). The second component covers René Mouawad Air Base (“**OLKA**”), which is anticipated to be converted from a military airbase today into a civil aviation airport serving northern Lebanon and operated and maintained by the private sector (“**Component 2**”). Component 1 and Component 2 or Component 1 only, subject to Section 1(b) below, shall be referred to herein as (the “**Project**”).

- D. IFC, a member of the World Bank Group, is an international financial institution, of which the Republic of Lebanon is a member, with experience in the areas of privatization and PPPs.
- E. The Client has appointed IFC, on an exclusive basis, and IFC has accepted such exclusive appointment, to act as the Lead Transaction Advisor to assist the Client in the design and implementation of a transaction, including due diligence and structuring, designing and implementing a competitive and transparent process to identify and select one or several private sector participant(s) (“**PSP**”) under a single contract to implement the Project, in accordance with applicable Lebanese laws and regulations and best international practices (the “**PPP Transaction**”), on the terms and conditions set out in this Agreement.

THE PARTIES AGREE AS FOLLOWS:

Section 1. The Services

(a) IFC will provide to the Client the services described in Annex 2 (*Services*) (the “**Services**”) to assist the Client in achieving the objective of attracting private sector participation for the development, construction, financing, operation and maintenance of all components of the Project. As further detailed in Annex 2, the Project shall be assessed under Phase 1 of the Services (Due Diligence and Structuring) which comprises Phase 1A (Initial Feasibility Assessment) and Phase 1B (Detailed Due Diligence and Transaction Structuring). while the tendering and award processes shall be undertaken in Phase 2 (Tender and Award). If the GoL elects to pursue any component of the Project through a procurement model other than a competitive tender, the Parties shall discuss in good faith any necessary changes to the scope of the Services and other relevant provisions and shall, accordingly, execute an addendum to this Agreement reflecting any such changes. Any such amendment shall be subject to IFC’s prior internal approvals.

(b) Phase 1A shall be subject to IFC securing the necessary donor funding. At the conclusion of Phase 1A, IFC shall deliver to the Client a Critical Issues Report (as defined in Annex 2 below), setting out IFC’s recommendation on the key red flags that may impact the bankability of the PPP Transaction as well as the proposed scope of the transaction, based on the findings of Phase 1A. The proposed scope may include both Component 1 and Component 2, if determined to be feasible, or focus only on Component 1. The commencement of Phase 1B shall be subject to (i) the Client’s written approval of the scope of the PPP Transaction following submission of the Critical Issues Report; and (ii) IFC securing the necessary donor funding.

Phase 1B will conclude with the submission of Transaction Structure Report and the commencement of Phase 2 shall be subject to (i) the Client's written approval of the Transaction Structure Report; and (ii) IFC securing the necessary donor funding.

(c) The Services shall be performed by IFC through its own staff and external consultants specialized in various areas of expertise, retained by IFC at its sole discretion (the "**IFC Consultants**"). IFC shall be entitled to add, remove or replace its own staff as well as any of the IFC Consultants as it deems appropriate in its sole discretion.

(c) The Client may retain, at its own risk and expense, consultants in connection with the PPP Transaction ("**Client Consultants**"), provided that no Client Consultant may be retained by the Client unless IFC has given its prior written non-objection to the terms of reference and identity of each Client Consultant. While IFC will communicate and coordinate with the Client Consultants for the purposes of the Services, IFC shall have no duty to supervise the Client Consultants and shall have no responsibility or liability whatsoever for any actions or omissions by the Client Consultants or any advice, services or other work product provided or prepared in whole or part by any Client Consultant.

(d) Annex 3 (*Staffing*) contains an indicative list of IFC staff and IFC Consultants who are anticipated to be involved in carrying out the Services.

(e) The Client shall direct any person that enquires about the PPP Transaction to contact IFC through the IFC Team Leader named in Annex 3 (*Staffing*).

(f) The Client has primary responsibility for the implementation of the Project and the PPP Transaction and for making all relevant decisions (including without limitation approving the Transaction Structure Report and selecting the PSP(s) to implement the Project) and taking all necessary actions in relation thereto in accordance with applicable law (including applicable international treaty obligations) in a timely manner. The Client shall do all things necessary to enable IFC, its staff and the IFC Consultants to carry out the Services hereunder, including:

- (i) on an ongoing basis providing to IFC all relevant information about the Client, the PPP Transaction and the Project (including any changes) or any other matters which may affect IFC's ability to perform of the Services, or the manner or likely duration of their performance, or about any others matters which IFC may reasonably request;
- (ii) permitting representatives of IFC, including IFC staff and IFC Consultants, to visit and inspect the Project sites and granting access to its books of account and records and to its employees, managers, auditors and agents but only in connection with the Project and the PPP Transaction;

- (iii) providing such information or support to IFC as may be reasonably necessary to enable IFC to perform the Services efficiently and effectively;
- (iv) The Client will within 30 days of signing this Agreement, after approval by the relevant authorities, establish the Project Committee as per article 3, sections 3 and 4 of law 48/2017 (PPP Law) comprising representatives from relevant ministries, agencies and stakeholders, and shall notify IFC of its members. The Client will establish the Project Team within 30 days of signing this Agreement. This Project Team will coordinate in a timely manner between IFC and the Client all matters related to the proper execution of the Project. The Client will also field an appropriately authorized Client Counterpart for the purposes of Section 3 (Parties' Representatives and Notices).

(g) The Client acknowledges that among IFC's objectives is the promotion of effective, transparent and competitive transactions and accordingly, IFC strongly encourages the Client to take all reasonable actions under its control and authority to implement the recommendations of the World Bank Group Framework for Disclosure in Public-Private Partnerships (the "PPP Disclosure Framework"), as best practice for creating a systematic structure for proactive disclosure of information concerning the Project and the PPP Transaction. The PPP Disclosure Framework can be found at: <http://pubdocs.worldbank.org/en/773541448296707678/Disclosure-in-PPPs-Framework.pdf>.

(h) The Client, together with the selected PSP(s), shall be responsible for the identification, management and mitigation of all environmental and social risks associated with the Project. The Client acknowledges that in carrying out the Services, IFC will advise the Client in a manner consistent with the IFC Performance Standards on Environmental and Social Sustainability (the "IFC PS"). In designing and carrying out the PPP Transaction, the Client will endeavor to apply the IFC Performance Standards. In order to provide guidance to the Client in its application of the IFC Performance Standards, IFC will carry out the activities described in Annex 2 (*Services*), provided however that IFC shall have no duty or liability to the Client or any third party for (i) any non-compliance by the Client or the selected PSP(s) with the IFC Performance Standards or any applicable laws and regulations, or (ii) managing any environmental and social risks associated with the Project.

(i) IFC has always worked to avoid fraud and corruption in all of its activities and continues to strengthen its governance and anti-corruption work. IFC's procedures for addressing allegations of fraud and corruption in IFC projects can be found at www.ifc.org/anticorruption.

(j) The Client agrees that it shall not (i) enter into any transaction, or engage in any activity, prohibited by the United Nations Security Council or its Committees pursuant to any resolution under Chapter VII of the United Nations Charter; or (ii) engage in (or authorize or permit any person or entity acting on its behalf to engage in) any corrupt, fraudulent, coercive,

collusive or obstructive practices (“**Sanctionable Practices**”) with respect to the PPP Transaction, the Project or any transaction contemplated by this Agreement.

(k) ***Project Information and Personal Data.*** (A) The Client is responsible for all notices, consents and/or authorizations related to the collection and transfer of any data or information (including Personal Data) by or on behalf of the Client for the purpose of disclosure to potential PSPs in relation to the Project or the PPP Transaction or to IFC and the IFC Consultants and the further use or processing of such data or information by IFC and the IFC Consultants for purposes of the PPP Transaction. For purposes of this Agreement, “Personal Data” means any information relating to individuals or otherwise considered or defined as personal data, personally identifiable or personal information by any applicable privacy, electronic communications or data protection laws, rules and regulations.

(B) Without prejudice to its obligations pursuant to sub-paragraph (A) above, if the Client or anyone acting on its behalf discloses any Personal Data to IFC or the IFC Consultants in connection with the Project (other than names and contact details of Client personnel involved in the Project), including for purposes of disclosure to potential PSPs in relation to the Project or the PPP Transaction through and on-line project website or data room facility or otherwise, the Client shall ensure that:

- (i) unless IFC or the IFC Consultants have requested or agreed to the provision of the information in personally identifiable form, the information is redacted or anonymized so that no individuals are identified or identifiable; and
- (ii) if any individuals ***are*** identified or identifiable from the information:
 - (1) the disclosure complies with any data protection or data privacy laws applicable to the Client (such as any requirements to provide information to, or obtain consents from, those individuals), taking full account of IFC's and the IFC Consultants' expected use of the information, including in connection with provision of the Services and as set forth in IFC's Products and Services Privacy Notice (ifc.org/privacy/productnotice);
 - (2) reasonable steps are taken to ensure that the information is accurate and proportionate to the purposes of disclosure, and that the disclosure is fair to the individuals concerned; and
 - (3) the information is protected by appropriate security measures in transmission.

(C) The Client shall indemnify and hold harmless IFC and the IFC Consultants from and against any liabilities, losses, damages, costs and expenses resulting from any claims, actions or proceedings, including regulatory actions, arising from or related to any breach of the Client's obligations or responsibilities under this paragraph (k) or to the disclosure of Personal Data or IFC's or the IFC Consultants' use thereof.

(1) **PPP Transaction Website.** The Client shall ensure that an appropriate secure on-line project website or data room facility for prospective bidders ("**PPP Transaction Website**") will be available for the PPP Transaction. At the request of the Client, IFC will retain the services of an IFC Consultant to: (1) assist the Client in designing the PPP Transaction Website, (2) provide guidance to the Client on an appropriate third party provider and (3) retain the services of a third party provider satisfactory to the Client and IFC under customary terms and requirements for such websites; provided however that:

- (i) IFC shall have no responsibility for the PPP Transaction Website (including its contents and its operation), nor for any act or omission of any service provider or consultant engaged, for verifying the completeness and accuracy of all information made available on the PPP Transaction Website and for complying with all requirements of applicable law in connection with any Personal Data made available on the PPP Transaction Website;
- (ii) IFC shall not be responsible or liable for any loss, damage, obligation, liability, cost, or expense whatsoever that the Client or any third party may suffer or incur directly or indirectly as a result the use of or inability to use the PPP Transaction Website, including but not limited to any act or omission of any third party website service provider, or for any claims relating to improper disclosure of Personal Data or for lost profits, lost data, loss of goodwill, work stoppage, computer failure or malfunction, or any other damages or losses whether actual or contingent, direct or indirect or any consequential damages or losses, even if IFC knew or should have known of the possibility of such damages or losses;
- (iii) IFC makes no express or implied representation or warranty whatsoever as to the accuracy or completeness of the PPP Transaction Website or any data or opinions prepared or uploaded by, or with the assistance of, IFC, any IFC Consultant or the Client or any Client Consultant, which shall be provided on an "as is" basis. IFC hereby disclaims all warranties, oral or written, express or implied, including any warranty of accuracy, completeness, merchantability, fitness for a particular purpose or non-infringement in connection with the PPP Transaction Website or any data obtained through it;
- (iv) the Client shall ensure that the PPP Transaction Website shall not include any means to offer or sell securities or otherwise place or offer any investment opportunity.

Section 2. Work Program and Indicative Timetable

(a) Subject to paragraphs (b) and (c) of this Section 2, IFC will endeavor to perform the Services in accordance with the work program and timetable set out in Annex 4 (*Work Program and Timetable*) and to this end IFC will endeavor to mobilize all means reasonably available to it to carry out the Services in a timely manner.

(b) The work program and timetable set out in Annex 4 (*Work Program and Timetable*) have been compiled based on IFC's present understanding of the requirements of each phase of the PPP Transaction, in light of information currently available to IFC, and these are given on an indicative basis. Further, IFC has assumed that the Client will act promptly in providing information, making decisions and providing necessary support and the Client Consultants (if any) will carry out their respective duties in a satisfactory and timely manner.

(c) The work program and timetable set out in Annex 4 (*Work Program and Timetable*) may be affected by further decisions that the Client may make from time to time during, or at the end of, each phase of the PPP Transaction and which may determine the course of performance of the following phase. IFC may notify the Client in writing, from time to time, if it believes that the Work Program or timetable require amendment, and any amendment must be agreed by the Parties.

Section 3. Parties' Representatives and Notices

(a) The Client shall select and appoint a person to act as client representative ("**Client Representative**") whose names shall be notified in writing to IFC on or before the Effective Date (as defined in Section 15 (*Effective Date*)). The Client Representative shall be of such level and responsibility, and have adequate access to decision makers, as to exercise overall authority to coordinate, on behalf of the Client, the involvement of any authority and third party in carrying out the PPP Transaction and making timely decisions hereunder.

(b) The Client Representative shall be authorized and empowered to act on behalf of the Client on all matters under this Agreement, and it is further agreed that:

- (i) reports, recommendations and other communications of any kind given by IFC to the Client Representative shall be deemed to have been duly given to the Client;
- (ii) instructions, approvals, waivers, consents, decisions and communications received by IFC from the Client Representative shall be deemed to have been duly given or made by, and received from, the Client;

and the Client Representative shall at all times conduct proper and efficient coordination and cooperation and ensure the mobilization of all necessary resources to enable IFC to carry out the Services.

(c) IFC hereby designates Michael Opagi, Regional Manager Public Private Partnerships Transaction Advisory Services as its representative ("**IFC Representative**") with power and authority to act on behalf of IFC on all matters under this Agreement.

(d) Any notice, request or other communication to be given or made under this Agreement shall be in writing. Any such communication may be delivered by hand, airmail, electronic mail, or established courier service to the party's address specified below or at such other address as such party notifies to the other party from time to time, and will be effective upon receipt.

For the Client:

Republic of Lebanon-High Council for Privatization and PPP

Email: m.makieh@pcm.gov.lb

Attention: Judge Mahmoud Makieh-Acting Secretary General

With a copy to

Republic of Lebanon-Ministry of Public Works and Transport

Email:

Attention: Minister Fayez Rasamny

For IFC:

International Finance Corporation

2121 Pennsylvania Avenue, N.W.

Washington, D.C. 20433

United States of America

Email: notifications@ifc.org

Attention: Director, PPP and Corporate Finance

With a copy to the IFC Representative

- Mr. Michael Opagi
Regional Manager
Transaction Advisory
PPPs & Corporate Finance
Middle East, Central Asia, Turkey, Afghanistan and Pakistan
Email: mopagi@ifc.org

- Mr. Mazen Alsad
Hub Lead and Principal Investment Officer
Transaction Advisory
PPPs & Corporate Finance
Middle East, Central Asia, Turkey, Afghanistan and Pakistan
Email: malsad@ifc.org

(e) Each Party may change its representative hereunder by giving written notice to the other.

Section 4. Remuneration

The Client shall pay to IFC the following fees:

- (a) a fixed fee of seventy-five thousand United States Dollars (US\$ 75,000) for the Services, payable upon the occurrence of the milestone specified below within (30) calendar days after occurrence of the milestone.

<i><u>Amount of Installment</u></i>	<i><u>Event upon which Payment is Due</u></i>
US\$75,000	Date of signature of this Agreement

- (b) a delay retainer fee (“**Delay Retainer**”) of thirty thousand United States Dollars (US\$ 30,000) per quarter, payable within 30 calendar days after the end of the relevant quarter, commencing on the 22nd month after the Effective Date, and ending on the termination of this Agreement, if any part of the Services remains unfinished 21 months after the Effective Date for reasons outside of IFC’s control (including Client unjustified delays).
- (c) a success fee of two million six hundred and twenty five thousand United States Dollars (US\$2,625,000) (“**Success Fee**”), payable within 30 calendar days of the commercial closing date of the PPP Transaction, i.e. the date on which the Final Project Documents (as defined below) for the Project are signed (irrespective whether conditions to effectiveness remain outstanding or not) (“**PPP Transaction Commercial Closing Date**”)
- (d) Without prejudice to the Client’s obligation to pay the Success Fee to IFC, the Client may (subject to applicable law) arrange for such Success Fee to be paid by the PSP(s) on the PPP Transaction Closing Date. Any payment finally received by IFC from the PSP(s) in coordination with the Client will, to that extent, reduce the Client’s obligation to pay the Success Fee, provided that the Client shall remain liable for any unpaid portion of the Success Fee.

- (e) For the purposes of this Section 4, "**Final Project Documents**" means the PPP agreement, or any agreement(s) providing for the implementation of the Project, whether in whole or in part, and irrespective whether the scope of the Project or the intended manner of implementation has changed between the date of this Agreement and the entry into the relevant Final Project Documents.

Section 5. Costs Reimbursement

- (a) All costs of IFC's own staff, including their out-of-pocket expenses for travel, accommodation and subsistence, are included in the remuneration referred to in Section 4 above.
- (b) With respect to the IFC Consultants, IFC will endeavor to locate suitable trust funds and other contributions from its donor and other partners to help reduce the overall cost to the Client (on the basis that such funds and contributions could be used to partly discharge the Client's payment obligations to IFC hereunder), provided that nothing herein is intended to impose, or shall be construed as imposing, on IFC an obligation to procure any such funds and contributions, nor shall the availability of any financial support from any such funds or contributions affect the Client's obligations under this Agreement.
- (c) If the Client fails to make timely payment of any amounts payable to IFC hereunder, IFC may, without prejudice to all rights and remedies hereunder and by law, suspend work and instruct the IFC Consultants to suspend work and/or terminate their mandates.

Section 6. Other Transaction Costs

The fees and expenses referred to in Sections 4 (*Remuneration*) and 5 (*Costs Reimbursement*) above relate only to the scope of IFC's Services and therefore do not include other fees and expenses which may arise from the implementation of the PPP Transaction, such as placement costs, advertising costs, public opinion campaign costs or any costs relating to the financing of the Project.

Section 7. Payments

- (a) All payments to IFC hereunder shall be made in full to IFC when due, in United States Dollars, in immediately available funds, without any deductions whatsoever for taxes, duties, charges or other withholdings (all of which shall be borne by the Client), into IFC's account as set out below, or at such other bank in such place as IFC may from time to time designate.

Account Holder: IBRD
Account Number: 36397302

Bank Name: CitiBank N.A.

Bank Address: 388 Greenwich Street, New York, NY 10013, United States

ABA (Fedwire and FedACH): 021000089

Swift BIC Address: CITIUS33XXX

(b) Where any fee payable to IFC hereunder is calculated by reference to amounts denominated in any currency other than United States Dollars, the amount in United States Dollars of that payment shall be calculated using the highest rate of exchange for the purchase of United States Dollars with that other currency or currencies prevailing on the date of the relevant transaction giving rise to that payment, irrespective of the actual date of payment.

(c) If the Client fails to make any payment hereunder when due, it shall pay interest on the amount of that payment at the per annum rate of 1% over the Federal Funds Effective Rate for overnight deposits as published on a daily basis by the Federal Reserve Bank of New York, on each day during which that payment remains unpaid, and that interest shall accrue from the date the relevant payment became due until the date of actual payment (before judgment as well as after judgment).

Section 8. Termination

(a) The Client may at any time in its discretion terminate this Agreement by giving IFC written notice at least 30 days prior to the effective date of termination.

(b) In the event that:

- (i) the Client at any time decides not to award or proceed with the PPP Transaction or the Project after the Services referred to in Annex 2 (*Services*) have been completed or otherwise suspends, terminates or decides not to proceed with the PPP Transaction or the Project, or
- (ii) progress on the PPP Transaction or the Project slows or ceases for an extended period in circumstances which suggest (in the opinion of IFC following consultation between IFC and the Client) that the Client or the Government of Lebanon is de-prioritizing, delaying, suspending or terminating the PPP Transaction or the Project (including for example by not issuing bidding documents or not approving the Transaction Structure Report, or the Project Documents for signature within a reasonable period),

then IFC may give written notice to the Client stipulating that, unless the Client and IFC reach an agreement to the contrary within 30 days of such notice, the PPP Transaction shall be deemed to have been indefinitely suspended by the Client and this Agreement shall be deemed to have been terminated by the Client with effect from the date falling 30 days after the date of such notice.

(c) IFC may at any time in its discretion terminate this Agreement by giving written notice to the Client at least 30 calendar days prior to the effective date of

termination. Unless such termination is due to circumstances that cannot be reasonably expected to be resolved satisfactorily within a 30 day period, IFC will endeavor to consult with the Client before issuing a notice of termination pursuant to this paragraph (c).

(d) Unless the Parties hereto otherwise agree in writing or this Agreement terminates earlier pursuant to paragraph (a), (b) or (c) of this Section 8, this Agreement shall terminate 36 months after the Effective Date.

(e) Upon termination of this Agreement and subject to the provisions of paragraph (f) of this Section 8, the obligations of the Parties under this Agreement shall forthwith terminate without prejudice to any rights accrued prior to the date of termination, and in such case:

- (i) the Client shall promptly pay all fees payable to IFC that have fallen due pursuant to Section 4 (*Remuneration*) accrued up to and including the effective date of termination;
- (ii) if this Agreement has been terminated (x) by the Client pursuant to paragraph (a) or (b) of this Section 8, or (y) by IFC pursuant to paragraph (c) of this Section 8 but only as a result of the Client failing to perform any of its obligations under this Agreement, or (z) pursuant to paragraph (d) of this Section 8, the Client shall also pay promptly the following amounts:
 - (1) if termination occurs after the Effective date of this Agreement but prior to the delivery of the Transaction Structure Report, the Client shall pay IFC a termination fee of 40% of the Success Fee;
 - (2) if termination occurs after the presentation of the Transaction Structure Report but before the delivery of the Final Project Documents, the Client shall pay IFC a termination fee of 60% of the Success Fee;
 - (3) if termination occurs after delivery of the Final Project Documents, the Client shall pay IFC a termination fee of 100% of the Success Fee;
 - (4) if termination occurs after the presentation of the Transaction Structure Report and the Client within 18 month of the date of termination enters into a transaction with any person which is materially similar to the Project or in large part was informed by the work done by IFC or the IFC Consultants hereunder, the Client shall pay to IFC a termination fee of 100 % of Success Fee within 60 days of the Client having signed documents contemplating such transaction, minus any termination fee actually paid to IFC under subparagraphs (3) or (4) above;

Provided, however, that none of the amounts referred to in this paragraph (e) of this Section 8 shall be due if the Client has lawfully terminated this Agreement due to a substantiated failure by IFC to carry out its duties hereunder otherwise than as a result of (A) any of the events referred to in Section 12 (*Force Majeure*) or (B) a corresponding failure by the Client to perform any of its obligations hereunder.

(f) Notwithstanding anything herein or elsewhere to the contrary, the provisions of Sections 7 (*Payments*), 8 (*Termination*), 13 (*Reports, Documents and Materials*), 14 (*Disclaimers and Indemnification*) 16(a) through 16(f) (*Access to Information*) and 17 (*Settlement of Disputes*) shall survive the termination of this Agreement.

Section 9. Impact Measurement

As an international development organization, IFC is required under its policies to assess the Project's performance using development and other performance indicators. For this purpose, the Client shall provide to IFC such data and information as IFC shall reasonably request to enable IFC to measure the Project's performance. After termination of this Agreement and for a period of five years thereafter, the Client shall endeavor, to the extent reasonably feasible, to provide such data and feedback and to facilitate access by IFC staff to the Project operators for the purpose of assessing the Project's performance.

Section 10. Authorizations

(a) The Client represents and warrants that it has obtained all Authorizations (as defined in paragraph (c) of this Section 10) required by it to enter into this Agreement, perform all of its obligations hereunder and be bound by all its provisions (including the payment and remittance of all fees payable to IFC hereunder).

(b) The Client shall obtain and maintain at all times in effect all Authorizations required for the full implementation of this Agreement, the effective performance by IFC of the Services, the performance by the Client of its obligations hereunder (including the payment and remittance of all fees payable to IFC and the entry into the Project Documents).

(c) For the purposes of this Agreement, "**Authorization**" means any corporate, creditors' and shareholders' approval or consent or non-objection, and any license or approval (howsoever evidenced), registration, filing or exemption from, by or with any national, supranational, regional or local governmental, municipal, administrative or judicial department, commission, authority, tribunal, agency or entity, or central bank (or any person that exercises the functions of the central bank, whether or not government owned and howsoever constituted or called).

Section 11. Standard of IFC Performance; Conflicts of Interest

(a) IFC shall carry out the Services diligently and professionally. In performing the Services, IFC will take into account of the Client's objectives stated in paragraph B of the Introduction, the anticipated requirements of PSPs and their lenders, and market practices.

(b) IFC shall, in performing the Services, endeavor to comply with the relevant laws and regulations of the Republic of Lebanon and those of any jurisdiction in which any part of the Services is performed by IFC. IFC will not be obliged to perform Services to the extent such performance would result in the breach of laws or regulations.

(c) IFC may rely, and its analyses and recommendations will be based on, information provided or caused to be provided to IFC by the Client ("**Client Information**") as well as on the work product, including studies, reports, analyses and opinions, of the Client Consultants (if applicable) and of the IFC Consultants, including international and local legal consultants ("**Third Party Work Product**"). IFC is entitled to assume the accuracy, completeness and sufficiency of the Client Information and Third-Party Work Product without undertaking independent verification.

(d) IFC does not make any offer or commitment to invest in, or provide financial resources (whether for its own account or otherwise) to, the Project, the Client or any party designated by the Client, in connection with the Services or the Project.

(e) IFC is providing the Services as part of its development mandate. The Client acknowledges that IFC is not a registered broker-dealer and is not acting in any fiduciary capacity with respect to the Client or any other party or as a legal representative or an agent of the Client, whether pursuant to contract or otherwise, and agrees that the Client shall not make, and hereby waives, any claim based on an assertion of such fiduciary or agency capacity.

(f) The Client understands and acknowledges that:

- (i) IFC or other World Bank Group entities have had prior involvement with the Project ("**Prior Interest**");
- (ii) IFC or other World Bank Group entities may currently or may in the future (or have in the past) provide(d) debt or equity financing to, guarantees for the obligations of, or have (had) a voting interest in, own(ed) rights to acquire direct or indirect financial interests in, be (been) entitled to appoint one or more members to the board of directors (or similar body) of, provide(d) political risk insurance to or otherwise be (been) engaged in an investment-related relationship with one or more potential bidders or the winning bidder or their affiliates for the Project ("**Bidder Financial Interest**"); or
- (iii) IFC or other World Bank Group entities may currently or may in the future (or have in the past) provide(d) technical assistance or advisory services (including but not limited to strategic advice) to or arrange

financing on behalf of one or more other potential bidders or the winning bidder or their affiliates for the Project (“**Bidder Advisory Interest**”)

(g) The Client acknowledges that actual or perceived conflicts of interest may exist or arise from time to time between the obligations of IFC as advisor to the Client under this Agreement and the interests of members of the WBG in relation to any Prior Interest, any Bidder Financial Interest or Bidder Advisory Interest (“**Conflicts of Interest**”).

(h) IFC shall institute and maintain for the life of this Agreement, measures to mitigate such Conflicts of Interests that include separation of teams and restrictions on the sharing of confidential or sensitive information between such teams, unless the information owner has given its prior written consent, all in accordance with IFC’s and The World Bank Group's processes and procedures regarding the management of business conflicts of interest.

(i) The Client consents to the mitigation arrangements described above, and hereby waives and releases any and all claims based on an assertion of any Conflict of Interest or improper use of information in relation to any of the foregoing and indemnifies and holds harmless IFC from any loss, claim, damage or claim arising from or in connection with any such Conflict of Interest or use of information.

Section 12. Force Majeure

To the extent that the performance by IFC of any of the Services is delayed or prevented by causes beyond its reasonable control, including acts of God, acts of local, state or federal government or any instrumentality thereof, strikes, civil commotion or the like, IFC shall not be in default of its obligations hereunder.

Section 13. Reports, Documents and Materials

(a) All reports, analyses, advice or other materials which are supplied to the Client by, or with the assistance of, IFC are solely for the Client’s information, benefit and use in connection with the PPP Transaction and may be distributed by the Client as needed among its employees, officers and consultants in connection with the PPP Transaction, if and to the extent necessary, but are not to be used or relied upon for any other purpose or to be published, disclosed or delivered to, or relied upon by, any other party without the written consent of IFC. Any information memorandum, prospectus or other offering document intended for distribution to potential investors or PSPs or any invitation to potential investors or PSPs to participate or express an interest in participating in the Project, may only be released after it shall have been accepted, ratified or adopted by the Client as its own, and then only on condition that each copy so released contains the customary notices and disclaimers in form and substance satisfactory to IFC.

(b) The Client shall not hold itself out, nor permit any of its employees, officers or dependencies to hold out as representing IFC, and it shall not represent, or permit such employees officers or dependencies to represent, IFC's views without the prior written consent of IFC.

(c) The Client shall not use, or permit the use of, IFC's name, marks or logos in any advertisements, promotional literature or information, signage, marketing materials, brochures, websites, press releases or any other similar public materials in any medium whatsoever, without the prior written consent of IFC in each instance.

(d) All materials owned by a Party prior to the date of this Agreement (the “**Pre-existing Materials**” of such Party) and used in connection with the PPP Transaction, and all related intellectual property rights (including copyright, patent, trademark, trade secret and other proprietary rights), shall remain the sole property of such Party. IFC hereby grants to the Client, and the Client hereby grants to IFC, a non-exclusive, fully paid-up license to use its Pre-existing Materials and related intellectual property rights (including the right to make and use derivative works therefrom), solely as needed for the licensed party to exercise the rights granted to it herein or to perform its obligations hereunder. For the purposes hereof, “materials” include information, data, databases, charts, graphics, artwork, photographs, reports, audio materials, video materials, audio-visual materials, software, applications, inventions, processes, and other materials in whatever form.

(e) Notwithstanding any other term of this Agreement but subject to the provisions of paragraph (c) of Section 16 (*Access to Information*), IFC shall have the world-wide, irrevocable, non-exclusive right and license to use and otherwise exploit the advice provided by IFC to the Client for the benefit of IFC's other clients and in other projects in which IFC participates, as well as to allow such other of IFC's clients to use such advice in connection with their respective business activities.

Section 14. Disclaimers and Indemnification

(a) IFC makes no express or implied representation or warranty as to:

- (i) the accuracy, completeness or sufficiency of any Client Information or Third Party Work Product;
- (ii) the accuracy, completeness or sufficiency of any reports, documents, analyses, memoranda, or prospectuses, including any projections or estimates contained therein, prepared by or with the assistance of IFC (“**IFC Work Product**”);
- (iii) the extent of success that may be achieved in the implementation of any recommendation contained in the IFC Work Product, or in soliciting the participation of potential investors or PSPs by the Client, the implementation of the PPP Transaction or the Project or the provision of any financing therefor.

(b) IFC shall not be liable for any loss, cost, damage or liability that the Client or any of GoL agencies, subdivisions and affiliates, or any of their respective shareholders, or any lender, PSP or investor or potential PSP or investor, or other third party, may suffer or incur as a result of

the performance by IFC of the Services, or from using or relying on any such Services or any IFC Work Product, unless and only to the extent that an arbitration tribunal duly established in accordance with the provisions of Section 17 (*Settlement of Disputes*) determines by a final non-appealable arbitral award that such loss, cost, damage or liability was caused by gross negligence or willful misconduct on the part of IFC.

(c) Notwithstanding anything herein, IFC's liability, if any, arising from or in connection with this Agreement or the Services (i) shall not extend to any indirect, special, incidental, consequential or exemplary losses or damages, loss of profit or loss of opportunity, and (ii) shall not exceed the amount of the professional fees received by IFC for its own account under this Agreement.

(d) IFC shall not be liable for any breach of obligations nor any other conduct on the part of any bidder, PSP, investor, lender, or other entity with whom the Client, or any entity designated by the Client, enters into a Project Document or any other agreement connected with the Services, the PPP Transaction or the Project.

(e) The Client shall indemnify and hold IFC harmless against, and on demand by IFC pay or reimburse IFC for, any costs (including legal expenses) losses, claims, damages or liabilities that IFC and/or any IFC Consultant and/or any of its their respective employees, officers or agents may incur or become subject to (including as a result of any claim, suit action or proceeding, including regulatory actions, brought against any of them by any third party (whether or not affiliated with the Client) on whatever grounds), arising from or relating to any breach of the Client's obligations or responsibilities under this Agreement or in connection with the performance of the Services by IFC hereunder or the reliance by any person on anything done or not done by IFC ; provided, however, that the Client shall not be liable under the foregoing indemnity to the extent that an arbitration tribunal duly established in accordance with the provisions of Section 17 (*Settlement of Disputes*) determines in a final non-appealable arbitral award that any such loss, claim, damage or liability was caused by the willful misconduct or gross negligence of IFC, or, where any IFC Consultant stands to benefit from this indemnity, of that IFC Consultant.

(f) IFC reserves the right to assume control of the defense of any third party claim that is subject to indemnification by the Client, in which event the Client will cooperate with IFC in asserting any available defenses.

Section 15. Effective Date

This Agreement becomes effective on the date on which 1/ IFC confirms to the Client that it has secured donor funds to cover the cost of the Services for Phase 1A, 2/ the Client has provided evidence satisfactory to IFC that it has obtained all Authorizations to enter into this Agreement, perform all its obligations hereunder and be bound by all its provisions, including the payment and remittance of all fees payable to IFC hereunder and 3/ the Client has given written notice to IFC to proceed (the “**Effective Date**”).

Section 16. Access to Information

(a) As an international organization, IFC is subject to the IFC Access to Information Policy (the “AIP”) which governs IFC public consultation and disclosure obligations in relation to projects in which it engages. The AIP will apply with respect to all documentation, data and other information that IFC receives from the Client or third parties relating to the Client’s business, the PPP Transaction and the Project. The AIP is available on IFC’s web site at www.ifc.org/Disclosure.

(b) The AIP states that IFC does not disclose to the public financial, business, proprietary or other non-public information provided to IFC by its clients or third parties without the consent of such clients or third parties.

(c) Pursuant to the AIP, IFC does make available to the public certain information about IFC’s activities. Examples of such information include, with respect to IFC’s technical assistance and advisory services activities, good practices or reports that aim to enhance the development impact of IFC’s initiatives, and limited project-specific information, such as brief project descriptions, expected development impacts and actual results.

(d) In accordance with the AIP, IFC discloses information with respect to the Project and the PPP Transaction through IFC’s Advisory Services Project Information document (“ASPI”), by placement on IFC’s external project disclosure website (see www.ifc.org and click on IFC Projects/Disclosure). The text of the ASPI that will be initially disclosed is attached as Annex 5 (*Advisory Services Project Information Document (ASPI)*).

(e) The ASPI will be updated periodically to reflect development results in accordance with Annex B. In the event the ASPI needs to be revised to reflect material changes in the overall project description, expected development impacts or increased environmental or social risks, IFC will notify the Client in writing of the proposed updates prior to public release.

(f) The Client acknowledges that the AIP, and IFC’s policies and practices on the safeguarding of confidential information and management of conflicts of interests, will apply with respect to all documentation, data and other information that IFC receives from its other clients or from third parties. Accordingly, the Client acknowledges that such information may or may not be known to the IFC staff performing the Services, and that IFC will not disclose the existence of such information, use such information in providing the Services or disclose such information to the Client, without appropriate consents of such clients or third parties.

(g) The Client acknowledges that the IFC Compliance Advisor/Ombudsman (“CAO”) is the independent accountability mechanism for IFC for environmental and social concerns. Additional information about the CAO can be found at <http://www.cao-ombudsman.org/>. In the event that the CAO receives a complaint pertaining to environmental and/or social impacts related to the PPP Transaction and upon IFC’s request, the Client shall permit representatives of the CAO, during normal office hours and subject to any applicable laws

and regulations, to: (i) have access to the Client's documents and/or records relating to the PPP Transaction, and (ii) visit and inspect sites and premises of the Client where the PPP Transaction is being conducted, solely for the purpose of carrying out CAO's role under the IFC/MIGA Independent Accountability Mechanism (CAO) Policy dated June 28, 2021, which can be found at <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/889191625065397617/ifc-miga-independent-accountability-mechanism-cao-policy>. In carrying out its work, the CAO is also covered by the AIP. Accordingly, CAO may disclose information gathered during its activities, subject to the provisions and requirements of the AIP and of the CAO Policy.

Section 17. Settlement of Disputes

(a) This Agreement, and any non-contractual rights and obligations arising in connection with it, as well as any arbitration proceedings pursuant to paragraph (c) of this Section 17, shall be governed by, and shall be construed in accordance with, the laws of England.

(b) The Parties will endeavor in good faith to resolve any differences and disputes arising under, or in connection with, this Agreement by amicable settlement. If the difference or dispute cannot be settled amicably within thirty (30) days from the date on which either Party has served written notice on the other of the difference or dispute then the remaining provisions of this Section 17 shall apply.

(c) Absent amicable settlement, any dispute, claim, difference or controversy arising out of or having any connection with this Agreement including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (for the purpose of this Section 18, a “**Dispute**”), shall be submitted to the International Court of Arbitration of the International Chamber of Commerce and shall be finally resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce (for the purpose of this Section 17, the “**Rules**”) by one or more arbitrators appointed in accordance with the Rules. The Rules are incorporated by reference into this Section 18. The seat, or legal place, of arbitration shall be London. The language of arbitration shall be English. The jurisdiction of the English courts under section 45 and 69 of the Arbitration Act 1996 is excluded. The arbitral tribunal shall have the power to rule on its own jurisdiction, including any objections with respect to the existence, scope, or validity of the arbitration agreement(s), or with respect to whether all of the claims, counterclaims, and setoffs made in the arbitration may be determined in a single arbitration.

(d) No provision of this Agreement or of the Rules, nor the submission to arbitration by IFC, in any way constitutes or implies a waiver, renunciation, termination or modification by IFC of any of its privileges, immunities or exemptions granted in IFC's Articles of Agreement, international conventions, or any applicable law and IFC expressly reserves all of its privileges, immunities and exemptions thereunder.

(e) To the extent that the Client may in any jurisdiction claim or acquire for itself or its assets immunity (sovereign or otherwise) from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process (whether through service or notice or otherwise), the Client irrevocably agrees for the benefit of IFC not to claim, and irrevocably waives, such immunity, to the fullest extent permitted by the laws of such jurisdiction. The waiver of immunity herein shall constitute a limited and specific waiver for the purpose of this Agreement, and under no circumstances, shall it be interpreted as a general waiver by the Republic of Lebanon or a waiver of immunity in respect of property that is used solely or principally for official purposes (such as ambassadorial and consular real property and buildings and the contents thereof, or any bank accounts of embassies or consulates to the extent of monies maintained therein for ambassadorial, consular or other official purposes, but not commercial purposes, in each case necessary for the proper official, ambassadorial or consular functioning of the Client).

Section 18. Suspension

The Parties may by mutual written consent decide to suspend the performance of this Agreement for such period of time and upon such terms and conditions as they shall determine; provided however that, unless the Parties otherwise agree, all deadlines set out in this Agreement that fall on and after the date of suspension shall be extended by the actual duration of the suspension.

Section 19. Amendments

Any amendment or waiver of, or any consent given under, any provision of this Agreement shall be in writing and, in the case of an amendment, shall be signed by the Parties.

Section 20. Saving of Rights

No course of dealing and no failure or delay by either of the Parties in exercising any power, remedy, discretion, authority or other right under this Agreement shall impair, or be construed to be a waiver of or an acquiescence in, that or any other power, remedy, discretion, authority or right under this Agreement, or in any manner preclude its additional or future exercise.

Section 21. No Assignment

No Party shall be entitled to transfer or assign any of the rights or obligations under this Agreement without the prior written consent of the other Party.

Section 22. Entire Agreement and Counterparts

(a) This Agreement, together with all its Annexes, constitutes the entire agreement between the Parties and supersedes any and all prior agreements, understandings and arrangements, oral or written, between the Parties with respect to the subject matter hereof. If any

term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall not be affected, and this Agreement shall be construed as if such invalid, illegal or unenforceable term had not been included.

- (b) This Agreement may be executed as a single document or in several counterparts.

Section 23. Interpretation

In this Agreement:

- (a) headings are for convenience only and do not affect the interpretation of this Agreement;
- (b) words importing the singular include the plural and vice versa;
- (c) a reference to a Section or Annex is a reference to that Section of, or that Annex to, this Agreement; and
- (d) the words “including”, “include”, “in particular” and words of similar effect shall not be deemed to limit the general effect of the words that precede them.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed in their respective names as of the date first above written.

THE REPUBLIC OF LEBANON
REPRESENTED BY
The HIGH COUNCIL FOR PRIVATIZATION AND PPP

By : _____

Name: __Judge Mahmoud Makieh_____

Title : __Acting Secretary General_____

INTERNATIONAL FINANCE CORPORATION

By : _____

Name: _____

Title : _____

Background Information

(See Paragraph A of the Introduction)

Lebanon's aviation infrastructure plays a critical role in supporting the country's economic recovery. Beirut Rafiq Hariri International Airport ("OLBA") is vital for Lebanon's connectivity, trade, tourism, and the links with the diaspora, all of which are key sources of revenues and foreign currency. OLBA is Lebanon's sole commercial airport and international gateway, with a capacity of 6 million passenger per annum. It has been operating 40% over capacity until 2019, with infrastructure unable to accommodate growth or meet international safety, security, and environmental standards.

Moreover, reliance on a single congested airport creates economic, operational, and security vulnerabilities. The country has been trying for long to develop Qlayaat René Mouawad International Airport ("OLKA") in the north, as a secondary airport near Tripoli, Lebanon second largest city. OLKA was used for civilian traffic over 30 years ago but is currently operating solely as a military base, and would require significant development to accommodate passenger traffic.

Given Lebanon's fiscal constraints, the absence of a PPP track record, and the scale of the required investments, GOL wishes to introduce private sector participation through a PPP for investment and management of its airports. This approach aims to mobilize private investment, leverage private sector expertise, and generate fiscal revenues.

In this context, GoL has retained IFC as its exclusive lead transaction advisor to support the government in the preparation and tendering of the PPP transaction. The Project comprises two components and seeks to engage the private sector under a long-term PPP concession to rehabilitate, expand, finance, operate, and maintain:

- (i) Component 1: Rafic Hariri International Airport (OLBA) in Beirut; and, potentially,
- (ii) Component 2: Rene Mouawad Airport (OLKA) in Qlayaat—either as a single bundled transaction or through a phased approach.

The two airports are expected to be managed as a two-airport system, with OLBA continuing as the main international gateway, while OLKA would be developed and operated in phases as a secondary commercial airport. The due diligence will inform the recommended structuring approach, including whether to bundle both components under one concession or proceed with Component 1 only.

Scope of Work

IFC will follow a two-phased approach for the mandate. Phase I will be implemented in two sub-phases: Phase 1A (Initial Feasibility Assessment) and Phase 1B (Detailed Due Diligence and Transaction Structuring). Phase 1A will consist of (i) undertaking a high-level feasibility assessment of OLKA Airport (Component 2) to determine whether it should be included in the PPP Transaction, and (ii) commencing due diligence on OLBA Airport (Component 1). As part of Phase 1A, IFC will prepare initial traffic forecasts and high-level capex and opex estimates for both OLBA and OLKA Airports, based on available information and preliminary technical analysis. Phase 1A will culminate in the delivery of a Critical Issues Report, setting out IFC's recommendations on key issues and red flags that may impact the bankability of the PPP Transaction and the proposed scope of the transaction, including whether to proceed with Component 1 only or with Components 1 and 2 bundled, if determined to be feasible.

Phase 1B, subject to the Client's approval of the proposed scope and the availability of donor funding, will entail conducting detailed financial, commercial, legal, technical, environmental and social due diligence on the selected component(s) and developing and presenting the Transaction Structure Report, which will recommend the appropriate structure for the Project. Phase 1 will end once the Transaction Structure Report is approved by the GoL. Under Phase 2, IFC will support the GoL in marketing the transaction to bidders, prequalification of candidates, finalization of tender documentation, and assistance to the authorities in the negotiation, as well as evaluation and selection of the winning bidder by the GoL.

Phase 1: Due Diligence and Transaction Structuring:

Phase 1 shall be implemented in two sub-phases: Phase 1A (Initial Feasibility Assessment) and Phase 1B (Detailed Due Diligence and Transaction Structuring).

Phase 1A: Initial Feasibility Assessment

Phase 1A will focus on an initial feasibility assessment of the PPP Transaction and shall serve as a decision point on the scope of the Project. Main activities to be undertaken by IFC with the support of specialized consultants during Phase 1A will include:

- A high-level feasibility assessment of including OLKA Airport (Component 2) as part of the PPP Transaction, including initial assessment of implications for transaction scope and the Government revenue share;
- Commencement of due diligence on OLBA Airport (Component 1), based on available information and preliminary investigations;

- Preparation of initial traffic forecasts and high-level capital expenditure (capex) estimates for both OLBA and OLKA Airports, to inform the preliminary bankability assessment and the decision on whether to include Component 2;
- Identification of key technical, commercial, legal, environmental and social, and financial issues and red flags that may impact the bankability of the PPP Transaction; and
- Initial market sounding to gauge market appetite for bundling Component 1 and Component 2 and to test key structuring considerations on a high-level, non-binding basis.

At the end of Phase 1A, IFC shall submit to the Client a Critical Issues Report, summarizing the initial findings from the preliminary assessments, highlighting the key red flags that may impact the bankability of the PPP Transaction, and recommending the proposed scope of the transaction (i.e., whether to proceed with Component 1 only or with Components 1 and 2 bundled, if determined to be feasible).

Upon submission of the Critical Issues Report, the Client shall review and approve the scope of the PPP Transaction. The commencement of Phase 1B shall be subject to the Client's written approval of such scope and IFC securing the necessary donor funding.

Phase 1B: Detailed Due Diligence and Transaction Structuring

Main activities to be undertaken by IFC with the support of specialized consultants during Phase 1B will include:

a. Due Diligence – IFC will coordinate the team of specialized consultants to undertake technical, commercial, legal, E&S, and financial due diligence on the PPP Transaction. The financial analysis and structuring are done directly by IFC using inputs prepared by the IFC Consultant team. The outcome of the due diligence exercise will be a draft legal due diligence report, a draft technical due diligence report and a draft E&S due diligence (the “**Draft Due Diligence Reports**”) that will be submitted to the Client for their review and comments before being finalized. The due diligence will also inform the decision on whether the two components should be bundled together. The findings from the due diligence will be incorporated into the IFC Transaction Structure Report (“**Transaction Structure Report**”) which will be the basis for the structure of bid documents.

Specifically, this work will entail the following:

- i. Technical / commercial due diligence: A detailed analysis that includes a review of all existing studies related to the Project, undertaking technical investigations (including assessment of both airports against ICAO aviation safety requirements), preparing conceptual design, preparing a market analysis and air

traffic forecasts, assessing potential for further development of commercial (i.e. non-aeronautical) revenues, analyzing airport infrastructure capacity, defining the capital expenditure plan needed for the airport rehabilitation and expansion (hard infrastructure as well as equipment), and assessing the overall technical feasibility of the Project and allocation of technical risks between the Client and the private sector, taking into consideration climate change impacts in the proposed technical solutions. The analysis will cover both landside (terminal facilities) and airside infrastructure (runways, taxiways, and other relevant infrastructure).

- ii. Legal due diligence: IFC will conduct comprehensive due diligence covering legal and regulatory aspects relevant to the Project. As part of the legal due diligence, IFC will investigate the legal and regulatory framework that governs the operations and management of the two airports by focusing on titles of the relevant assets, rights, licenses, existing contracts of the airport, legal framework relevant for the Project, aviation sector due diligence, including review of the relevant directives and methodology for determining relevant charges, review of other applicable laws and by-laws impacting the Project (including legislation on land acquisition/allocation). IFC will also identify permits, approval, and licenses required for the Project and analyze fiscal regimes, including tax and duties, that will be applicable to the Project. IFC will closely liaise with the World Bank on the aviation policy framework. IFC will also prepare a term sheet that summarizes the key terms of the PPP agreement for the Project and high-level risk allocation.
- iii. E&S due diligence: As noted in Section 1 of this Agreement, the Client, together with the selected PSP, shall be responsible for the identification, management and mitigation of all environmental and social risks associated with the Project. Although IFC shall have no duty or liability for the compliance by the Client or the selected PSP with the IFC Performance Standards or any applicable laws and regulations, or for managing any environmental and social risks associated with the Project, IFC will undertake certain tasks described below in line with its objective of advising the Client in a manner consistent with the IFC Performance Standards.

A preliminary analysis, based on currently available information and finding from previous mandate, indicates that the key environmental and social risks of the Project relate to (i) labor and working conditions; (ii) occupational health and safety risks; (iii) potential legacy issues related to pre-bid improvement works under client responsibility; (iv) soil and groundwater contamination; (v) waste management; (vi) potential impacts on coastal water quality; (vii) community health and safety risks; (viii) Gender-Based Violence and Harassment (GBVH) and passenger safety; (ix) land acquisition potentially required for airport

expansion; (x) biodiversity and wildlife hazard risks; and (xi) potential presence of buried cultural heritage objects.

IFC Performance Standards (“PS”) PS1 - PS6 are relevant; the E&S due diligence will confirm the relevance of PS8 (Cultural Heritage) for the project.

- PS1 (Assessment and Management of Environmental and Social Risks and Impacts)
- PS2 (Labor and Working Conditions)
- PS3 (Resource Efficiency and Pollution Prevention)
- PS4 (Community Health, Safety and Security)
- PS5 (Land Acquisition and Involuntary Resettlement)
- PS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources)

IFC will commission external consultants to conduct an Environmental and Social Study of the existing airports and of foreseen Project-associated developments and activities in line with IFC PSs and legal requirements. The E&S Study will be based on review of all available E&S information, and a site visit, and will include: (i) conducting an E&S Due Diligence of current airport operations (for both airports) to identify compliance gaps, legacy issues, operational risks, and E&S management capacity constraints; (ii) identifying key E&S risks and impacts and preliminary assessment of key site specific impacts of expansion/modernization activities (e.g. preliminary noise modelling) and providing preliminary identification of mitigation measures; (iii) preparing ToR for further assessments or studies aligned with IFC PS, national laws, and Good International Industry Practice (GIIP), such as an Environmental and Social Impact Assessment; (iv) preparing frameworks to support subsequent Project activities (including if applicable Stakeholder Engagement Framework, Land acquisition and resettlement framework, Labor Roadmap for managing labor risks, workforce engagement, and workforce restructuring (redeployment, transfer, retrenchment), and (v) proposing an E&S risks allocation strategy.

IFC will provide advice to the Client consistent with the requirements of IFC Performance Standards with the ultimate objective to inform the IFC, the Client, and bidders about the key environmental and social (meaning environmental, safety, labor, social, and security) issues associated with the Project, related gaps, and proposed roadmap to close such gaps in order to develop the Project in line with national legislation and the IFC Performance Standards.

Disclosure and transparency due diligence

IFC will instruct IFC Consultants to conduct, in accordance with the PPP Disclosure Checklist/Diagnostic for Countries set out in Part III of the PPP

Disclosure Framework, a due diligence review of the disclosure environment applicable to the Project together with a gap analysis, so that the Client may incorporate transparency and disclosure design into the Project in accordance with the recommendations of the PPP Disclosure Framework including recommendations for closing any significant gaps identified in the due diligence and gap analysis process.

- iv. Financial analysis: Based on the technical, commercial, legal, and E&S due diligence analysis, IFC will develop a business plan and prepare a financial model, including projections for capital and operating costs for the identified scenarios above. Based on the financial implications of these scenarios, IFC will evaluate the viability of the Project, define the scope, the revenue to be potentially derived by the Client from the Project and assess the need for guarantees, financial support, and/or subsidies, and evaluate the quantum and mechanism.

b. Market / Investor Feedback – During Phase 1B, IFC will conduct targeted market sounding and consultations with potential investors, lenders, and operators to test market appetite for the proposed transaction structure and key commercial terms. The feedback received will be used to refine the recommended transaction structure.

c. Structuring Options – IFC will develop and present the Transaction Structure Report which will detail the different options for the Project scope and recommend the appropriate structure for the Project. The methodology used will incorporate the objectives and constraints of GoL, with the results of the technical, legal and E&S due diligence, the financial modeling and analysis of the transaction, the requirements of potential investors and the Project bankability.

The options will be presented to GoL and government stakeholders and will require strategic decisions on the structure of the transaction, with regards to key aspects, such as the main allocation of risks and responsibilities, the key performance indicators and the prequalification criteria.

Key Deliverables for Phase 1:

- The Critical Issues Report covering key red flags and the recommended scope of the PPP Transaction;
- The Draft Due Diligence Reports covering legal, technical, and E&S issues, followed by the final reports incorporating the GoL's comments; and
- The Transaction Structure Report (that covers technical, legal, commercial, financial, operational, E&S, term sheet and market feedback aspects) and recommend the most feasible scope of the transaction.

At this point, there would be a brief consultation phase, in which IFC's recommendations would be considered by GoL, discussed with other stakeholders and submitted to the Government of Lebanon for decision. Following IFC's receipt of the Client's official notice to proceed with Phase 2 and subject to IFC securing the required donor funding for Phase 2, IFC will proceed with Phase 2 to assist in implementing the transaction.

Phase 2: Transaction Implementation:

This phase encompasses the launch of the tender process with the objective of signing an agreement with the winning bidder. IFC will:

- a. *Prepare Prequalification documents:* Prepare the expression of interests ("**EOI**") and the request for qualification ("**RFQ**") in accordance with applicable policies and procurement rules (the "**Prequalification Documents**"), develop pre-qualification criteria, and assist GoL in pre-qualification of bidders for the Project;
- b. *Marketing of the Transaction:* IFC will engage actively with the market, by reaching out to already identified potential bidders and lenders, both in the region and globally. This would include preparing an Information Memorandum ("**IM**"), and participating in roadshows and/or bidder conferences;
- c. *Prepare the tender documents including:*
 - The Request for Proposal ("**RFP**") document and other supporting documents (including instructions, detailed Project information to the bidders and the criteria for bids evaluation), as required, for inviting bids;
 - The PPP agreement and if applicable, other credit enhancing agreements;
 - The Sponsors Agreement, if and to the extent that the Client is a shareholder in the Project and a party to such agreement; and
 - The Direct Agreement between the Client and the financiers of the Project, if applicable;together the "**Tender Documents**". The first version submitted to the Client by IFC is referred to as the "**Draft Tender Documents**" while the final version used by the bidders to submit their final bids is the "**Final Tender Documents**".
- IFC will include the results of the environmental and social due diligence undertaken in Phase 1 as an integral component of the bidding documents. In particular, IFC will:
 - Suggest technical provisions pertaining to environmental and social matters and consistent with national legislation and the IFC PS, GIIP, and the relevant General and Sector Specific WBG EHS Guidelines to be included in the PPP agreement.
 - Answer questions related to environmental and social matters from the Client and bidders.

- d. Organize with the Client a transparent international bidding process:* which will also involve defining ahead of time a pre-agreed target strategy for negotiations that will take place during the RFP period;
- e. Assist in pre-bid and bid evaluation process:* which will also involve responding to queries/comments by various parties and modifying the Project Documents, as required by the GoL; and,
- f. Assist in negotiations:* IFC will assist in negotiations as required by GoL in the negotiations with the preferred bidder in coordination with the Legal Consultant, to be appointed, for this purpose and assisting GoL with administering successful PPP Transaction Closing Date.

Key Deliverables for Phase 2:

- The Prequalification Documents.
- The IM;
- The Tender Documents (RFP, PPP agreement and other supporting agreements).

Staffing

(See paragraph (b) of Section 1 and paragraph (c) of Section 1)

IFC Staff

Team Leader: Mazen Alsad

Transaction Leader: Aurelie Arnaud

Co-Transaction Leader: Ingy Helmy

Team Members: Abbas Naqvi

Lead Environmental and Social Specialist: Oksana Rakovych

IFC Consultants

To deliver the Services, IFC will hire the following IFC Consultants:

- Technical and Environmental & Social Consultant
- Legal Consultant

Work Program and Indicative Timetable

(See paragraph (b) of Section 1 and paragraph (a) of Section 2)

Outlined below is an indicative timetable (the “**Indicative Timetable**”), assuming a work period of 12 months from the project kick-off (post mobilization of the IFC Consultants) to the tender award.

The actual timetable will depend on the complexity of the Project, the depth and accuracy of existing studies, the Client and Government of Lebanon’s prompt response in providing information and making decisions, including but not limited to the approval of the TSR to proceed to Phase 2 and approval of the Project Documents, as required. Furthermore, the Indicative Timetable will also depend on bidders’ requirements, any extra time required to seek legislative approvals (if any are required), negotiations with selected bidders, etc.

Project Indicative Timeline

	Months												
	0	1	2	3	4	5	6	7	8	9	10	11	12
TASA signing													
IFC consultants' mobilization													
Phase 1													
Kick-off and site visit													
Required data to be shared by GoL													
Diligence													
Critical Issues Report													
Market Sounding													
Financial Modeling and Analysis													
Draft and Present Transaction Structure Report (TSR)													
Approval of TSR by GoL													
Preparation of pre-qualification documents (RFQ)													
Phase 2													
RFQ process													
Approval of pre-qualified bidders and Project Documents													
Preparation of Project Documents													
RFP Process and bidders' due diligence													
Finalize Project Documents													
Preparing final bids													
Bid Evaluation													
Approval of preferred bidder/ Award													

IFCTasks

GoLTasks

Advisory Services Project Information Document (ASPI)

Overview

Project ID	610517
Project Name	Lebanon Airports
Status	Active
Region	Middle East and Central Asia
Primary Country	Lebanon
Other Countries	-
Primary Business Area	Transaction Advisory – Sector Development
Project Estimated Start Date	-
Project Estimated End Date	-
Estimated Total Funds Managed by IFC	
IFC Approval Date	-
Approved to Disclose on	-
Expected Development Impact for Public Disclosure	The project is expected to strengthen Lebanon's air connectivity by improving airport capacity, safety, and service quality, while mobilizing private investment and operational expertise. This should support tourism and trade, enhance the passenger experience, and contribute to economic growth and job creation.
Project Description for Public Disclosure	IFC is advising the Government of Lebanon on structuring a long-term PPP concession to rehabilitate, expand, finance, operate, and maintain Rafic Hariri International Airport in Beirut, and potentially Rene Mouawad Airport in Qlayaat, to enhance the country's aviation infrastructure and service delivery.

Indicator Results

Indicator	Results (CY-2027)	Cumulative
Number of people receiving access to improved services	Not Available	0
Value of financing facilitated	Not Available	0
Number of reports accepted by client	Not Available	0
Number of bids conducted	Not Available	0
Number of agreements (concession, etc.) signed	Not Available	0
Number of reports completed	Not Available	0

Environmental and Social Risks

Performance Standard	Description and Potential Impact	Mitigation
PS 1. Assessment and Management of Environmental and Social Risks and Impacts	As part of its Due Diligence, and as mandated by IFC's Sustainability Policy, the IFC team will screen this project to assess	IFC's advice will be provided in a manner consistent with the principles of the relevant Performance Standards. The IFC team will assist the client, as the

	consistency with IFC's Performance Standards. Performance Standards provisionally considered relevant to the project are PS1 to PS6.	final decision maker, in gaining a good understanding of IFC's Performance Standards.
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