Folder Title:	President Wolfensohn - Briefing Book for President's Meetings and Events - Prime Minister Rafic Hariri - Lebanon - December 16, 1996
Folder ID:	30486574
Series:	Meeting and event briefing materials
Dates:	01/01/1996 - 12/31/1996
Subfonds:	Records of President James D. Wolfensohn
Fonds:	Records of the Office of the President
ISAD Reference Code:	WB IBRD/IDA EXC-13-10
Digitized:	04/10/2025

Pre-Brief: Meeting with P.M. Hariri
(Lebanon)

Monday, December 16, 1996
5:30 - 5:45 p.m.
JDW Office

Meeting and Loan Signing: Lebanon
Prime Minister Rafic Hariri

Monday, December 16, 1996
5:45 - 6:05 p.m. – Meeting
6:05 - 6:15 p.m. – Loan Signing
E1227 Conference Room

Archive Management for the President's Office

Document Log

Reference # : Archive-01079

1085

Edit   Print

A. CLASSIFICATION

- [x] Meeting Material
- [ ] Trips
- [ ] Speeches
- [ ] Annual Meetings
- [ ] Corporate Management
- [ ] Communications with Staff
- [ ] Phone Logs
- [ ] Calendar
- [ ] Press Clippings/Photos
- [ ] JDW Transcripts
- [ ] Social Events
- [ ] Other

B. SUBJECT: PRE-BRIEF FOR PRIME MINISTER HARIRI MEETING (N) (B)
VENUE: E1227 (OFFICE.) - Monday, December 16, 1996 from 5:30-5:45 p.m.
CONTACT: E. SHAMSEDIN (ED's) @ 81035 (RAFIA)
IN ATTENDANCE: JDW, CKW, K. DERVIS, INDER SUD, HOVAGIUMIAN, HANY ASSAAD
(B) SAME AS ITEM BELOW
EXC: HANY // ALI (11/20)
MEETING/LOAN SIGNING: MR. RAFIC HARIRI, PRIME MINISTER OF LEBANON (B) (N) - Monday, December 16, 1996 from 5:45-6:05 p.m. Meeting & from 6:05 - 6:15 - Loan signing
VENUE: E1227 (CONF. RM.)
CONTACT: E. SHAMSEDIN (ED's) @ 81035 (RAFIA)
PROGRAM:
5:45 - 6:05 P.M. - MEETING
6:05 - 6:15 P.M. - LOAN SIGNING
IN ATTENDANCE: JDW, CKW, K. DERVIS, INDER SUD, HOVAGUIMIAN, K. AL-SAAD (ED), HANY ASSAAD
LEBANESE DELEGATION:
PRIME MINISTER RAFIC HARIRI
MR. FUAD SINIORA, MINISTER OF FINANCE
MR. NABIL, AL-JISR, PRESIDENT, COUNCIL FOR DEVELOPMENT AND RECONSTRUCTION
MR. RIAD TABBARAH, AMBASSADOR OF LEBANON TO U.S.
DR. NADIM MUNLA, ADVISOR TO THE PRIME MINISTER
DR. BASIL FULEIHAN, ADVISOR TO MINISTER OF STATE FOR FINANCIAL AFFAIRS
(B) BY MNAVP // DUE. DEC. 11, 1996
(M) TO BE PROVIDED BY MNAVP BY THURSDAY, DEC. 19
NOTES: LOAN SIGNING AGREED TO BY DERVIS (HANY ADVISED TO SCHEDULE) // ALL ARRANGEMENTS FOR PRESS FOR THIS EVENT WILL BE HANDLED BY DERVIS AND EXT
EXC: HANY // ALI (11/20)

DATE: 12/17/96

C. VPU

2719

① AH for HA

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE: December 17, 1996

TO: Distribution

FROM: Adil Kanaan, Division Chief, MN2CO

EXTENSION: 32952

SUBJECT: **Minutes of the Courtesy Meeting between Mr. Wolfensohn and Mr. Hariri, President of the Lebanese Council of Ministers (December 16, 1996)**[1]

1. Mr. Hariri invited Mr. Wolfensohn to visit Lebanon at his earliest convenience. He congratulated him on the quality of Bank staff working with Lebanon and expressed his satisfaction with the excellent teamwork and level and scope of support from the Bank. In particular, he appreciated the Bank's position during the "Friends of Lebanon" (FOL) meeting held earlier that morning and chaired by Secretary Christopher. Mr. Hariri felt that the meeting was excellent and, based on the statements made by the participants, he was hopeful that the $5 billion financing objective over the coming 5-year period would be attained.

2. Mr. Wolfensohn was delighted to hear that the FOL meeting went so well. He was very pleased to hear that the Bank's support to Lebanon is appreciated. The Bank is ready to increase its support in view of the needs of the country and its good economic management under the leadership of Mr. Hariri and his team. He would be very pleased to visit Lebanon soon.

3. Messrs. Wolfensohn and Hariri agreed that an economically strong Lebanon would be able to play a more effective role in the Middle East peace process.

4. The courtesy meeting was concluded by Messrs. Hariri and Wolfensohn signing the Loan and Project Agreements of the Power Sector Restructuring and Expansion Project. The signing ceremony was photographed by representatives of the Lebanese and international press.

Distribution: Messrs./Mme. Wolfensohn, Koch-Weser, Horiguchi (EXC); Derviş (MNAVP); Sud (MN2DR).

Messrs. Al-Saad, Shamsedin (EDS)

---

[1] A list of attendees is attached.

Attachment

Attendees

Government of Lebanon

H.E. Rafic Hariri, President of Council of Ministers
H.E. Fouad Siniora, Minister of State for Financial Affairs
H.E. Yasseen Jaber, Minister of Economy and Trade
H.E. Riad Tabbarah, Ambassador to the United States
Mr. Riad Salameh, Governor of Central Bank of Lebanon
Mr. Nabil El Jisr, President of Council for Development and Reconstruction

Advisors

Executive Director's Office

Mr. Khalid Al-Saad, Executive Director

Mr. Ezzedin Shamsedin, Advisor

World Bank

Mr. James D. Wolfensohn, President
Mr. Kemal Dervis, Vice President, MNA
Mr. Inder Sud, Director, MN2
Mr. Adil Kanaan, Division Chief, MN2CO
Ms. Atsuko Horiguchi, Assistant to the President, EXC

A Kanaan:pem
m:\leb\minfol.doc

Document of
THE WORLD BANK

FOR OFFICIAL USE ONLY

Report No: P-6863-LE

MEMORANDUM AND RECOMMENDATION

OF THE

PRESIDENT OF THE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

TO THE

EXECUTIVE DIRECTORS

ON A

PROPOSED LOAN

IN AN AMOUNT OF US$65 MILLION

AND A PROPOSED PARTIAL CREDIT GUARANTEE

IN AN AMOUNT OF US$100 MILLION

TO THE LEBANESE REPUBLIC

FOR A

POWER SECTOR RESTRUCTURING AND TRANSMISSION EXPANSION PROJECT

November 5, 1996

CURRENCY EQUIVALENTS

(As of February 1996)

Currency Unit = Lebanese Pound
US$1.0 = LL 1,600

WEIGHTS AND MEASURES

1 barrel (bbl)	=	0.16 cubic meter
1 Giga Watthour (GWh)	=	1,000,000 kilowatt hours (kWh)
1 kgoe	=	kilogram of oil equivalent
1 kilovolt (kV)	=	1,000 volts
1 Megawatt (MW)	=	1,000 kilowatts (kW)
1 Megavolt ampere (MVA)	=	1,000,000 volt-ampere
1 ton of oil equivalent (toe)	=	1,000 kilogram of oil equivalent

ABBREVIATIONS AND ACRONYMS

EDL	=	Electricité du Liban
ECAs	=	Export Credit Agencies
EIB	=	European Investment Bank
ERRP	=	Emergency Reconstruction and Rehabilitation Project
GOL	=	Government of Lebanon
IBRD	=	International Bank for Reconstruction and Development
ICB	=	International Competitive Bidding
ICR	=	Implementation Completion Report
IDB	=	Islamic Development Bank
IDC	=	Interest During Construction
IRR	=	Internal Rate of Return
IPP	=	Independent Power Producers
LSDP	=	Letter of Sectoral Development Policy
MHER	=	Ministry of Hydraulic and Electric Resources
NERP	=	National Emergency Reconstruction Program
PCR	=	Project Completion Report
PPAR	=	Project Performance Audit Report

FISCAL YEAR

(January 1 to December 31)

LEBANESE REPUBLIC

POWER SECTOR RESTRUCTURING AND TRANSMISSION EXPANSION PROJECT

Loan and Partial Credit Guarantee Project Summary

Borrower/Guarantor:	Government of Lebanon (GOL)
Implementing Agencies:	Electricité du Liban (EDL) and Ministry of Hydraulic and Electric Resources (MHER)
Beneficiaries:	EDL, GOL, urban and rural customers
Amount:	**Loan**: US$65 million **Guarantee**: US$100 million
Terms:	**Loan**: Standard variable interest rate for LIBOR-based US dollar single-currency loans payable in 9 years, including 9 years of grace (bullet repayment). **Guarantee**: Non-accelerable guarantee of repayment of principal at maturity, for a 10-year Eurobond priced at an indicative spread of 95-100 bp above 10-year US Treasuries with a tranche placed in the US under SEC Rule 144-A.
Relending Terms:	**Loan**: GOL would relend to EDL US$64.5 million of the loan at the prevailing Bank interest rate with repayment of principal in nine and a half (9½) years, including four and a half (4½) years of grace. US$0.5 million of the loan amount would be used by MHER to finance activities related to the restructuring of the sector and the establishment of a regulatory framework. **Guarantee**: GOL would re-lend the entire proceeds to EDL, net of underwriting fees, commissions and guarantee fee.
Commitment Fee:	0.75 percent per annum on undisbursed loan balances, beginning 60 days after signing, less any waiver.
Guarantee Fee:	0.25 percent per annum charged against the Bank's guarantee exposure, represented by the present value of the guaranteed amount at maturity, payable in advance in one lump-sum by GOL at financial closure date.

Financing Plan:

(US$ Million)

Source of Funds	Amount	Percentage of Total
EDL/GOL	56	12
Commercial Loans	79	16
EIB	20	4
IDB	31	6
ECAs/Buyers' Credits	130	27
French Protocol	5	1
IBRD Loan	65	13
Bank-Guaranteed Bond	100	21
Total	***486***	***100***

Economic Rate of Return: Not applicable for project component; 17 percent for sector investment program, valuing benefits at electricitry prices projected under the project.

Environmental Rating: "B"

Poverty Category: Not applicable

Staff Appraisal Report: Report No. 15478-LE

Map No.: IBRD 26093

Project Identification No.: 36087

Vice President: Kemal Derviş
Director: Inder K. Sud
Division Chief: Alastair J. McKechnie
Task Manager: Rama Skelton

MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO THE EXECUTIVE DIRECTORS ON A PROPOSED LOAN AND A PROPOSED PARTIAL CREDIT GUARANTEE TO THE LEBANESE REPUBLIC FOR A POWER SECTOR RESTRUCTURING AND TRANSMISSION EXPANSION PROJECT

1. I submit for your approval the following memorandum and recommendation on a proposed Loan of US$65 million and a proposed partial credit guarantee of up to US$100 million to the Government of Lebanon (GOL) to help finance a Power Sector Restructuring and Transmission Expansion Project. The loan would be at the Bank's standard LIBOR-based interest rate for US dollar denominated single-currency loans with a maturity of 9 years, including nine years of grace (bullet repayment). Part of the proceeds of the Loan would be onlent to Electricité du Liban (EDL) for 9½ years, including 4½ years of grace with the same interest rate and conditions as the Bank Loan. The Project would be financed by ECAs/buyers' credits, the European Investment Bank (EIB), Islamic Development Bank (IDB), the proposed IBRD loan, and a bond issue of US$100 million proposed to be guaranteed by IBRD.

Country/Sector Background

2. Rebuilding and returning Lebanon's war-ravaged economy to sustainable growth involves three phases: (a) short-term emergency rehabilitation; (b) medium-term reconstruction; and (c) long-term expansion within the traditional market-based and outward-oriented policy framework. Following this strategy, Lebanon embarked in late 1992 upon a three-year (1993-95), US$2.24 billion National Emergency Reconstruction Program (NERP). This initial program covered a series of high-impact rehabilitation investments, a limited development of new facilities in areas of most urgent need, as well as institutional strengthening and technical assistance elements. The NERP is supported by US$225 million of Bank assistance through the Emergency Reconstruction and Rehabilitation Project (ERRP, Loan 3562-LE, 1993), including a US$50 million supplement approved in May 1996, in the fields of power, water and waste water, solid waste, education, housing and telecommunications. Re-establishing institutional capacity in the power sector had not been specifically addressed under NERP. Focusing attention on this aspect has now become critical.

Electricity sector

3. The electricity supply system is dominated by the state-owned EDL, a vertically integrated utility with approximately 900,000 customers. Besides its own plant, EDL purchases from three independent hydroproducers and sells at wholesale to four private distributors. EDL is also the majority shareholder in the once-private Kadisha company, a producer and distributor to about 100,000 consumers in northern Lebanon. Installed generation capacity is about 1,389 MW (nameplate) of which 265 MW is hydro-electric and 1,124 MW thermal. A 220-kV interconnection with Syria has recently been rehabilitated and permits imports of up to 100 MW.

4. At the end of the hostilities, the electric power subsector was characterized by a damaged and dilapidated network and a fragile utility with an acute shortage of qualified staff. In particular, the transmission system was heavily damaged. Daily rotating blackouts have been routine since the late 1980s, with supply to consumers severely rationed, as only 500 MW to 600 MW of plant was operational versus a system demand of 1,100-1,300 MW. Most commercial and industrial customers and a significant proportion of residential consumers installed privately-owned diesel generators. An

aggregate of 600 to 800 MW of such small, inefficient units are thought to exist. In the absence of firm data, privately-generated electricity is estimated at 1500 GWh annually, giving an average load factor of 21 percent for these generators. These non-utility systems are environmentally unsound and cannot be expected to meet growth in demand. Furthermore, the extensive anarchic distribution networks associated with them are not only unsafe but also an unsightly feature of the urban landscape. In early 1996, after EDL had been able to provide a 24-hour supply service to customers, the owners of these back-up generators, set in place to meet the shortfall in EDL's supplies, were being persuaded to shut them down.

Re-establishing Financial Viability: Steps Undertaken and the Challenges Ahead

5. EDL has incurred losses for many years. Financial difficulties result from high technical and non-technical losses, including those resulting from widespread illegal connections coupled with loss of control over its commercial operations, and low tariffs. In 1995, technical and non-technical losses accounted for approximately 55 percent of production instead of a normal 10 to 12 percent for a comparable system. GOL and EDL are aware that tariffs need to be adjusted to reflect costs, but deferred action until a credible plan began implementation to regain mastery of EDL's commercial operations by: substantially reducing non-technical losses; improving collection ratios; and, improving service quality to a level of service continuity of close to 24 hours/day. Recently, tariffs were increased when most of the plant being rehabilitated (some 1,100 MW) entered service.[1] Additional steps were taken starting in 1996 to deal vigorously with billing weaknesses and non-technical losses. Turnkey contracts have been let to: (a) verify metering and correctly bill all medium and high voltage customers – a measure that covers 2,000 consumers, accounting for approximately 25 percent of EDL's forecast revenues in 1996; (b) normalize metering installations and records for some 140,000 customers in two urban areas where non-technical losses are disproportionately high; and (c) install a new commercial billing and customer accounting system. In addition, the contracting-out – under performance-based arrangements – of meter reading and revenue collection activities has been let to 18 private agencies covering areas outside of Greater Beirut. Despite these actions, EDL's losses in 1996 are forecasted at near US$150 million. Further tariff increases, financial restructuring, and measures to deal with the systemic problems in commercial operations are urgently required to accelerate the restoration of the sector.

Sectoral Strategy/Priority Policy Reform: Restructuring and the Unbundling of EDL

6. Consultants (funded by the Bank under the ERRP) recently completed a comprehensive management audit of the sector. Problems identified include a legal framework that is no longer suited to present circumstances; a severely weakened public utility, EDL, that suffers, *inter alia*, from a lack of management autonomy; acute skill shortages; and weak financial and commercial practices. At the same time, EDL is facing a major challenge in modernizing and expanding all aspects of its operations. The consultants developed a menu of options to re-establish the viability of the sector. Following a consultative process to discuss options and modalities for implementation with key stakeholders, the Government decided, in principle, to unbundle the main operational functions of EDL and bring in private management to run generation and distribution. Actions to implement these would be carried out in phases. The reform program includes: *a set of sector-wide restructuring actions* designed to introduce competition along with the participation of the private sector in utility operations; and, *a second set deals with internal reform actions for EDL itself* – to re-establish its financial viability and develop its

---

1 Effective March 1, 1996, the fixed charge component for all consumer categories was increased from LL1,000/kVA to LL1,200/kVA and a three-part rate with an on-peak charge of US$0.20/kWh was set for large consumers having a demand ≥300 kW. Effective October 1, 1996, a monthly rehabilitation surcharge that is expected to yield US$30 million on an annual basis, came into effect as follows: small consumers (< 3kVA) LL5,000/mo.; large consumers (> 3kVA) LL10,000/mo.; industrial consumers LL200/kVA.

management capacity in line with its newly-defined mandate under the new, unbundled, sector structure. The program is spelled out in detail in the Government's Letter of Sectoral Development Policy (LSDP; Annex 1.3 of the Staff Appraisal Report) [2]. Main elements of the overall reform program include:

- unbundling of the vertically integrated national utility into separate production, transmission, and distribution functions;
- privatization of these key functional areas in a program involving "affermage"[3] and upon approval by Parliament of the new electricity law, the establishment of several privately-operated regional distribution concessions;
- restructuring residual utility functions under the restructured EDL, which would now serve as an asset holding company (societé de patrimoine) while retaining the natural monopoly functions of sector planning; bulk power contracting; transmission and generation dispatch;
- introduction of two new laws: (a) a new sector electricity law; and (b) a new law and statutes covering the restructured EDL. The former law will provide for a competitive power market through the separation of electricity generation, transmission and distribution functions, the participation of the private sector therein, and the establishment of an autonomous regulatory body in the sector;
- a vigorous program to dramatically cut non-technical losses (over 40% of production is currently lost due to such causes) and to improve collections;
- in harmony with the technical loss reduction and collection improvement program (para. 5 above) make effective a series of annual rate increases to achieve sector solvency by year 2000;
- phase-out GOL subsidies -- now exceeding US$100 million/year -- to keep EDL afloat. Interim subsidies for years 1996-99 to be treated as grants until sector solvency is achieved;
- establish institutional capacity using a Project Management Team to manage the US$486 million transmission construction program; and
- the placement of a US$100 million GOL bond issue backed by the World Bank guarantee facility, to support the sector reconstruction and reform program.

7. GOL has indicated that sector unbundling will require new legislation. It is expected that a new EDL Law will be submitted to Parliament in 1998 allowing the utility to operate on a commercial basis; it will, *inter alia*, authorize the lease of assets on a long-term basis to private operators. However, preparation of bidding documents for the leasing contracts is underway. It is important to note that key initial steps of the reform program have already been implemented, i.e., the recapitalization of EDL (US$450 million of GOL debt has been converted to equity); the restoration of the Kadisha concession and the letting of management contracts for meter-reading and collection activities (see para. 5).

Sectoral Investment Program

8. National reconstruction – following the initial NERP phase – includes substantial investments in power. The 1995-2002 sectoral investment program is estimated at US$2.2 billion (including physical and price contingencies). Forty seven percent of the power program is for new generation projects,

---

2 Approved by the Council of Ministers of the Lebanese Republic, under Resolution #3746, September 26, 1996.

3 *Affermage* or "operational contracting "- a contractual leasing arrangement under which the private operator (*"fermier"*) leases state assets, and operates the facilities using his own working capital. Depending on contractual arrangements, new investments needed to operate/expand the leased facilities may be financed by the fermier.

totaling approximately 1,000 MW. The investment program also provides for the overdue replacement of about 200 MW of non-repairable capacity as well as additions to meet demand growth. Reinforcement of the transmission system accounts for a further 31 percent of the program, while distribution represents 18 percent. Implementation of the program is concentrated in the early years, due to the backlog of investment which could not be carried out during the war. The Government has proceeded with these capacity additions, as it considers them essential to providing utility-quality power supply throughout Lebanon and vital for the nation's economic recovery.

Project Objectives

9. The objectives are to : (a) expand a high-voltage transmission system to meet an integrated system peak demand of approximately 1,500 MW at the N-1 level of reliability[4]; and (b) assist the Borrower to implement the Action Program in the Letter of Sectoral Development Policy (LSDP) which provides for establishing an enabling environment for private sector involvement in the power sector, including the institutional restructuring of the sector.

Project Description and Cost

10. The proposed Project comprises two elements: (a) *an investment component* (US$480 million or 98.8 percent of the project cost), which would include 339 km of double- and single-circuit 220-kV transmission lines, 49 km of underground 220-kV cables, and 14 new 220-kV substations; and (b) *an institutional development component* (US$6 million or 1.2 percent) consisting of technical assistance for project implementation, training and assistance to implement the institutional reform action program defined in GOL's LSDP. Details of the planned routes of the 220-kV lines and cables, and the locations of substations and major generation stations are shown in the map attached (Map IBRD 26093). Schedule A provides details of project costs, by components, and the project financing plan. Schedule B provides a summary of the proposed procurement and disbursement arrangements. A timetable of key processing events is shown in Schedule C. Statements of Bank Loans and IFC Investments are given in Schedule D and the Lebanese Republic at a glance is shown in Schedule E. Schedule F is a summary of the Proposed Partial Credit Guarantee Operation. Staff Appraisal Report (No. 15478-LE), dated November 5, 1996, is being distributed separately.

Project Financing

11. The proposed Project is to be financed by buyers' credits (US$130 million), commercial loans (US$79 million), the European Investment Bank (US$20 million), the French Protocol (US$5 million), the Islamic Development Bank (US$31 million), the Government of Lebanon (US$56 million), a Bank loan (US$65 million) and Bank-Partial Credit Guarantee Bond (US$100 million). Both the EIB and the IDB loans have been approved. In view of the variance in financiers' procurement procedures, parallel financing for individual procurement packages is to be used. The Bank would finance a portion of the costs of two 220-kV substations and of the 220-kV underground cables connecting the IPC and Bahsas substations. The proposed Bank-Guaranteed Bond would also cover interest during construction (IDC). The Bank loan would be onlent by GOL to EDL at the IBRD interest rate.

12. GOL has opted for a bullet maturity of 9 years (from the first interest payment date) for the Bank loan with 9 years of grace in lieu of standard country terms (17 years maturity including 5 years of grace). The Bank's current policy allows for an extension of the grace period with a reduction in the total maturity on country or project grounds (in a 1 to 2 ratio, for a maximum, as in this case, of a 4-year

[4] This norm requires that the transmission system design and its configuration be adequate to reliably meet peak load demand, even in the event of the outage of any single element of the system.

extension of grace, and an 8-year reduction in total maturity). The relevant country grounds are that over the next 4 to 6 years, Lebanon will continue to have large post-war reconstruction needs while a sizable portion of the current public debt – most of which is domestic – will fall due. The Government's strategy is to contain the growth of total public debt through fiscal adjustment, including improved cost recovery, e.g., in the power sector. The modified terms would help towards achieving the adjustment in a sustainable manner by deferring amortization obligations to a time by which reconstruction investment will have been completed, the fiscal deficit will have been reduced, and, based on projected rapid medium-term growth, the total public-debt-to-GDP ratio will have declined. Under the on-lending arrangements, GOL would require EDL to begin amortizing the subsidiary loan after four years of grace in order to ensure financial discipline in its operations. Finally, GOL opted for a single currency US-dollar loan, due in part to the fact that EDL tariffs are in Lebanese Pounds, which are linked to the US dollar under current policy.

Partial Credit Guarantee

13. A partial credit guarantee for a US$100 million bond issue is proposed to help mobilize the necessary financing to fund the financing gap for the Project. The guarantee would also help catalyze private financing for the power sector through debt financing from the capital markets. EDL is not a creditworthy entity. Poor financial performance and the state of its financial records make it virtually impossible for EDL to access the commercial capital markets under its own name. Therefore, it is proposed that while EDL is undergoing restructuring and the sector reforms are in progress, GOL would borrow on behalf of EDL to maximize the terms of the borrowing sought under the partial credit guarantee. This would be the first guarantee operation in the country. Following market soundings among a cross section of financial institutions, it was determined that a bond issue would result in more favorable terms than a syndicated loan. The proposed partial credit guarantee would support a 10-year Eurobond Issue with a tranche placed in the United States under the SEC's Rule 144-A. The Bank's partial credit guarantee would cover 100 percent of principal repayment, on a non-accelerable basis, with the interest payment risk being undertaken by private investors (Schedule F).

14. The partial credit guarantee operation would provide EDL with long-term funds and would facilitate mobilization of the foreign exchange required for the completion of the project. Since the bond would be issued by the Lebanese Republic, this would allow EDL to access the market for reasonable maturities and terms while it is undergoing restructuring. The Bank's guarantee support would result in significant additionality in terms of mobilizing longer maturities and narrower margins and in broadening the existing investor base for Lebanese debt. The proposed partial credit guarantee operation would extend maturity significantly to 10 years. A guarantee operation would help initiate GOL's access to long-term funds in international markets. In contrast, GOL's recent borrowings from international markets have been of short maturities, between 3-5 years. Through the leveraging effect of the partial credit guarantee, the market would be encouraged to assume Lebanese sovereign risk for a longer credit period by assuming the interest payment risk. The proposed operation is intended also to broaden the investor base to include international institutional investors, thereby helping to diversify the country's borrowing sources, an important consideration given the country's large investment requirements.

15. The guarantee would represent credit support from the Bank of about 52 percent in present value terms of the total funds mobilized through the bond issue. These benefits are important to Lebanon, given the country's large infrastructure investment requirements. Based on the evaluation of the financing proposals and the award of the conditional mandate (Schedule F), Board approval is being requested for the partial guarantee. Following Board approval, GOL and the Bank would enter into

negotiations with the lead bank to conclude the relevant documentation for the guarantee financing[5]. Once these negotiations are completed, the Board would be informed of the terms and conditions of the guarantee prior to the launching of the bond issue. If as a result of these negotiations, the terms and conditions of the bond issue and guarantee were to be materially different from that reflected in Schedule F, Board approval for the revised documentation would be sought.

Project Implementation

16. EDL would be responsible for the transmission and substation components and the Ministry of Hydraulic and Electric Resources for the institutional and regulatory framework components. Construction would be done through turnkey supply-erect-commission contracts, procured under international bidding procedures acceptable to the Bank. As EDL lacks project management skills, an experienced consultant team would be set up within EDL prior to the signing of the first construction contracts. The consultant would be required to provide on-the-job training of counterpart staff. Out of the proposed Bank loan, GOL has proposed to use up to US$10 million (or 15 percent of the total loan) for advance procurement and retroactive financing of essential transmission system components (220-kV cables and 220-kV substations). Such advance procurement is considered necessary by GOL to complete the transmission system not only so that the power produced by the two new combined cycle stations at Beddawi and Zaharani, currently under advanced stage of construction can be delivered to consumers, but also so that transmission system reliability can be restored. However, the retroactive financing would cover only those expenditures falling within a maximum period of twelve months prior to the expected date of loan agreement signing.

Project Sustainability

17. Given continued political stability, project sustainability is dependent on: (a) implementation of structural reforms; (b) introduction of an unambiguous legal framework; (c) clear definition of an impartial and competitive regulatory structure; and (d) a political commitment to carry out the reforms. GOL's commitment to implement the preceding institutional and policy reforms is demonstrated by the LSDP Action Program, key steps of which have already been implemented (para 7). This policy framework provides for use of operational contracting (*affermage*) for electricity generation and distribution. The incentive structure and regulatory framework to be made part of the affermage contracts would be designed to further assure the project's sustainability and the efficient management of sector assets by providing the private operators with full operational responsibility. The private operators would bear normal commercial risks associated with electric utility operations, and would be required to provide at least part of working capital requirements. In the near to intermediate term EDL/GOL would continue to provide capital needs for long gestation and long lived system facility additions. Given the non-blueprint nature of the proposed operation, close project supervision and a full mid-term review of implementation would be carried out under the proposed Project.

Lessons from Previous Bank Involvement

18. Implementation experience under the ERRP has been good. Institutional development and reform, particularly when it involves legislation, is expected to take a period of several years because of the need to develop political consensus. GOL and EDL are committed to reform, but this must proceed flexibly at its own pace. In this context, it is more appropriate to agree on a broad framework for reform of the sector rather than on a set of detailed milestones in an ambitious action program. GOL has

[5] Documentation for the guarantee would include: Offering Circular; Subscription Agreement; Fiscal Agency Agreement; Trust Deed and Bonds; Warranty Agreement; Indemnity Agreement; Articles of Consent for Currency and Markets; and Statutory Committee Report.

increasingly relied on the private sector to accelerate reconstruction as well as to put in place needed institutional capacity to operate new facilities. These policies are fully consistent with the proposed restructuring/unbundling of EDL to be supported in the proposed operation, as well as with the Bank's 1992 policy guidelines for lending in the power sector.

Rationale for Bank Involvement

19. The proposed Project is essential to the satisfactory completion of the power system facilities rehabilitated under the NERP and to their sustainability. GOL has requested the support of the Bank in mobilizing external resources for reconstruction and to assist it in designing a modern institutional and regulatory framework for the sector. The latter involves a step-by-step process which will take several years to put in place. Without the specialized technical support that the Bank is able to provide, it is likely that the process of institutional renewal would not start – or would be indefinitely postponed – putting at risk the entire national reconstruction effort. The Bank would play a catalytic role in establishing a credible policy environment conducive to the attraction of private sector operators (key to the sustainability of reconstruction of the sector) and in coordinating support from other donors and export credit agencies. Through the support provided by the proposed Project for the implementation of the LSDP Action Program, conditions for efficiency and quality of service improvements would be gradually created by enabling the private sector to play a major role in sector operations and possibly future investment. The proposed Project is consistent with the Country Assistance Strategy discussed by the Board on June 29, 1994, which calls for Bank support for reconstruction of basic infrastructure and for a private-sector-led economic recovery.

20. The proposed Project and underlying policy reforms are consistent with Bank guidelines for lending in the power sector. These call for shifting the role of governments from ownership and management to policy-making and regulation, promoting efficiency and quality through commercialization of operational activities and competitive provision of services. Finally, the project is an essential part of a comprehensive and integrated sector investment program needed to re-establish utility service in the entire country. Absent the timely construction of a reliable backbone transmission system, remaining investments (near US$1.7 billion) now underway in power plants and distribution facilities would not only become redundant, but would result in an enormous financial drain on the economy.

Agreements Reached

21. During negotiations, the following agreements and assurances were obtained:

(a) with GOL

(i) Not later than January 1, 1998, GOL will submit a draft electricity law to Parliament that is satisfactory to the Bank;

(ii) On-lending arrangements for the loan and Bank guaranteed bond;

(iii) A mid-term review and evaluation of the execution of the Project will be conducted not later than November 30, 1998; and

(iv) EDL and GOL will carry out the LSDP Action Program with due diligence and efficiency.

(b) with EDL

(i) EDL will continue to have its accounts audited by independent auditors satisfactory to the Bank, and audited accounts shall be submitted to the Bank not later than nine months after the end of fiscal years 1996 and 1997, and six months after the end of fiscal year 1998 and thereafter;

(ii) Not later than September 30, 1997, EDL will undertake a risk assessment study to determine insurance requirements;

(iii) EDL will carry out the environmental management plan in a manner satisfactory to the Bank;

(iv) A Project Management Team will be established and maintained within EDL;

(v) All measures will be taken to enable EDL to produce revenues equivalent to cash operating expenses and debt service not later than January 1, 2000;

(vi) Not later than January 1, 1998, a tariff study will be undertaken in order to introduce a tariff structure by March 1, 1999, that will reflect the actual cost of supply to different consumer groups, provide for a life-line rate for low income consumers, and encourage energy conservation;

(vii) Effective January 1, 1999, EDL will not incur any new long-term debt unless a reasonable forecast of its debt service coverage ratio, including the debt proposed to be incurred, indicates that said ratio will not be less than 1.5 times; and

(viii) EDL will submit not later than October 31 of each year its investment program for the following year to the Bank, together with a financing plan indicating how the investment program would be financed.

22. The signing of a subsidiary loan agreement between GOL and EDL satisfactory to the Bank would be a condition of loan effectiveness.

Program Objective Category

23. Although the Project objective does not have a direct poverty focus, it would avoid any adverse effect on the poor by, among other items, the use of life-line rate structures, and by serving the electric utility needs of all solvent users, including low-income households.

Environmental Aspects

24. The project is designated as Category B. A comprehensive Environmental Impact Assessment (EIA) and related report has been prepared. The review included the two new power plants as well as the new transmission system – lines, substations, and cables. The mitigation plan proposes the following actions at the ***construction stage:*** (a) payment of adequate compensation for rights-of-way, tower and substation sites, including for crops and woodlands; (b) line alignment designed to minimize interference with agricultural land; (c) tower heights reduced whenever possible, especially in mountainous areas; (d) maximum use of existing roads and village tracks for access to tower/substation sites; (e) use of existing rights-of-way, wherever possible; (f) revegetation of new access roads and tower sites after construction; and (g) procedures for contractors to follow in case of archaeological findings.

During the ***operational phase***, actions shall include (a) routine inspections for erosion control at tower sites and steep slopes; and (b) selective hand clearance of vegetation along rights-of-way and at substation sites. The EIA has been reviewed by EDL and GOL and by the Bank. Environmental aspects of the project have been considered to be satisfactorily addressed and are in compliance with current environmental policies and procedures.

Project Benefits

25. The proposed Project would provide urgently needed transmission capacity in the power sector. Backbone transmission facilities are an integral part of the sector's priority investment program and without it, EDL would be unable to deliver power from its new facilities. The choice of developing the transmission system at a new internationally recognized voltage standard of 220-kV was evaluated versus feasible alternatives of continuing system expansion at the existing non-standard 150-kV. The choice of the 220-kV level is likely the least-cost solution of meeting transmission system expansion over the medium/long-term. Phasing of construction in a modular fashion, e.g., initially building for a system demand of 1,500 MW under the N-1 reliability criteria, would permit close tracking of future growth in demand. Boosting the power capacity of the transmission system beyond 1500 MW would have required the doubling of some of the circuits, a decision that would now be difficult to justify owing to the lack of reliable data on consumption The new combined cycle power stations in the sector investment program were demonstrated to be the least-cost solution to generation expansion compared to feasible options of coal, conventional steam and/or simple cycle combustion turbines.

26. Eliminating rotating power cuts and minimizing the risk of unplanned blackouts have large indirect benefits through the avoidance of the disruption to economic activity. Without these investments and the accompanying institutional reforms, the improvements in electricity supply recently achieved under the NERP would not be sustainable. The ability to provide reliable public supply is expected to lead to the shutdown of small, inefficient private generators. The shutdown of diesel generators in densely populated urban areas would help reduce air and noise pollution, and the removal of the parallel overhead low voltage distribution network will bring safety and aesthetic benefits. The main economic benefits from the project results from the incremental electricity demand served, as well as from assuring the sustainability of the substitution of lower cost grid supply for informal generation (available from the NERP emergency rehabilitation). As project benefits are indivisible from those produced by the underlying investment program, the internal rate of return (IRR) was calculated on the full sector investment program required to meet the incremental demand on the power system associated with the project over its expected 25-year life (1995-2020). The IRR was calculated under an 8 percent demand growth scenario. The base case IRR was estimated at about 17 percent assuming benefits valued at tariffs projected in relation to the agreements under the project. This IRR understates the benefits from the project since economic benefits to consumers from a reliable, uninterrupted electricity supply are not easily quantified.

27. The impact of a one-year delay in completing the transmission investments to be financed by the proposed loan would be to lower the IRR by about 0.5 percent. A ten percent cost overrun on the transmission component would have the same relatively minor impact. One of the main areas of uncertainty, which has considerable influence on the IRR, is the forecast rate of growth in demand. The impact of lower electricity demand under a low GDP growth scenario was therefore examined. Annual average load growth of 6 percent over the 1995-2000 with benefits valued at projected tariffs results in an IRR of 13.5 percent. This shows that even if electricity demand falls short of the base-case forecast, the IRR on the investment program would remain satisfactory. Only if electricity demand growth during 1996-2001 averages 4 percent or less (benefits at projected rates) does the IRR fall below 10 percent. The risk of such low demand growth is considered to be small.

28. The Project is expected to strengthen EDL's sectoral analysis and planning capability. It would also enhance its ability to manage the new transmission system. The financial recovery measures under the Project would help ease EDL's reliance on operating subsidies from the national budget.

Risks

29. The investment component of the Project does not involve any unusual technical or environmental risks. Implementation would be on a turnkey basis using prequalified international contracting firms. Final costs are known with reasonable accuracy as bids have already been received. The project includes an institutional strengthening component to reduce the risks of poor overall project management. The major risk facing the project is political. Restructuring the sector and delegating the bulk of EDL's operations to the private sector is key to achieving the anticipated benefits earlier than under the status quo. Recruitment of private operators could be delayed or hindered because of political constraints and/or public opposition. Care is being taken to prepare comprehensive, high-quality bidding documents and to ensure that the process is conducted objectively and transparently. The inevitable reductions in EDL's staff would have to be handled with due sensitivity. In assessing the preceding risks, it is important to note that it is fully feasible, though not desirable, to continue EDL operations relying only on internal reforms rather than under the unbundled structure proposed under the project. Under a *no-restructuring scenario,* significant delays would occur in the commercialization of EDL. However, benefits from improved power supplies would not be lost to the larger economy. A qualitative analysis was conducted by consultants comparing the relative impacts of various institutional arrangements – including the option of limiting restructuring to an essential set of internal reforms within the existing structure. Results of this analysis showed that while the status quo structure is viable, it ranks lowest of the structural models examined. Thus, the reforms under the proposed Project can be categorized as "no regrets" policy reform – meaning that even if it turns out that no substantive reforms are implemented, the project would still have resulted in positive economic gain, i.e., NPV ≥ 0. This is an innovative project in the Lebanese context and the reform process may prove to be slower to implement than currently estimated. Until now, the focus of GOL has been on physical reconstruction. While there is no substantive difference of opinion on the nature of the needed reforms, political constraints may slow down the process and hence a longer time period may prove to be necessary to put them in place. GOL will need to make a special effort to convince the public that, in light of the risk that the unbundling of the sector will be perceived as responsible for the large tariff increases, these increases would be required even if the status quo were maintained.

Recommendation

30. I am satisfied that the proposed Loan and proposed partial credit guarantee would comply with the Articles of Agreement of the Bank and recommend that the Executive Directors approve both operations. Upon satisfactory completion of the negotiations of the partial credit guarantee, the Board will be informed of the terms and conditions of the guarantee prior to the launching of the bond issue.

James D. Wolfensohn
President

by Caio Koch-Weser

Attachments

Washington D.C.
November 5, 1996

Schedule A

LEBANESE REPUBLIC

POWER SECTOR RESTRUCTURING AND TRANSMISSION EXPANSION PROJECT

Summary Project Costs
(US$ Million)

Component	Local	Foreign	Total
Transmission Lines	14	49	63
Underground Cables	16	97	113
Substations	48	181	229
Technical Assistance & Training	2	4	6
Sub-total	80	331	411
Physical and Price Contingencies	9	25	34
Interest During Construction	0	41	41
Total Cost	***89***	***397***	***486***

Project Financing Plan
(US$ Million)

Source of Funds	Amount	Percentage of Total
EDL/GOL	56	12
Commercial Loans	79	16
EIB	20	4
IDB	31	6
ECAs/Buyers' Credits	130	27
French Protocol	5	1
IBRD Loan	65	13
Bank-Guaranteed Bond	100	21
Total	***486***	***100***

Schedule B
Page 1 of 2

LEBANESE REPUBLIC

POWER SECTOR RESTRUCTURING AND TRANSMISSION EXPANSION PROJECT

Summary of Procurement Arrangements
(US$ Million)[a/]

Project Elements	Procurement Method		Non-Bank Financed	Total Cost
	ICB	Other		
Underground cables	123.9 (52.7)	-	71.2	123.9 (52.7)
Transmission lines	72.9		72.9	72.9
Substations	241.2 (11.5)	-	229.7	241.2 (11.5)
Technical assistance	- -	7.0 (0.8) b/	6.2	7.0 (0.8)
Interest during construction			41.0	41.0
Total	***438.0*** ***(64.2)***	***7.0*** ***(0.8)***	***421.0***	***486.00*** ***(65.0)***

a/ Figures in parentheses denote IBRD loan financing.
b/ Consulting services to be procured under *Guidelines for the Use of Consultants by the World Bank*

Schedule B
Page 2 of 2

Disbursement Arrangements by Category
(US$ Million)

Loan Category	Amount of Loan Allocated	Percentage of Expenditure to be financed
1. Underground cables	47.6	100[1/]
2. Substations	10.4	100[2/]
3. Technical assistance	0.8	100
4. Unallocated	6.2	-
Total	*65.0*	

1/ 100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 85% of local expenditures.

2/ ibid.

Estimated IBRD Disbursements /1
(US$ Million)

Fiscal Year	1997	1998	1999	2000	2001	2002
Annual	2	7	21	23	8	4
Cumulative	2	9	30	53	61	65
Percent	3	14	46	82	94	100

1/ Based on MNA standard disbursement profile for power sector investment loans.

Schedule C

LEBANESE REPUBLIC

POWER SECTOR RESTRUCTURING AND TRANSMISSION EXPANSION PROJECT

Timetable of Key Project Processing Events

Time Taken to Prepare the Project:	28 months[1/]
Prepared By:	Government of Lebanon, Electricité du Liban
First Bank Mission:	July 1994
Appraisal Mission Departure:	January 1996
Negotiations:	September 1996
Board Presentation:	November 26, 1996
Planned Date of Effectiveness:	March 1997
Relevant PCRs/ICRs/PPARs:	None
Responsibilities for Preparation:	
Task Manager:	Rama Skelton, MN2PI
Division Chief:	Alastair J. McKechnie, MN2PI
Department Director:	Inder K. Sud, MN2DR
Regional Vice President:	Kemal Derviş, MNAVP
Peer Reviewers:	Jean-Pierre Charpentier, IENPD
	Rafael Moscote, LATAD
	Graham Smith, EMTIE

1/ Project preparation proceeded in parallel with the implementation of the power component of the Emergency Reconstruction and Rehabilitation Project (Loan No.3562-LE, 1993). This component provided for the funding of technical assistance, including the restructuring consultancy, was used as a basis for the preparation of the proposed Project.

Schedule D
Page 1 of 2

LEBANESE REPUBLIC
POWER SECTOR RESTRUCTURING AND TRANSMISSION EXPANSION PROJECT

Status of Bank Group Operations in Lebanon

IBRD Loans in the Operations Portfolio

As of October 31, 1996

Project ID	Loan No.	Fiscal Year	Borrower	Purpose	Original amount in US$ IBRD	Cancel.	Undisbursed	Difference between expected and actual disbursements [a]
Number of Closed Loans/Credits: 4								
Active Loans								
5336	L35620	1993	Government of Lebanon	Emergency Recovery	175.00		53.86	11.12
5344	L37690	1994	Government of Lebanon	Lebanon Irrigation	57.23		56.38	9.35
5340	L37700	1994	Government of Lebanon	TA for Revenue Enhanc.	19.94		18.98	7.34
34004	L38290	1995	Government of Lebanon	Health Project	35.70		35.00	6.70
5345	L38990	1995	Government of Lebanon	Solid Waste/Environment	55.00		55.00	3.70
5336	L35621	1996	Government of Lebanon	Emergency Recovery	50.00		50.00	
34035	L39300	1996	Government of Lebanon	Admin. Rehabilitation	20.00		19.64	1.14
38674	L40650	1997	Government of Lebanon	National Roads	42.00		42.00	
34037	L40920	1997	Government of Lebanon	Agric. Infrastr. Develop.	31.00		31.00	
TOTAL					485.87	0.00	361.85	39.34

	Active Loans	Closed Loans	Total
Total disbursed (IBRD)	124.02	93.66	217.68
Of which repaid	0.00	88.54	88.54
Total now held by IBRD	485.87	5.12	490.99
Amount sold	0.00	3.45	3.45
Of which repaid	0.00	3.45	3.45
Total undisbursed	361.85	0.00	361.85

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

Schedule D
Page 2 of 2

LEBANESE REPUBLIC
POWER SECTOR RESTRUCTURING AND TRANSMISSION EXPANSION PROJECT
Lebanon - Statement of IFC Investments
Committed and Disbursed Portfolio

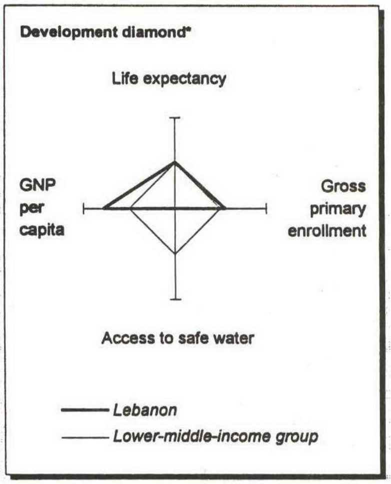
As of September 30, 1996
(In US Dollar Millions)

		Committed				Disbursed			
		IFC				IFC			
FY Approval	*Company*	*Loan*	*Equity*	*Quasi*	*Partic*	*Loan*	*Equity*	*Quasi*	*Partic*
1993/96	Banque Audi	15.40	0.00	0.00	1.80	5.40	0.00	0.00	1.80
1993/96	Byblos Bank	15.40	0.00	0.00	1.80	5.40	0.00	0.00	1.80
1993/96	BBAC	10.40	0.00	0.00	1.80	5.40	0.00	0.00	1.80
1993	BLOM	3.20	0.00	0.00	1.07	3.20	0.00	0.00	1.07
1993/94/96	Fransabank	18.33	0.00	0.00	6.66	10.83	0.00	0.00	6.66
1993	Uniceramic	2.40	0.00	0.00	1.20	2.40	0.00	0.00	1.20
1994	Banque Libanaise	5.50	0.00	0.00	2.64	5.50	0.00	0.00	2.64
1994/96	Libano-Francaise	15.70	0.00	0.00	5.10	5.70	0.00	0.00	5.10
1994/96	SGLEB	13.20	0.00	0.00	5.10	5.70	0.00	0.00	5.10
1995	Cimenterie Nat'l	20.00	0.00	0.00	30.00	18.20	0.00	0.00	27.30
1995	Lebanese Leasing	7.50	0.75	0.00	7.50	2.10	0.75	0.00	2.10
	Total Portfolio:	127.03	0.75	0.00	64.67	69.83	0.75	0.00	56.57

		Approvals Pending Commitment			
		Loan	*Equity*	*Quasi*	*Partic*
1996	AUDI-HOUSING CL	0.00	0.00	0.00	10.00
1996	BBAC -HOUSING CL	0.00	0.00	0.00	5.00
1996	BLF --HOUSING CL	0.00	0.00	0.00	10.00
1996	BYBLOS HOUSINGCL	0.00	0.00	0.00	10.00
1996	FRANSABK-HOUS CL	0.00	0.00	0.00	7.50
1996	SGLEB HOUSING CL	0.00	0.00	0.00	7.50
	Total Pending Commitment:	0.00	0.00	0.00	50.00

LEBANON REPUBLIC
POWER SECTOR RESTRUCTURING AND TRANSMISSION EXPANSION PROJECT
Lebanon at a glance

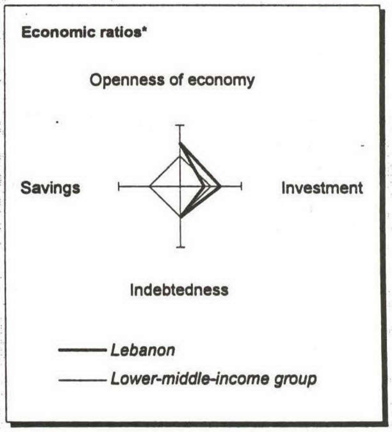
POVERTY and SOCIAL	Lebanon	M. East & North Africa	Lower-middle-income
Population mid-1995 *(millions)*	4.0	273	1,154
GNP per capita 1995 *(US$)*	2,670	1,780	1,700
GNP 1995 *(billions US$)*	10.7	486	1,962
Average annual growth, 1990-95			
Population *(%)*	1.9	2.7	1.4
Labor force *(%)*	..	3.3	1.8
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	..	..	..
Urban population *(% of total population)*	87	56	56
Life expectancy at birth *(years)*	68	66	67
Infant mortality *(per 1,000 live births)*	32	49	36
Child malnutrition *(% of children under 5)*	..	..	..
Access to safe water *(% of population)*	..	82	78
Illiteracy *(% of population age 15+)*	8	39	..
Gross primary enrollment *(% of school-age population)*	115	97	104
Male	117	104	105
Female	114	90	101



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

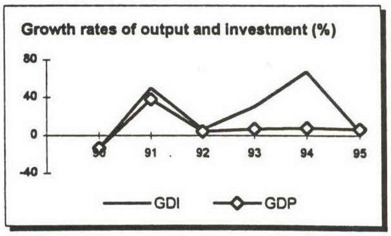
	1975	1985	1994	1995
GDP *(billions US$)*	..	..	9.1	11.1
Gross domestic investment/GDP	..	..	32.4	36.6
Exports of goods and non-factor services/GDP	..	..	8.9	9.6
Gross domestic savings/GDP	..	..	-24.2	-19.1
Gross national savings/GDP	..	..	-8.7	-6.6
Current account balance/GDP	..	..	-41.0	-43.2
Interest payments/GDP	..	..	0.3	0.7
Total debt/GDP	..	..	18.8	23.7
Total debt service/exports	..	..	12.0	9.7
Present value of debt/GDP	..	..	20.3	..
Present value of debt/exports	..	..	120.8	..

(average annual growth)	1975-84	1985-95	1994	1995	1996-04
GDP	..	..	8.0	6.5	6.7
GNP per capita	..	..	7.8	4.1	..
Exports of goods and nfs	..	..	16.6	16.5	12.4

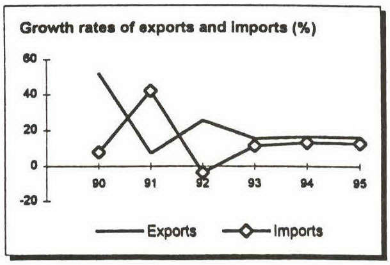


STRUCTURE of the ECONOMY

(% of GDP)	1975	1985	1994	1995
Agriculture	..	..	7.2	..
Industry	..	..	23.7	..
Manufacturing	..	..	16.6	..
Services	..	..	69.1	..
Private consumption	..	..	109.9	104.9
General government consumption	..	..	14.5	14.1
Imports of goods and non-factor services	..	..	65.6	65.2



(average annual growth)	1975-84	1985-95	1994	1995
Agriculture	..	..	..	..
Industry	..	..	..	..
Manufacturing	..	..	..	..
Services	..	..	..	..
Private consumption	..	..	-1.0	10.6
General government consumption	..	..	28.5	7.6
Gross domestic investment	..	..	67.6	4.5
Imports of goods and non-factor services	..	..	13.3	13.0
Gross national product	..	..	9.8	6.2



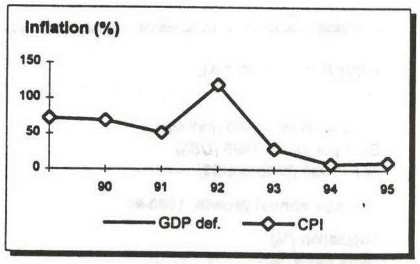
Note: 1995 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

Schedule E
Page 2 of 2

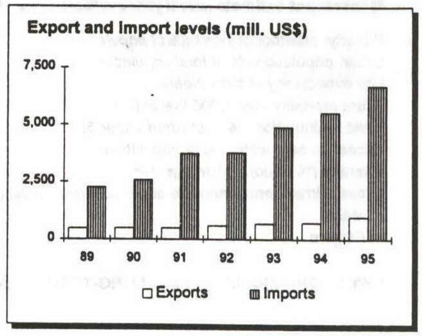
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	..	..	8.3	10.6
Implicit GDP deflator	..	..	8.3	10.6
Government finance				
(% of GDP)				
Current revenue	..	..	14.6	16.8
Current budget balance	..	..	-11.2	-8.9
Overall surplus/deficit	..	..	-20.4	-18.3



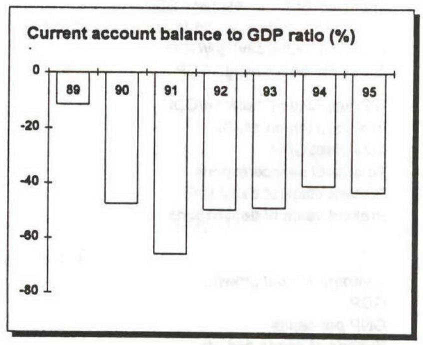
TRADE

	1975	1985	1994	1995
(millions US$)				
Total exports (fob)	..	..	737	982
Other agriculture	..	..	251	296
Fuel	..	..	7	8
Manufactures	..	..	413	601
Total imports (cif)	..	..	5,541	6,721
Food	..	..	1,441	1,748
Fuel and energy	..	..	302	354
Capital goods	..	..	1,044	1,800
Export price index *(1990=100)*	..	..	114	119
Import price index *(1990=100)*	..	..	113	120
Terms of trade *(1990=100)*	..	..	101	99



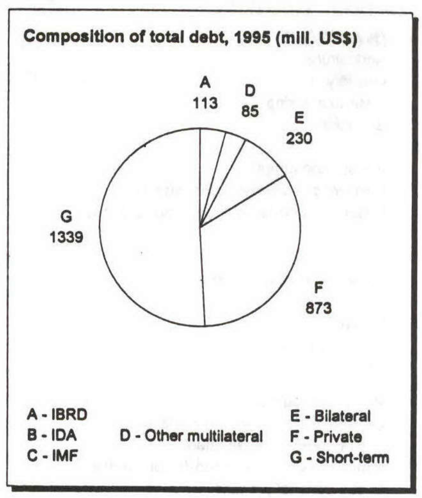
BALANCE of PAYMENTS

	1975	1985	1994	1995
(millions US$)				
Exports of goods and non-factor services	..	..	817	1,073
Imports of goods and non-factor services	..	..	5,990	7,266
Resource balance	..	..	-5,173	-6,193
Net factor income	..	..	437	503
Net current transfers	..	..	987	881
Current account balance, before official transfers	..	..	-3,749	-4,809
Financing items (net)	..	..	4,880	5,065
Changes in net reserves	..	..	-1,131	-256
Memo:				
Reserves including gold *(mill. US$)*	2,494	4,089	7,419	8,105
Conversion rate *(local/US$)*	..	..	1,680.1	1,622.4



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1994	1995
(millions US$)				
Total debt outstanding and disbursed	46	870	1,714	2,640
IBRD	16	36	64	113
IDA	0	0	0	0
Total debt service	11	126	184	181
IBRD	3	7	8	11
IDA	0	0	0	0
Composition of net resource flows				
Official grants	9	54	96	125
Official creditors	-3	6	-13	118
Private creditors	0	-30	-2	783
Foreign direct investment	0	7	7	35
Portfolio equity	0	0	1	36
World Bank program				
Commitments	0	0	77	146
Disbursements	5	4	27	51
Principal repayments	2	4	4	4
Net flows	4	0	23	47
Interest payments	1	3	4	7
Net transfers	3	-2	19	40



Schedule F
Page 1 of 2

LEBANESE REPUBLIC

POWER SECTOR RESTRUCTURING AND TRANSMISSION EXPANSION PROJECT

Summary of the Proposed Partial Credit Guarantee Operation

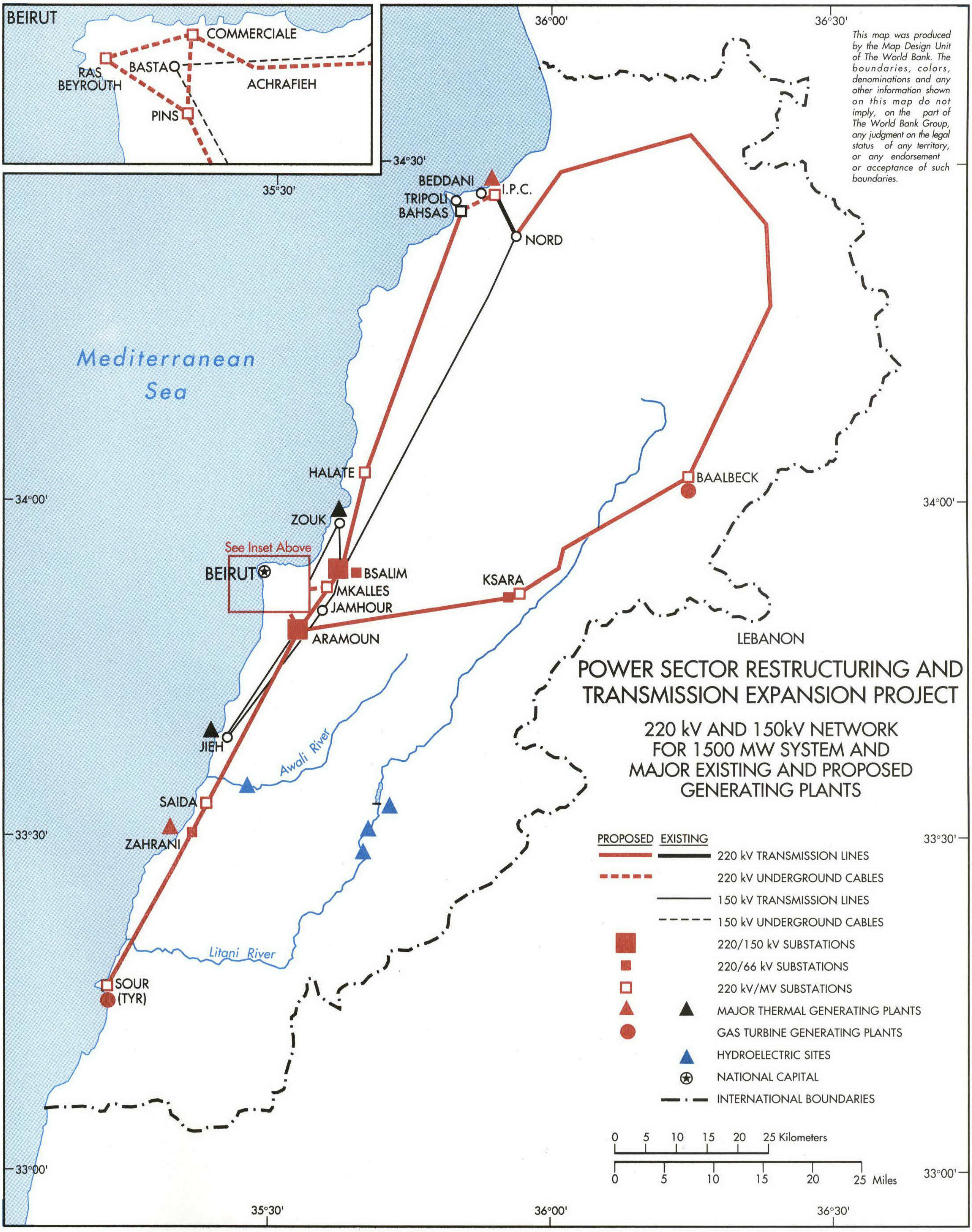
Issuer:	Lebanese Republic (GOL).
Investors:	Institutional and retail investors in the Eurobond and US 144A markets.
Lead Manager:	Merrill Lynch
Currency:	U.S. Dollars.
Amount:	US$100 million.
Use of Proceeds:	The net proceeds of the Bonds will be used exclusively to provide part of the financing requirements for Project expenditures, as such project is described in Schedule 2, Part A of the World Bank Loan Agreement, and which is not financed by the World Bank Loan.
Drawdown:	On the closing date of the issue, GOL will receive the full amount of the proceeds of the Bonds, less the guarantee fee payable to the World Bank and the fees and commissions payable to the Managers, the Fiscal Agents, the Trustee and the advisers engaged by GOL. The entire net proceeds of the Bonds will be credited to a special account maintained with the Banque Centrale du Liban in the name of EDL. Subsequent drawdowns from the special account will be made exclusively to meet Project expenditures as they are incurred. The Special Account will be audited annually by independent auditors acceptable to the World Bank and the audit reports will be submitted to the World Bank.
Maturity:	10 years.
Repayment:	Bullet repayment at maturity.
Indicative Spread:	95 - 110 bp per annum over 10-year U.S. Treasury Securities.
Coupon:	Fixed rate, payable semi-annually in arrears.
Commissions:	60 bp
Listing:	Luxembourg.
Trustee:	To be appointed.

Schedule F
Page 2 of 2

Expenses:	GOL shall reimburse the Lead Manager for all reasonable out-of-pocket expenses incurred in the negotiation, syndication, listing and execution of this Bond issue, up to a maximum of US$100,000.
Taxes and Other Deductions:	All payments to be made under or in connection with the Bonds to be free and clear of any Lebanese taxes, withholdings or other deductions whatsoever.
Documentation:	Customary Eurobond/Rule 144A documentation, including an Offering Circular, Subscription Agreement, Fiscal Agency Agreement, Trust Deed and Bonds. Special provisions will be included to reflect the World Bank's participation, to provide disclosure of material information on the World Bank, and terms of the partial credit guarantee provided by the World Bank which will be contained in the Trust Deed.
World Bank Partial Credit Guarantee Provisions:	Non-accelerable guarantee of principal only at stated maturity granted by the World Bank and exercisable by the Trustee. The World Bank will only be obliged to pay on the maturity date of the Bonds, only to the extent that GOL has failed to pay the principal amount of the Bonds and only following a demand made in accordance with the Trust Deed. If the guarantee is exercised, the World Bank would pay out against delivery of the Bonds. The World Bank would be entitled to reimbursement from GOL forthwith on demand, or as the World Bank may otherwise direct, any amount paid pursuant to the guarantee.
Guarantee Fee:	A fee of 25 bp per annum charged on the guaranteed exposure on present value basis, using the Bank's cost of funds as discount rate. The fee is payable in advance by GOL at financial closure date, out of the proceeds of the Bonds; in the event of early redemption of the Bonds (or part thereof), a precalculated refund of a prorated part of the guarantee fee will be made by the Bank.
Counter-Guarantee and Indemnity by GOL:	The Lebanese Republic will enter into a Counter-Guarantee and Indemnity Agreement with the World Bank in respect of the guarantee. Under the agreement, GOL will indemnify the World Bank in respect of any costs and expenses relating to the guarantee.
Requisite Authorization:	All requisite authorizations and approvals required to make the partial credit guarantee effective would have to be obtained and be in full force and effect.
Governing Law & Jurisdiction:	The laws of England. Non-exclusive jurisdiction will be vested in the courts of England. In this regard, GOL will appoint agents for service of process in England and will waive all immunity from suit, attachment and/or execution of judgment which they now enjoy or might enjoy in the future.

MAP SECTION

IBRD 26093



OCTOBER 1996

LOAN NUMBER 4112-LE

Loan Agreement

(Power Sector Restructuring and Transmission Expansion Project)

between

LEBANESE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated , 1996

LOAN NUMBER 4112-LE

LOAN AGREEMENT

AGREEMENT, dated , 1996, between LEBANESE REPUBLIC (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) the Bank has received a letter dated September 26, 1996, from the Borrower describing a program of actions, objectives and policies designed to achieve reform of the Borrower's power sector (hereinafter called the Program), and declaring the Borrower's commitment to the execution of the Program;

(C) Parts A and B (i) of the Project will be carried out by Electricité du Liban (EDL) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to EDL part of the proceeds of the Loan as provided in this Agreement;

(D) to assist in the financing of the Project, the Borrower intends to contract: (i) a loan from the European Investment Bank (EIB) in the amount of $20,000,000 equivalent; (ii) a loan from the Islamic Development Bank (IDB) in the amount of $31,000,000 equivalent; (iii) export credit loans in an aggregate amount equivalent to $130,000,000; and (iv) loans from commercial banks in an aggregate amount equivalent to $79,000,000;

(E) the Borrower intends to issue bonds up to an aggregate principal amount equivalent to one hundred million dollars ($100,000,000) to be guaranteed by the Bank pursuant to the Partial Credit Guarantee Program as a portion of the Co-financing Amount; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Bank and EDL;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995, (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Project Agreement" means the agreement between the Bank and EDL of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement;

(b) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and EDL pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreement;

(c) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;

(d) "EDL" means Electricité du Liban, a public authority established and operating pursuant to Decree No. 16878 of the Borrower, dated July 10, 1964, amended by Decree No. 4517 of the Borrower, dated December 13, 1972, and as the same may be amended from time to time;

(e) "MHER" means the Borrower's Ministry of Hydraulic and Electric Resources;

(f) "CDR" means Council for Development and Reconstruction, a public authority established and operating pursuant to Decree No. 5 of the Borrower, dated January 31, 1977, as the same may be amended from time to time;

(g) "Co-financing Amount" means the resources referred to in Recital (D) and (E) of the Preamble to this Agreement;

(h) "Fiscal Year" means the Borrower's fiscal year commencing on January 1 and ending on December 31;

(i) "Central Bank" means Banque du Liban, the Borrower's central bank, established and operating pursuant to the Money and Credit Law promulgated by Decree No. 13513 of the Borrower, dated August 1, 1963, as the same may be amended from time to time; and

(j) "Action Plan" means the action plan set forth in a letter, including the attachment thereto, from EDL to the Bank of even date herewith; and

(k) "PMT" means the Project Management Team to be maintained within EDL in accordance with the provisions of Section 2.08 of the Project Agreement.

(l) "Performance Indicators" means the indicators referred to in Section 3.05 (a) to this Agreement and set forth in a supplemental letter of even date herewith.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount equal to sixty five million dollars ($65,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower may, for the purposes of Parts A and B of the Project, open and maintain in dollars a special deposit account in its Central Bank on terms and conditions satisfactory to the Bank. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2003, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

(i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.

(ii) "Interest Payment Date" means any date specified in Section 2.06 of this Agreement.

(iii) "LIBOR Base Rate" means, for each Interest Period, the London interbank offered rate for six-month deposits in "Dollars" for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.

(iv) "LIBOR Total Spread" means, for each Interest Period: (A) one half of one percent (1/2 of 1%); and (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.05, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months' notice to the Borrower of the new basis. The basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

Section 2.06. Interest and other charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

Section 2.08. CDR is designated as representative of the Borrower for the purposes of taking any action required or permitted to be taken under the provisions of Section 2.02 of this Agreement and Article V of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall: (i) carry out Part B (ii) of the Project with due diligence and efficiency and in conformity with appropriate administrative and financial practices, shall provide, promptly as needed, the funds, facilities, services and other sources required for Part B (ii) of the Project; and (ii) cause EDL to perform in accordance with the provisions of the Project Agreement and the Action Plan all the obligations of EDL therein set forth, shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable EDL to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall relend the proceeds of the Loan allocated from time to time to Categories (1) and (2) (a) of the table set forth in Paragraph 1 of Schedule 1 to this Agreement to EDL under a subsidiary loan agreement to be entered into between the Borrower and EDL, under terms and conditions satisfactory to the Bank which shall include: (i) repayment of principal in nine and a half (9½) years including a grace period of four and a half (4½) years; (ii) the payment of interest at the rate calculated in accordance with Section 2.05 of this Agreement; and (iii) EDL to bear the foreign exchange risk on such onlending.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

Section 3.02. Except as the Bank shall otherwise agree, procurement of consultants' services required for Part B (ii) of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to the Loan Agreement, and procurement of the goods and consultants' services required for Parts A and B (i) and to be financed out of the proceeds of the Loan shall be governed by the provisions of the Schedule to the Project Agreement.

Section 3.03. The Bank and the Borrower hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by EDL in respect of Parts A and B (i) of the Project pursuant to Section 2.03 of the Project Agreement.

Section 3.04. The Borrower shall, not later than January 1, 1998, present to the Parliament draft legislation providing for a competitive power market through the separation of electricity generation, transmission and distribution functions, the active participation of the private sector therein, and the establishment of an autonomous regulatory body in the sector.

Section 3.05. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate, on an ongoing basis, in accordance with Performance Indicators acceptable to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, not later than September 30, 1998, a report integrating the results of the monitoring and evaluation activities performed pursuant to subparagraph (a) of this paragraph, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project during the period following such date; and

(c) review with the Bank, not later than November 30, 1998, or such later date as may be agreed between the Borrower and the Bank, the said report, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

ARTICLE IV

Financial and Other Covenants

Section 4.01. (a) The Borrower shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than nine (9) months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

(iii) enable the Bank's representatives to examine such records; and

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. Except as the Bank and the Borrower shall otherwise agree, the Borrower shall take all measures required on its part to enable EDL to achieve the financial objectives stated in Sections 4.02, 4.03, and 4.04 of the Project Agreement.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

(a) a situation has arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

(b) EDL shall have failed to perform any of its obligations under the Project Agreement.

(c) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that EDL will be able to perform its obligations under the Project Agreement.

(d) Decree No. 16878 or Decree No. 4517 of the Borrower establishing EDL and under which it is operating, as amended, shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of EDL to perform any of its obligations under the Project Agreement.

(e) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of EDL or for the suspension of its operations.

(f) Any part of the Co-financing Amount shall have failed to become available by June 30, 1997, or such later date as the Bank may agree, provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

(g) (i) Subject to subparagraph (ii) of this paragraph:

(A) the right of the Borrower to withdraw the proceeds of any part of the Co-financing Amount shall have been suspended, cancelled or terminated pursuant to the terms of the agreement providing therefor; or

(B) any loan included in the Co-financing Amount shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that (A) such suspension, cancellation or prematuring is not caused by the failure of the Borrower to perform its obligations under the agreement concerning the relevant Co-financing Amount; and (B) adequate funds for the Project are available to the Borrower on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) the events specified in paragraphs (b), (c) and (d) of Section 5.01 of this Agreement shall occur; and

(b) the event specified in paragraph (g) (i) (B) of Section 5.01 shall occur, subject to the proviso of paragraph (g) (ii) of that Section.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the Subsidiary Loan Agreement has been executed on behalf of the Borrower and EDL.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the Project Agreement has been duly authorized or ratified by EDL, and is legally binding upon EDL in accordance with its terms; and

(b) that the Subsidiary Loan Agreement has been duly authorized or ratified by the Borrower and EDL and is legally binding upon the Borrower and EDL in accordance with its terms.

Section 6.03. The date one hundred twenty (120) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. Except as provided in Section 2.08 of this Agreement, the Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Minister of Finance
Ministry of Finance
Beirut, Lebanese Republic

Telex:

923 23513

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

LEBANESE REPUBLIC

By

Prime Minister and Minister of Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

President

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be Financed
(1) Goods, including the installation thereof:		
(a) under Part A (ii) of the Project	47,600,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 85% of local expenditures
(b) under Part A (iii) of the Project	10,400,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 85% of local expenditures
(2) Consultants' services and training:		
(a) under Part B (i) of the Project	400,000	100%
(b) under Part B (ii) of the Project	400,000	100%
(3) Unallocated	6,200,000	
TOTAL	65,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of $10,000,000, may be made on account of payments made for expenditures before that date but after August 1, 1996.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for goods, including installation thereof, under contracts not exceeding $5,000,000 equivalent, and services and training under contracts not exceeding $100,000 equivalent for firms and $50,000 equivalent for individual consultants, under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in: (a) expanding its high voltage transmission system; and (b) establishing an enabling environment for private sector involvement in the power sector including the institutional restructuring of the sector.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Power Transmission Expansion

Supply and installation of: (i) about 339 km of single and double circuit 220 kV transmission lines; (ii) about 49 km of underground 220 kV cable; and (iii) about 14 new 220 kV substations.

Part B: Institutional Development

(i) Assistance to EDL in implementing the Project through the provision of training and consultants' services; and

(ii) Assistance to MHER in implementing the Program through the provision of training and consultants' services.

* * * *

The Project is expected to be completed by December 31, 2002

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in Dollars)*
On September 15, 2006	65,000,000

* The figures in this column represent the amount in dollars to be repaid except as provided in Section 4.04 (d) of the General Conditions.

SCHEDULE 4

Employment of Consultants

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than $100,000 equivalent each; or (b) contracts for the employment of individual consultants estimated to cost less than $50,000 equivalent each. However, said exceptions to prior Bank review shall not apply to: (a) the terms of reference for such contracts; (b) single-source selection of consulting firms; (c) assignments of a critical nature, as reasonably determined by the Bank; (d) amendments to contracts for the employment of consulting firms raising the contract value to $100,000 equivalent or above; or (e) amendments to contracts for the employment of individual consultants raising the contract value to $50,000 equivalent or above.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories 1 and 2 set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for Parts A and B of the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to $6,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to $3,000,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of $8,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories for Parts A and B of the Project, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Parts A and B of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories for Parts A and B of the Project shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

LOAN NUMBER 4112-LE

Project Agreement

(Power Sector Restructuring and Transmission Expansion Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

and

ELECTRICITÉ DU LIBAN

Dated , 1996

LOAN NUMBER 4112-LE

PROJECT AGREEMENT

AGREEMENT, dated , 1996, between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) and ELECTRICITÉ DU LIBAN (EDL).

WHEREAS (A) by the Loan Agreement of even date herewith between Lebanese Republic (the Borrower) and the Bank, the Bank has agreed to make available to the Borrower an amount equal to sixty five million dollars ($65,000,000), on the terms and conditions set forth in the Loan Agreement, but only on condition that EDL agree to undertake such obligations toward the Bank as are set forth in this Agreement;

(B) by a subsidiary loan agreement to be entered into between the Borrower and EDL, part of the proceeds of the loan provided for under the Loan Agreement will be made available to EDL on the terms and conditions set forth in said Subsidiary Loan Agreement; and

WHEREAS EDL, in consideration of the Bank's entering into the Loan Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions

Section 1.01. Unless the context otherwise requires, the several terms defined in the Loan Agreement and the General Conditions (as so defined) have the respective meanings therein set forth.

ARTICLE II

Execution of the Project

Section 2.01. EDL declares its commitment to the objectives of the Project as set forth in Schedule 2 to the Loan Agreement, and, to this end, shall carry out Parts A and B (i) of the Project with due diligence and efficiency and in accordance with the Action Plan, in conformity with appropriate administrative, financial, engineering, environmental and public utility practices, and shall provide, or cause to be provided, promptly as needed, the funds, facilities, services and other resources required for Parts A and B (i) of the Project.

Section 2.02. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for Parts A and B (i) of the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of the Schedule to this Agreement.

Section 2.03. (a) EDL shall carry out the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of Parts A and B (i) of the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, EDL shall:

(i) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Bank and EDL, a plan for the future operation of Parts A and B (i) of the Project; and

(ii) afford the Bank a reasonable opportunity to exchange views with EDL on said plan.

Section 2.04. EDL shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Bank shall otherwise agree, EDL shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Loan Agreement or any provision thereof.

Section 2.05. (a) EDL shall, at the request of the Bank, exchange views with the Bank with regard to progress of Parts A and B (i) of the Project, the performance of its obligations under this Agreement and under the Subsidiary Loan Agreement, and other matters relating to the purposes of the Loan.

(b) EDL shall promptly inform the Bank of any condition which interferes or threatens to interfere with the progress of Parts A and B (i) of the Project, the accomplishment of the purposes of Loan, or the performance by EDL of its obligations under this Agreement and under the Subsidiary Loan Agreement.

Section 2.06. EDL shall: (a) not later than September 30, 1997, undertake a risk assessment study reviewing EDL's insurance coverage under terms satisfactory to the Bank; (b) furnish to the Bank the results of such review for comments; and (c) implement recommendations of study taking Bank's comments, if any, into account.

Section 2.07. EDL shall carry out the environmental management plan included in the Environmental Assessment dated March 1996, in a manner satisfactory to the Bank.

Section 2.08. EDL shall maintain a PMT with staff whose qualifications and terms of reference shall be acceptable to the Bank, to assist EDL in carrying out the Project.

ARTICLE III

Management and Operations of EDL

Section 3.01. EDL shall carry on its operations and conduct its affairs in accordance with sound administrative, financial, engineering, environmental and public utility practices under the supervision of qualified and experienced management assisted by competent staff in adequate numbers.

Section 3.02. EDL shall at all times operate and maintain its plant, machinery, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound engineering, financial and environmental practices.

Section 3.03. EDL shall take out and maintain with responsible insurers, or make other provision satisfactory to the Bank for, insurance against such risks and in such amounts as shall be consistent with appropriate practice.

ARTICLE IV

Financial Covenants

Section 4.01. (a) EDL shall maintain records and accounts adequate to reflect in accordance with sound accounting practices its operations and financial condition.

(b) EDL shall:

(i) have its records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than nine months after the end of each of the fiscal year 1996 and the fiscal year 1997, and six months after the end of every fiscal year thereafter, (A) certified copies of its financial statements for such year as so audited and (B) the report of such audit by said auditors of such scope and in such detail as the Bank shall have reasonably requested; and

(iii) furnish to the Bank such other information concerning said records, accounts and financial statements as well as the audit thereof, as the Bank shall from time to time reasonably request.

Section 4.02. (a) Except as the Bank shall otherwise agree, EDL shall take all measures, including periodic adjustments of its tariffs, to produce, not later than January 1, 2000, total revenues equivalent to not less than the sum of its total cash operating expenses and interest and other charges on debt; and (b) for the purposes of this Section, the term "total cash operating expenses" means all expenses related to operations including administration, adequate maintenance and taxes and payments in lieu of taxes excluding provision of depreciation.

Section 4.03. EDL shall: (a) not later than January 1, 1998, carry out a study of the structure and levels of its tariffs reflecting the actual cost of supply to different consumer groups, a lifeline rate for low income consumers and encouraging energy conservation, and furnish to the Bank such study for review and comments; and (b) not later than March 1, 1999, introduce a new tariff structure reflecting the results thereof and Bank's recommendations.

Section 4.04. (a) Except as the Bank shall otherwise agree, EDL shall not, for each of its fiscal years following the fiscal year ending on December 31, 1998, incur any debt, unless a reasonable forecast of the revenues and expenditures of EDL show that the estimated net revenues of EDL for each fiscal year during the term of the debt to be incurred shall be at least one and one half (1½) times the estimated debt service requirements of EDL for that fiscal year including the debt to be incurred.

(b) For the purposes of this Section:

(i) The term "debt" means any indebtedness of EDL maturing by its terms more than one year after the date on which it is originally incurred.

(ii) Debt shall be deemed to be incurred: (A) under a loan contract or agreement or other instrument providing for such debt or for the modification of its terms of payment on the date of such contract, agreement or instrument; and (B) under a guarantee agreement, on the date the agreement providing for such guarantee has been entered into.

(iii) The term "net revenues" means the difference between:

(A) the sum of revenues from all sources related to operations and net non-operating income; and

(B) the sum of all expenses related to operations including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding provision for depreciation, other non-cash operating charges and interest and other charges on debt.

(iv) The term "net non-operating income" means the difference between:

(A) revenues from all sources other than those related to operations; and

(B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(v) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.

(vi) The term "reasonable forecast" means a forecast prepared by EDL not earlier than twelve (12) months prior to the incurrence of the debt in question, which both the Bank and EDL accept as reasonable and as to which the Bank has notified EDL of its acceptability, provided that no event has occurred since such notification which has, or may reasonably be expected in the future to have, a material adverse effect on the financial condition or future operating results of EDL.

(vii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section 4.05. EDL shall:

(a) prepare and furnish to the Bank not later than October 31 in each of its Fiscal Years its proposed multi-year investment program together with a proposed plan for the financing of said investment program, as they shall have been approved by the Borrower; and

(b) afford the Bank a reasonable opportunity to exchange views with EDL on said investment program and financial plan, and thereafter carry out said investment program, with due diligence and efficiency, taking into account the Bank's comments on said program and related financing plan.

ARTICLE V

Effective Date; Termination; Cancellation and Suspension

Section 5.01. This Agreement shall come into force and effect on the date upon which the Loan Agreement becomes effective.

Section 5.02. This Agreement and all obligations of the Bank and of EDL thereunder shall terminate on the date on which the Loan Agreement shall terminate in accordance with its terms, and the Bank shall promptly notify EDL thereof.

Section 5.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Any notice or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address hereinafter specified or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The addresses so specified are:

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:
INTBAFRAD Washington, D.C.	248423 (MCI), or 64145 (MCI)

For EDL:

Electricité du Liban
P.O. Box 131
Rue du Fleuve
Beirut, Lebanon

Telex:

44834 or
43370

Section 6.02. Any action required or permitted to be taken, and any document required or permitted to be executed, under this Agreement on behalf of EDL may be taken or executed by EDL or such other person or persons as the Chairman of the Board of EDL shall designate in writing, and EDL shall furnish to the Bank sufficient evidence of the authority and the authenticated specimen signature of each such person.

Section 6.03. This Agreement may be executed in several counterparts, each of which shall be an original, and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By

President

ELECTRICITÉ DU LIBAN

By

Authorized Representative

SCHEDULE

Procurement and Consultants' Services

Section I. Procurement of Goods

Part A: General

Goods, including installation thereof, shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January 1996 (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

1. Goods, including installation thereof, shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods, including installation thereof, to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Prequalification

Bidders for goods shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines.

(b) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost $10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods, including installation thereof, shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

With respect to each contract for goods, including installation thereof, estimated to cost the equivalent of $5,000,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Bank, with such modifications thereto as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, other standard forms acceptable to the Bank shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts, shall not apply to: (a) contracts for the employment of consulting firms estimated to cost less than $100,000 equivalent each; or (b) contracts for the employment of individual consultants estimated to cost less than $50,000 equivalent each. However, said exceptions to prior Bank review shall not apply to: (a) the terms of reference for such contracts; (b) single-source selection of consulting firms; (c) assignments of a critical nature, as reasonably determined by the Bank; (d) amendments to contracts for the employment of consulting firms raising the contract value to $100,000 equivalent or above; or (e) amendments to contracts for the employment of individual consultants raising the contract value to $50,000 equivalent or above.

FOR IMMEDIATE RELEASE

The World Bank

1818 H Street NW, Washington, DC 20433, USA

Bank News Release No. 97/1182 Contact: Jeannie Yamine (202) 473-2318

GUARANTEE PROVIDES LEBANON WITH LIGHT AT END OF TUNNEL

War-shattered power sector to be radically overhauled and modernized

Washington, D.C., November 26, 1996 —The Bank Board approved a $65 million loan and a $100 million partial credit guarantee to help the Lebanese government complete the reconstruction of its severely war-damaged electricity supply system under a Power Sector Restructuring and Transmission Expansion Project. Over two decades of fighting had virtually destroyed Lebanon's electricity system, leading to daily blackouts until recently.

The Lebanon Power Restructuring and Transmission Expansion Project is unique in at least two important ways, World Bank officials say. First, it will finally offer every Lebanese a permanent solution to electricity shortage problems by restructuring the sector and expanding the transmission network. It will also offer the Republic of Lebanon its first guarantee operation in the form of a $100 million bond issue supported by the Bank's Partial Credit Guarantee.

Restructuring Program

"*Within three years, as the various phases of the project are completed, we expect every Lebanese to enjoy the benefits of a modern power system without cascading outages, as is now the case,*" World Bank **Task Manager Rama Skelton** said. Twenty-four-hour service has been only recently restored under a 1993 World Bank-supported Emergency Reconstruction and Rehabilitation Project.

Under this project's investment component, a new national transmission system consisting of 339 km of 220-kV transmission lines, 49 kilometers of underground 220-kV cables and 14 new 220-kV substations, are to be constructed. Substation sites include the southern city of Saida and Baalbeck in the Bekaa Valley. The new transmission system is vital to bring the new generation supplies (four power stations, totalling 1020 Megawatts, are under construction) to consumers.

Institutional reforms are planned along with the physical construction to undertake the financial and institutional rehabilitation of the sector's state-owned Electricite du Liban and increase private sector participation. The institutional development component provides for technical assistance for project implementation, as well as training and assistance to introduce the private sector within a revamped regulatory and legal framework.

Summary Project Costs *(US$ Million)*	
Transmission Lines	63
Underground Cables	113
Substations	229
Technical Assistance & Training	6
Contingencies	75
Total Cost	***486***

Partial Credit Guarantee

To help mobilize the necessary financing for the $486 million project, the World Bank is providing lending as well as a partial credit guarantee for the principal of a $100 million bond issue by the Republic of Lebanon. The latter will support a 10-year Eurobond

Issue, with a tranche placed in the United States --the first ever such placement by Lebanon.

The guarantee would lengthen maturity for the issue to 10 years, compared to previous Lebanese government bond issues with 3- to 5-year maturities. It would also reduce spreads by a factor of three, to about 100 basis points.

The guarantee is also intended to broaden the investor base to include international institutional investors as well as private individuals. That will help diversify the country's borrowing sources.

The $65 million Bank loan is at standard variable interest rate for LIBOR-based US-dollar single-currency loans, with a grace period and maturity of 9 years --a bullet loan repayable on September 15, 2006. The Bank's Guarantee is non-accelerable and would cover 100 percent of principal repayment, for a 10-year Eurobond priced at an indicative spread of 1% over same-maturity US Treasuries.

Co-financing of the total project costs will come from commercial loans ($79 million) and buyers' credits ($130 million), as well as from contributions by the Islamic Development Bank ($31 million), the European Investment Bank ($20 million), the French Protocol ($5 million), and the Government of Lebanon ($56 million).

Project Financing Plan *(US$ Million)*	
Source of Funds	Amount
EDL/GOL	56
Commercial Loans	79
EIB	20
IDB	31
ECAs/Buyers' Credits	130
French Protocol	5
IBRD Loan	65
Bank-Guaranteed Bond	100
Total	***486***

###

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE: December 13, 1996

TO: Mr. James D. Wolfensohn

FROM: Kemal Derviş

EXTENSION: 32776

SUBJECT: **Lebanon: Update Briefing--Meeting with Prime Minister Hariri and Signing of Power Sector Restructuring and Transmission System Expansion Project**

1. Further to the brief we have already sent you for the above meeting, this is to confirm that there would be no meeting with the press subsequent to the signing, which is scheduled to take place during the meeting with the Prime Minister on December 16, 1996. However, the press would be present during the signing to take photographs.

2. Enclosed are copies of the loan and project agreements that Prime Minister Hariri and you would sign, as well as copy of the Memorandum of the President and the press release issued on the day of approval (November 26, 1996).

3. Some of the noteworthy features are:

- On the same day, the Board also approved a $100 million partial credit guarantee for the same project. It guarantees a non-accelerable bond to be issued by the Republic of Lebanon. The issue will be managed by Merill Lynch and is expected to be for 10 years at 100 basis points over U.S. Treasury. We expect to sign the indemnity agreement between the Republic and the Bank shortly.

- The Government availed itself of the new flexibilities offered by the Bank. The $65 million loan is a single currency (US$) variable rate loan with bullet repayment (9 years).

- The operation supports an expansion of the national transmission grid and restructuring of the sector, aimed, inter alia, at increasing the private sector's role in the power sector

- With this operation, total commitments by the Bank to Lebanon since 1993 have reached $550 in loans and $100 million in guarantees.

- In addition, we have today completed negotiations for a Yen 6 billion (US$53 million) SCL for a proposed Coastal Pollution Control and Water Supply Project.

cc: Mr. Caio Koch-Weser, EXC

M:\leb\hariupd.doc/LHoppenbrouwer

LEBANON

Section I: KEY ISSUES

1. Meeting Participants

Government	**World Bank Group**
Mr. Rafic Al-Hariri, *Prime Minister*	Caio Koch-Weser
Mr. Fuad Siniora, *Minister of State for Financial Affairs, Governor*	Kemal Derviş
Mr. Yassine Jaber, *Minister of Economy & Trade; Governor MIGA*	Inder Sud
Mr. Nabil Al-Jisr, *President Council for Development & Reconstruction, Alternate Governor*	Adil Kanaan
	Andre Hovaguimian
Mr. Riyad Salameh, *Governor Central Bank*	**Executive Director**
Mr. Riad Tabbarah, *Ambassador to the United States*	Mr. Khalid Al-Saad
Advisors: Nadim Munla, Basil Fuleihan, Nada Moufarrej	Mr. Ezzedine Shamsedin

Purpose of Meeting

Mr. Hariri is in Washington for the Friends of Lebanon Conference (Dec. 16), chaired by the U.S. Secretary of State. He is visiting the Bank for the first time to meet you, inform you of the outcome of the Conference, and discuss the Bank's assistance program to Lebanon. He also hopes to sign the recently approved power sector loan with you. ~~He and you would meet with the press after the signing.~~

Press to be present during the signing to take photos.

2. Key Issues for Discussion

- Friends of Lebanon Conference: This is a follow-up to the agreements reached on the occasion of the cease fire understandings following the April hostilities. It is expected to be attended by Foreign Ministers, with Secretary Christopher chairing. Lebanon is seeking $5 billion in soft loans and grants for reconstruction over a five-year period. This is considered by donors to be an ambitious proposition. The Lebanese clearly seek political support as much as financial. ***What was the outcome of the Conference? How can we help in any follow-up? How can we best support Lebanon's reconstruction and longer-term development?***

- The PM's vision of the future for Lebanon. The PM's basic objective seems to be to rebuild and expand Lebanon's infrastructure as rapidly as possible, to let the private sector lead recovery. This goes beyond reconstruction, to preparing Lebanon for future peace and association with the EU. ***What is Mr. Hariri's longer term vision for Lebanon? How does the Government intend to deal with the large domestic debt, and can we help in this area? How does he see the prospects for a peace settlement? What will be Lebanon's position and role in the region with peace?***

- The Bank's assistance program: We have stepped up levels of assistance to Lebanon. Government was most appreciative of our quick response following the April 1996 hostilities, with a $50 million supplement (approved in May) to the 1993 emergency reconstruction operation. Since then, we have approved three further operations, with loans for $138 million, and a guarantee for a $100 million bond for the power sector. A further loan of $50 million for coastal pollution control and water supply is being negotiated. We are now preparing for the next CAS, and have recently discussed its main elements with the Government and held a CPPR. ***How is the Bank doing? Are we responsive to their needs? Should we be doing things differently? On which areas should we focus, with lending, with non-lending services? His views on guarantees to help attract private investment in infrastructure? We believe this is a promising area of cooperation.***

- Visit to Lebanon. The PM is expected to ask you to visit Lebanon soonest. In your response to the earlier invitation you had indicated that a mutually convenient time could be established during the meeting with the PM. ***We recommend that you consider a visit in conjunction with a European trip in the first half of 1997, but after Ramadan (ending mid-February).***

Please do not commit!!!
Atsuko

3. Business Context

- Lebanon continues to make good progress in recovering from over 15 years of civil war and strife, but reconstruction is far from over. Over the past four years, fueled by buoyant construction activity, real GDP growth has averaged over 7% p.a., and inflation is now down to single digit levels. Foreign reserves have been replenished as a result of the government's exchange rate based stabilization policy. The fiscal deficit, however, stood at 18.5% of GDP in 1995, notwithstanding improved revenue performance, as the reconstruction program accelerated and interest outlays on domestic debt rose rapidly. While external debt remains low, at $1.5 billion (14% of GDP) at mid-1996, domestic debt, at $7.2 billion (65% of GDP), can no longer be allowed to grow without undermining the country's long-term prospects. The normalization of the political situation and economic stability has generated some external investor confidence. In the course of 1994-1996, Lebanon was able to place $800 million in eurobonds and attract sizable capital flows to finance its large current account deficit.

- Following uncertainties surrounding the Fall 1995 Presidential elections, the domestic political situation has been relatively stable. Parliamentary elections were held last summer and Prime Minister Hariri was reappointed when the new Parliament took office in October. A new Cabinet, with many old faces, including Mr. Siniora as Minister of State for Finance, is now in place. The progress made over the past years on the political and economic fronts was best illustrated by the remarkable resilience in the wake of the Israeli attacks in April 1996, with the country returning to normalcy quickly. Nevertheless, the post-war power sharing arrangements between the various denomination groups in Lebanon continue to evolve, the special relationship with Syria remains an important factor, and the outcome of the regional peace process remains uncertain. The country continues to face the dual challenge of reconstruction and economic stability, and will need to adjust fiscally, and rely to a greater extent on private sector participation and external capital in order to contain the growth of the domestic public debt. An association agreement with the EU is currently being negotiated.

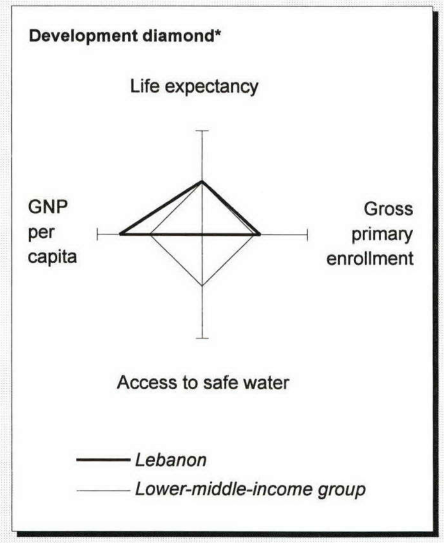
- The overall objectives of our strategy are to support: (i) sustainable rehabilitation and expansion of infrastructure; (iii) improve the enabling environment for rapid private sector-led economic recovery; and (iii) upgrade the human resource base to support long-term recovery and address poverty to maintain socio-political stability.

- The Bank has committed about $550 million as of November 1996 since we reinitiated lending in 1993 after a 15 year hiatus. IFC has provided about $140 million, and mobilized $125 million from participants. The FY97 Bank program is expected to be quite large, at about $190 million, plus $100 million in guarantees. In the next CAS, expected to be considered by the Board in September 1997, we intend to propose an annual level of about $150 million, plus a total of $150-200 million in guarantees over three years (the last CAS envisaged $100 million annually). The lending program will continue to focus heavily on infrastructure reconstruction and expansion, which is the Government's priority, but we expect that human resources development and the environment will be increasingly important. Guarantees would support private sector development of infrastructure.

- Portfolio performance is good overall, with all projects currently rated satisfactory. However, our relatively young portfolio is showing signs of slow disbursement because of delays in effectiveness and slow start-up activities. A first CPPR was held earlier this month and has identified steps that will be taken (by Government and the Bank) to speed up implementation.

Lebanon at a glance

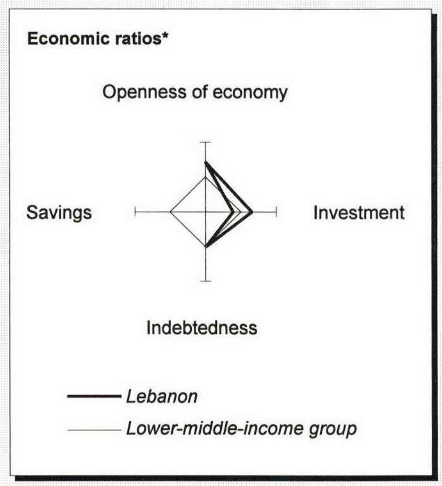
POVERTY and SOCIAL	Lebanon	M. East & North Africa	Lower-middle-income
Population mid-1995 *(millions)*	4.0	273	1,154
GNP per capita 1995 *(US$)*	2,670	1,780	1,700
GNP 1995 *(billions US$)*	10.7	486	1,962
Average annual growth, 1990-95			
Population *(%)*	1.9	2.7	1.4
Labor force *(%)*	..	3.3	1.8
Most recent estimate *(latest year available since 1989)*			
Poverty: headcount index *(% of population)*	..	..	..
Urban population *(% of total population)*	87	56	56
Life expectancy at birth *(years)*	68	66	67
Infant mortality *(per 1,000 live births)*	32	49	36
Child malnutrition *(% of children under 5)*	..	..	..
Access to safe water *(% of population)*	..	82	78
Illiteracy *(% of population age 15+)*	8	39	..
Gross primary enrollment *(% of school-age population)*	115	97	104
Male	117	104	105
Female	114	90	101



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

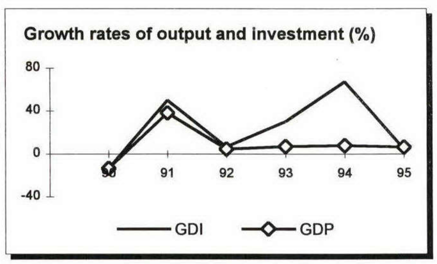
	1975	1985	1994	1995
GDP *(billions US$)*	..	..	9.1	11.1
Gross domestic investment/GDP	..	..	32.4	36.6
Exports of goods and non-factor services/GDP	..	..	8.9	9.6
Gross domestic savings/GDP	..	..	-24.2	-19.1
Gross national savings/GDP	..	..	-8.7	-6.6
Current account balance/GDP	..	..	-41.0	-43.2
Interest payments/GDP	..	..	0.3	0.7
Total debt/GDP	..	..	18.8	23.7
Total debt service/exports	..	..	12.0	9.7
Present value of debt/GDP	..	..	20.3	..
Present value of debt/exports	..	..	120.8	..

	1975-84	1985-95	1994	1995	1996-04
(average annual growth)					
GDP	..	..	8.0	6.5	6.7
GNP per capita	..	..	7.8	4.1	..
Exports of goods and nfs	..	..	16.6	16.5	12.4

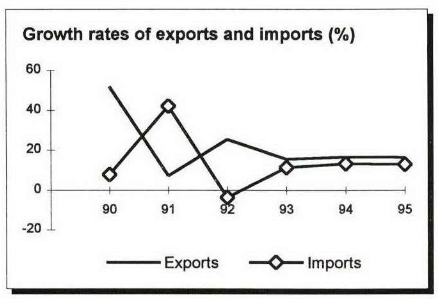


STRUCTURE of the ECONOMY

	1975	1985	1994	1995
(% of GDP)				
Agriculture	..	..	7.2	..
Industry	..	..	23.7	..
Manufacturing	..	..	16.6	..
Services	..	..	69.1	..
Private consumption	..	..	109.9	104.9
General government consumption	..	..	14.5	14.1
Imports of goods and non-factor services	..	..	65.6	65.2



	1975-84	1985-95	1994	1995
(average annual growth)				
Agriculture	..	..	..	..
Industry	..	..	..	..
Manufacturing	..	..	..	..
Services	..	..	..	..
Private consumption	..	..	-1.0	10.6
General government consumption	..	..	28.5	7.6
Gross domestic investment	..	..	67.6	4.5
Imports of goods and non-factor services	..	..	13.3	13.0
Gross national product	..	..	9.8	6.2

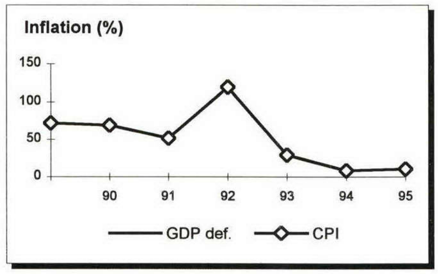


Note: 1995 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

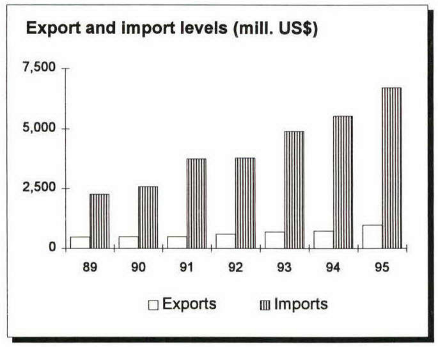
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	..	..	8.3	10.6
Implicit GDP deflator	..	..	8.3	10.6
Government finance				
(% of GDP)				
Current revenue	..	..	14.6	16.8
Current budget balance	..	..	-11.2	-8.9
Overall surplus/deficit	..	..	-20.4	-18.3



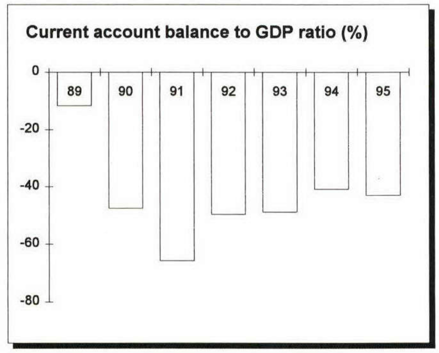
TRADE

	1975	1985	1994	1995
(millions US$)				
Total exports (fob)	..	..	737	982
Other agriculture	..	..	251	296
Fuel	..	..	7	8
Manufactures	..	..	413	601
Total imports (cif)	..	..	5,541	6,721
Food	..	..	1,441	1,748
Fuel and energy	..	..	302	354
Capital goods	..	..	1,044	1,800
Export price index *(1990=100)*	..	..	114	119
Import price index *(1990=100)*	..	..	113	120
Terms of trade *(1990=100)*	..	..	101	99



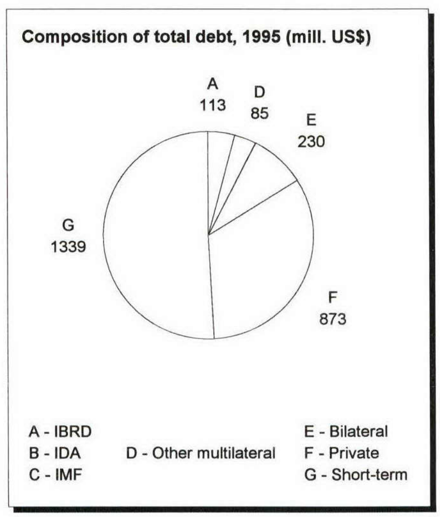
BALANCE of PAYMENTS

	1975	1985	1994	1995
(millions US$)				
Exports of goods and non-factor services	..	..	817	1,073
Imports of goods and non-factor services	..	..	5,990	7,266
Resource balance	..	..	-5,173	-6,193
Net factor income	..	..	437	503
Net current transfers	..	..	987	881
Current account balance, before official transfers	..	..	-3,749	-4,809
Financing items (net)	..	..	4,880	5,065
Changes in net reserves	..	..	-1,131	-256
Memo:				
Reserves including gold *(mill. US$)*	2,494	4,089	7,419	8,105
Conversion rate *(local/US$)*	..	..	1,680.1	1,622.4



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1994	1995
(millions US$)				
Total debt outstanding and disbursed	46	870	1,714	2,640
IBRD	16	36	64	113
IDA	0	0	0	0
Total debt service	11	126	184	181
IBRD	3	7	8	11
IDA	0	0	0	0
Composition of net resource flows				
Official grants	9	54	96	125
Official creditors	-3	6	-13	118
Private creditors	0	-30	-2	783
Foreign direct investment	0	7	7	35
Portfolio equity	0	0	1	36
World Bank program				
Commitments	0	0	77	146
Disbursements	5	4	27	51
Principal repayments	2	4	4	4
Net flows	4	0	23	47
Interest payments	1	3	4	7
Net transfers	3	-2	19	40



Status of Bank Group
Operations in Lebanon

Status of Bank Group Operations in Lebanon

IBRD Loans in the Operations Portfolio

As of 11/18/96

Project ID	Loan No.	Fiscal Year	Borrower	Purpose	Original amount in US$ IBRD	Original amount in US$ Cancellat.	Undisbursed	Difference between expected and actual disbursements[a]	Last ARPP Supervision Rating[b] Development Objectives	Last ARPP Supervision Rating[b] Implementation Progress
Number of Closed Loans/Credits: 4										
Active Loans										
5336	L35620	1993	Government	Emergency Reconstruction	175.00		52.55	11.10	S	S
5344	L37690	1994	Government	Irrigation	57.23		56.38	10.12	S	S
5340	L37700	1994	Government	TA for Revenue Enhancement	19.94		18.98	7.77	S	S
34004	L38290	1995	Government	Health Project	35.70		34.97	7.17	S	S
5345	L38990	1995	Government	Solid Waste/Environment	55.00		55.00	4.07	S	S
5336	L35621	1996	Government	Emergency Reconstruction (Suppl.)	50.00		50.00		S	S
34035	L39300	1996	Government	Administrative Rehabilitation	20.00		19.64	1.14	S	S
38674	L40650	1997	Government	National Roads	42.00		42.00			
34037	L40920	1997	Government	Agriculture Infrastructure Development	31.00		31.00			
TOTAL					485.87	0.00	360.51	41.37		

	Active Loans	*Closed Loans*	*Total*
Total disbursed (IBRD)	125.36	93.66	219.02
Of which repaid	0.00	88.74	88.74
Total now held by IBRD	485.87	4.92	490.79
Amount sold	0.00	3.45	3.45
Of which repaid	0.00	3.45	3.45
Total undisbursed	360.51	0.00	360.51

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.
b. Following the FY94 Annual Review of Portfolio Performance (ARPP), a letter-based system was introduced (HS=highly satisfactory, S=satisfactory, U=unstatisfactory, HU=highly unsatisfactory); see *Proposed Improvements in Project and Portfolio Performance Rating Methodology* (SecM94-901), August 23, 1994.

Note: Disbursement data is updated at the end of the first week of the month.

IFC Investments

Record Removal Notice

File Title	Barcode No.
President Wolfensohn - Briefing Book for President's Meetings - Meeting Material - Pre-Brief Meeting - Prime Minister Rafic Hariri - Lebanon - December 16, 1996	30486574

Document Date	Document Type
July 31, 1996	Chart / Table / Diagram

Correspondents / Participants

Subject / Title
Lebanon - Statement of IFC Investments
Committed and Disbursed Portfolio

Exception(s)
Information Provided by Member Countries or Third Parties in Confidence

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	Date
Diego Hernández	March 27, 2025

Bank Portfolio
and Management

Lebanon - Selected Indicators of

Bank Portfolio Performance and Management

Indicator	**FY94**	**FY95**	**FY96**
Portfolio Performance			
Number of projects under implementation	3	5	6
Average implementation period (years)[a]	0.45	1.00	1.83
Percent of problem projects rated U or HU[b] (for past years, rated 3 or 4)			
Development objectives[c]	0.00	0.00	0.00
Implementation progress (or overall status for past years)[d]	0.00	0.00	0.00
Canceled during FY in US$m	0.00	0.00	0.00
Disbursement ratio (%)[e]	13.68	25.33	11.60
Disbursement lag (%)[f]	65.80	41.43	40.52
Memorandum item: % completed projects rated unsatisfactory by OED[g]	0.00	0.00	0.00
Portfolio Management			
Supervision resources (total US$ thousands)	152.03	335.47	381.58
Average supervision (US$ thousands/project)	50.68	67.09	63.60
Supervision resources by location (in %)			
Percent headquarters	65.08	60.51	65.59
Percent field	34.92	39.49	34.41
Supervision resources by rating category (US$ thousands/project)			
Projects rated HS or S	50.68	67.09	63.60
Projects rated U or HU	0.00	0.00	0.00
Memorandum item: date of last/next CPPR			

a. Average age of projects in the Bank's country portfolio.

b. Rating scale: "HS" denotes "Highly Satisfactory", "S" denotes "Satisfactory", "U" denotes "Unsatisfactory", and "HU" denotes "Highly Unsatisfactory".

c. Extent to which the project will meet its development objectives (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590])*.

d. Assessment of overall performance of the project based on the ratings given to individual aspects of project implementation (e.g., management, availability of funds, compliance with legal covenants) and to development objectives (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590])*. The overall status is not given a better rating than that given to project development objectives.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: investment projects only.

f. For all projects comprising the Bank's country portfolio, the percentage difference between actual cumulative disbursements and the cumulative disbursement estimates as given in the "Original SAR/PR Forecast" or, if the loan amounts have been modified, in the "Revised Forecast." The country portfolio disbursement lag is effectively the weighted average of disbursement lags for projects comprising the Bank's country portfolio, where the weights used are the respective project shares in the total cumulative disbursement estimates.

g. OED data, available in the statistical appendix to the most recent ARPP reports.

Note: Disbursement data is updated at the end of the first week of the month.
Supervision resources include Salaries, Benefits, and Travel for all sources of funds but excludes FAO staff and PCR task costs.

IBRD/IDA
Lending Program

Lebanon - Bank Group Fact Sheet FY 1994-1999
IBRD/IDA Lending Program, FY 1994-1999

	Past			*Current*	*Planned*[a]	
Category	*FY94*	*FY95*	*FY96*	*FY97*	*FY98*	*FY99*
Commitments (US$m)	77.1	90.7	70.0	190.0 d/	150.0	150.0
Sector (%)[b]						
Agriculture	74.2	0.0	0.0	16.3	35.0	
Education	0.0	0.0	0.0	0.0	30.0	
Elec.power,oth.engy.	0.0	0.0	0.0	34.2	0.0	
Environment	0.0	60.6	0.0	0.0	0.0	
Pop/health/nutrition	0.0	39.4	0.0	0.0	0.0	
Public Sector Mgmt	25.8	0.0	28.6	0.0	0.0	
Transportation	0.0	0.0	0.0	22.1	0.0	
Urban Development	0.0	0.0	0.0	0.0	35.0	
Water Supply & Sanit	0.0	0.0	71.4	27.4	0.0	
TOTAL	100.0	100.0	100.0	100.0	100.0	
Lending instrument (%)						
Adjustment loans[c]						
Specific investment loans and others	100.0	100.0	100.0	100.0	100.0	
TOTAL	100.0	100.0	100.0	100.0	100.0	
Disbursements (US$m)						
Adjustment loans[c]	0.0	0.0	0.0	0.0	0.0	0.0
Specific investment loans and others	23.9	57.8	30.3	82.0	115.0	120.0
Repayments (US$m)	5.0	4.0	4.3	4.6	12.8	10.3
Interest (US$m)	2.7	5.0	8.0	13.6	23.2	36.6

a. Ranges that reflect the base-case (i.e., most likely) scenario. For IDA countries, planned commitments are not presented by FY but as a three-year-total range; the figures are shown in brackets. A footnote indicates if the pattern of IDA lending has unusual characteristics (e.g., a high degree of frontloading, backloading, or lumpiness). For blend countries, planned IBRD and IDA commitments are presented for each year as a combined total.

b. For future lending, rounded to nearest 0 or 5%. To convey the thrust of country strategy more clearly, staff may aggregate sectors.

c. Structural adjustment loans, sector adjustment loans, and debt service reduction loans.

d. Excludes $100 million guarantee.

Note: Disbursement data is updated at the end of the first week of the month.

Record Removal Notice

File Title President Wolfensohn - Briefing Book for President's Meetings - Meeting Material - Pre-Brief Meeting - Prime Minister Rafic Hariri - Lebanon - December 16, 1996	**Barcode No.** 30486574

Document Date November 21, 1996	**Document Type** Chart / Table / Diagram

Correspondents / Participants

Subject / Title
Lebanon - IFC and MIGA Program, FY94-96

Exception(s)
Information Provided by Member Countries or Third Parties in Confidence

Additional Comments

The item(s) identified above has/have been removed in accordance with The World Bank Policy on Access to Information or other disclosure policies of the World Bank Group.

Withdrawn by	**Date**
Diego Hernández	March 27, 2025

Bios

SECTION III: BIOGRAPHIES

Mr. Rafic Al-Hariri, Prime Minister and Minister of Finance

Mr. Hariri was born in Sidon, South Lebanon, in 1944. He obtained a diploma in commercial studies at the Beirut Arab University before proceeding to Saudi Arabia where he established a successful construction business during the post 1973/74 oil boom. Mr. Hariri, who also holds the Saudi nationality, is a multi-billionaire with extensive business interests in Lebanon and abroad (in particular France), primarily in construction, real estate and banking. He has a special relationship with President Chirac. He is a philanthropist--his Hariri Foundation has funded studies, including abroad, for some 35,000 Lebanese and provides health and education services. Mr. Hariri is a Sunni Muslim (power is shared between various religious denominations, with a Maronite Christian President, a Sunni Prime Minister, and a Shia Speaker of the Parliament, and 50/50 representation between Muslims and Christians in the Parliament and the Cabinet). He became Prime Minister in October 1992 after Lebanon's first post-war Parliamentary elections. His appointment, supported by key regional powers, triggered investor confidence and raised high hopes domestically about rapid post-war reconstruction and recovery. The recent Parliamentary elections have resulted in a greater representation of pro-Hariri delegates. His basic vision is to rebuild Lebanon to the glory of the early 1970s and prepare it for a future regional role by providing state-of-the-art infrastructure as a basis for the private sector to lead economic recovery. He is the prime architect of, and also a shareholder in, Solidere, a private company set up to rebuild downtown Beirut.

Mr. Fuad Siniora, Minister of State for Financial Affairs, Governor

Mr. Siniora was born in Sidon in 1943. He obtained a Masters Degree in business administration and economics at the American University of Beirut in 1970. Prior to becoming Minister in October 1992, his career had been mainly in banking, starting at First National City Bank in the 1970s, and most recently as Chairman and General Manager of the Saudi Lebanese Bank and Banque de la Mediterranee--both owned by Mr. Hariri. Mr. Siniora is a close and trusted associate of the Prime Minister. While the latter formally holds the Finance portfolio, Minister Siniora is the de-facto Minister of Finance. He is credited with the successful economic stabilization efforts since late 1992, and is generally respected, even by his critics, for his integrity and commitment.

Mr. Nabil Al-Jisr, President of the Council for Development and Reconstruction (CDR), Alternate Governor

Mr. Al-Jisr was born in Tripoli, North Lebanon. He has a US engineering degree. He came to his current post in May 1995 from the OGER construction company in Saudi Arabia, a Hariri enterprise. The CDR has prime responsibility for preparing and implementing most investment projects, and is the prime counterpart for the Bank with respect to most lending operations. CDR now manages contracts worth about $3 billion awarded since post-war reconstruction started.

Dr. Riad Tabbarah, Ambassador of Lebanon to the United States

Dr. Tabbarah was born in 1933. He has a Ph.D. in economics from Vanderbilt. He became Ambassador to the US in April 1994. Most of his career prior to that (from 1962 to 1991) had been with the UN (Res. Rep. in Tunisia 1982-86, and assignments in the population field). He is a brother of the current Minister of Justice, and a close associate of Mr. Hariri.

FROM: Vice President and Secretary

SIGNING OF LOAN: LEBANESE REPUBLIC

Power Sector Restructuring and Transmission Expansion Project

Arrangements have been made for loan documents relating to the Power Sector Restructuring Project (US$65 million equivalent) to be signed on Monday, December 16, 1996, at 6:05 p.m. in the President's Conference Room. His Excellency Rafic Al-Hariri, Prime Minister, Lebanese Republic, will sign on behalf of the Borrower. Mr. James D. Wolfensohn, President, World Bank, will sign on behalf of the Bank. Mr. Alastair J. McKechnie, Division Chief, Private Sector Development and Infrastructure Division, Country Department II, Middle East and North Africa Region, will arrange for the attendance of the officials who will sign the documents. Ms. Lama Abu-Odeh will be responsible for the legal documents

Distribution

Mr. Al Saad, Executive Director
Mr. Hosny, Alternate Executive Director
Mr. Derviş, MNAVP
Mr. Raghavan, LOADR
Mr. Feather, EXTOP
Mr. Drake, Jr., LOALA

Mr. Sud, MN2DR
Ms. Kolan, MN2DR
Mr. McKechnie, MN2PI
Mr. Skelton, MN2PI
Mr. Heitner, EMTIE
Ms. Abu-Odeh, LEGMN

Alastair J. Mckechnie, Division Chief, MN2PI
Ext. 33047

Inder Sud
Director, MN2
December 13, 1996

A L L - I N - 1   N O T E

DATE: 13-Dec-1996 07:59am

TO: Jane Holden (JANE HOLDEN)

FROM: Allison Tsatsakis, EXC (ALLISON TSATSAKIS)

EXT.: 84776

SUBJECT: RE: Loan Signing

Re. Signing

I had a call from Secretaries' asking what we needed for the signing (blotters, pens..etc.) - I have asked them to deal directly with Dervis' office for any arrangements.

Ali

CC: Wendy Plumley (WENDY PLUMLEY)
CC: Atsuko Horiguchi (ATSUKO HORIGUCHI)

FOR TODAY Atsuko

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE: December 13, 1996

TO: Mr. Dirk Mattheisen, SECBO

FROM: Alastair J. McKechnie, Division Chief, MN2PI

EXTENSION: 3-3047

SUBJECT: **LEBANON: Power Sector Restructuring and Transmission Expansion Project Signing of Loan Documents**

1. Arrangements have been made for the signing of the loan documents for the above-referenced project on Monday, December 16, 1996 at 6:05 p.m. in the President's Conference Room.

2. His Excellency Rafic Al-Hariri, Prime Minister, Lebanese Republic, will sign the Loan Agreement on behalf of the Lebanese Republic, and the Project Agreement on behalf of Electricité du Liban. Mr. James D. Wolfensohn, President, World Bank, will sign the documents on behalf of the Bank. Ms. Lama Abu-Odeh, Lawyer, will supervise the execution of the loan documents.

3. I would be grateful if your office could prepare the necessary nameplates, pens and blotters.

cc: Messrs.Mmes. Derviş, Brizzi, Page, Bouhabib, Fernandez-Palacios, Yamine (MNAVP); Sud, Kolan (MN2DR); Tsatsakis (EXC); Kanaan, Hoppenbrouwer (MN2CO); Skelton (o/r), Le (MN2PI); Heitner (EMTIE); Joshi-Ghani (CAPPF): Gruss, Abu-Odeh (LEGMN); Koilpillai (LOAEL)
ECA/MNA Files, Division Files

/bw
m:\leb\pa36087\lenn\sarfinal\signing.doc

L-3
LB-PA-36087

A L L - I N - 1   N O T E

DATE: 13-Dec-1996 07:50am

TO: Wendy Plumley (WENDY PLUMLEY)

FROM: Jane Holden, EXC (JANE HOLDEN)

EXT.: 82907

SUBJECT: Loan Signing

Wendy:

For Monday - you should probably deal with the Staff Assistant in the region and make sure that they are on top of arranging, through Secretary's Department, the "official" pens and blotters that will be used for the signing. They need to be delivered to the meeting room before the meeting begins. The regions do this all the time so they know what to do - the only unusual thing is that the President is signing this time, and it may throw them as to what to do on such an occasion!

jane

CC: Atsuko Horiguchi (ATSUKO HORIGUCHI)
CC: Allison Tsatsakis (ALLISON TSATSAKIS)

A L L - I N - 1   N O T E

DATE: 12-Dec-1996 02:31pm EST

TO: See Distribution Below

FROM: Allison Tsatsakis, EXC (ALLISON TSATSAKIS@A1@WBHQB)

EXT.: 84776

SUBJECT: MR. WOLFENSOHN'S MEETING WITH P.M. HARIRI OF LEBANON
*MEETING FORMAT CHANGE * FOR: DECEMBER 16 AT 5:45 P.M.

Please note that the format for Mr. Wolfensohn's meeting with Prime Minister Hariri of Lebanon has been changed as follows:

5:45 - 6:05 p.m. - Delegation Meeting (NO PRESS)
6:05 - 6:15 p.m. - Loan Signing (WITH PRESS)

Please note that Mr. Wolfensohn has another commitment at 6:15 p.m., as such, the loan signing must be incorporated into the meeting.

Messrs. Dervis and Bergman, kindly coordinate on the press coverage for this meeting and arrange for the necessary security badges as needed.

Questions regarding this meeting/loan signing should be directed to Mr. Hany Assaad at ext. 30524 through Friday, and Ms. Horiguchi at ext. 84256 on Monday.

Many thanks.

DISTRIBUTION:

TO:	CAIO KOCH-WESER	(CAIO KOCH-WESER@A1@WBWASH)
TO:	KEMAL DERVIS	(KEMAL DERVIS@A1@WBWASH)
TO:	INDER SUD	(INDER SUD@A1@WBWASH)
TO:	ATSUKO HORIGUCHI (FOR HANY ASSAAD)	(ATSUKO HORIGUCHI@A1@WBWASH)
TO:	Klas Bergman (Press)	(KLAS BERGMAN@A1@WBHQB)
CC:	KHALID AL-SAAD	(KHALID AL-SAAD@A1@EDSEL)
CC:	RAFIA SIMAAN	(RAFIA SIMAAN@A1@EDSEL)
CC:	VORAPAKTRA YONGPRADIT	(VORAPAKTRA YONGPRADIT@A1@WBWASH
CC:	ADIL KANAAN	(ADIL KANAAN@A1@WBWASH)
CC:	EZZEDIN SHAMSEDIN	(EZZEDIN SHAMSEDIN@A1@EDSEL)
CC:	ANDRE HOVAGUIMIAN	(ANDRE HOVAGUIMIAN@A1@WBWASH)
CC:	MERRELL TUCK-PRIMDAHL	(MERRELL TUCK-PRIMDAHL@A1@WBWASH
CC:	JEANNIE YAMINE	(JEANNIE YAMINE@A1@WBWASH)
CC:	LAURENS HOPPENBROUWER	(LAURENS HOPPENBROUWER@A1@WBWASH
CC:	ALASTAIR J. MCKECHNIE	(ALASTAIR J. MCKECHNIE@A1@WBWASH
CC:	DAN WAGNER	(DAN WAGNER@A1@WBWASH)
CC:	MARK MALLOCH BROWN	(MARK MALLOCH BROWN@A1@WBWASH)
CC:	ESLA BLACKMAN	(ESLA BLACKMAN@A1@WBWASH)

CC:	ABDALLAH BOUHABIB	(ABDALLAH BOUHABIB@A1@WBWASH)
CC:	JOHN PAGE	(JOHN PAGE@A1@WBWASH)
CC:	HANY ASSAAD	(HANY ASSAAD@A1@WBWASH)
CC:	CAROLINE D. ANSTEY	(CAROLINE ANSTEY@A1@WBWASH)
CC:	GEOFFREY H. BERGEN	(GEOFFREY BERGEN@A1@WBWASH)
CC:	GWENDOLINE MARIA PLUMLEY	(WENDY PLUMLEY@A1@WBWASH)
CC:	NATHALIE TAVERNIER	(NATHALIE TAVERNIER@A1@WBWASH)
CC:	JANE A. HOLDEN	(JANE HOLDEN@A1@WBWASH)
CC:	LAI-FOONG GOH	(LAI FOONG GOH@A1@WBHQB)
CC:	STEVAN JACKSON	(STEVAN JACKSON@A1@WBWASH)
CC:	BARBARA PORTIS	(BARBARA PORTIS@A1@WBWASH)

SEP 3 55

2188
AH
(F) for (B) 10/4
mtg w/ PM
Hariri

THE WORLD BANK/IFC/M.I.G.A.

OFFICE MEMORANDUM

DATE: September 3, 1996

TO: Mr. Kemal Dervis, Vice President, MNA

FROM: Hiroo Fukui, Vice President, RMC

EXTENSION: 3-1188

SUBJECT: **Notes on Trip to Lebanon and Jordan**

hold + add to archives

1. During the last week of July, I traveled to Lebanon and Jordan to explain cofinancing and the World Bank Guarantee with key government officials and, at the suggestion of Mr. Wolfensohn to "Harvard graduates" like myself, to discuss Bank's operations with our constituents, including the private sector, NGOs, and local people. This note summarizes the results of my meetings and presents my general impressions about my trip to these two countries, as well as key messages that I have received from the people I met. The list of persons met during this trip is shown in the Attachment.

2. I got a warm reception in both countries and met with important government officials, including the Prime Ministers of Lebanon (Mr. Rafiq Hariri) and Jordan (Mr. Abdul Karim Kabariti). I had the opportunity to meet with representatives of the private sector in both countries, including officials of the Lebanon Board of Investment, Bankers Association and the Chamber of Commerce in Beirut, and the Cairo-Amman Bank, a bank in Amman that will be working with IFC in a micro enterprise credit project. I also met with a representative of the Noor Al-Hussein Foundation, as well as with the newly-installed director of USAID in Amman. Also in Amman, I gave a speech before the World Affairs Council on the World Bank Guarantee and the expanding role of the private sector. My speech was well received and generated a lot of interest among important officials of business and industry. The gist of my speech was widely reported in Amman newspapers. The highlight of my trip to the Middle East was my meetings with the local people situated near the ancient city of Petra.

JDW you'll meet him in Washington on Oct 4.

SEP 4 19

Guarantees and Cofinancing

3. In Lebanon, I took the opportunity to discuss the potential partial credit guarantee for a bond issue in the international market for the Electricite du Liban (EDL), the electric utility. The Government of Lebanon (GOL) is very keen on processing the guarantee in parallel with the loan with a launching date of end of 1996 or early 1997 in mind. When the power sector restructuring project is sent to the Board for consideration sometime in October 1996, the authorization to negotiate the guarantee for EDL will be sought. The Lebanese showed clear indication that they would like for us to proceed with the loan and the guarantee simultaneously, but they also indicated that any counter-

guarantee to be given by the GOL would require parliamentary approval. They are very eager to make successful the first bond issue for EDL with a Bank guarantee, which can establish for Lebanon a benchmark for future fund raising at the long end of the market. As you know, the government has successfully raised short term funds in the Euro-bond market in the last two years. Also on the occasion of my meeting with the Chairman of EDL, it was indicated to me that the some technical assistance funds are needed for the financial strengthening of EDL. PHRD funds may be available to meet this need.

4. The partial risk guarantee for the Awali-Beirut Water Conveyor Project was also discussed. The Minister of Finance, the President of the Council for Development and Reconstruction, and the Prime Minister expressed strong support for the guarantee for this project. My staff are presently working with regional staff in developing the guarantee for this project. The guarantee for the Eastern Beirut Peripherique and the Beirut-Damascus Toll Road is placed on the back burner since the government thought that the consortium does not have a sound financing plan and the guarantee alone will not be able to mobilize the financing that is required. Also, they believe that any proposed IFC participation will soak up needed IFC funds from other private sector projects and this would be unacceptable to them.

5. The discussions with the Government of Jordan (GOJ) focused mainly on cofinancing and little on the guarantee side as more ground work is needed to develop any potential guarantee operation. The GOJ is very happy with their first bond issue for the Jordan Telecommunications Corporation (TCC) and with the assistance being provided by the Bank to support TCC's privatization efforts which are proceeding very well. TCC's financial performance is strong enough that the government is contemplating reducing the tariff to make TCC more internationally competitive. GOJ has also indicated that they would probably not do the Disi-Amman Water Conveyor Project on a BOT basis because a BOT structure would make the project prohibitive in terms of the costs and the pass-through to consumers. At the moment they intend to rehabilitate their water distribution network, and for this purpose they are seeking concessional loans to meet their financing needs.

General Impressions and Key Messages

6. Both GOL and GOJ have reasonable access to short term money, however, there is a substantial need for long-term funds. In this context, I noted that Lebanon is more inclined to mobilize private capital and shows strong interest in the Bank guarantee while Jordan is keen to tap more bilateral resources, including Japanese cofinancing. I believe that the Bank guarantee has role in supporting reconstruction in Lebanon and infrastructure development in Jordan. The challenge is to identify suitable projects which would attract private funds and cofinancing, and eventually add value to the two countries' economies.

7. There is strong interest in private sector development in both countries. The role that the private sector can play in the two countries' economies is being

acknowledged by the respective governments. Despite strong political resistance in both countries, there is a strong government commitment to involve the private sector in infrastructure (by pursuing BOT arrangements) and the provision of infrastructure services with a view to unburdening public finance. The private sector in Lebanon has a long history and a strong background. It has the capability to play a central role in reconstruction. In Jordan, the Government now plans to improve the business environment to attract significant private investment and recognizes that this will be possible only through deepening and extending reforms in privatization. Although Jordan has initiated the privatization process with the formation of an inter-ministerial committee that will oversee the implementation of the country's privatization program, it is my view, however, that it may take some time before the private sector gets mainstreamed in the country's economy. In this regard, I have my doubts about the Jordan's readiness to pursue a partial risk type of guarantee operation in the near term. We should then do more ground work to assist GOJ with the guarantee instrument.

8. The private sector in the two countries would like to assist in the governments' efforts to accelerate the pace of economic development. However, it has expressed a concern vis-à-vis the government's role in these privatization programs and indicated that there be *transparency* and *consistency* in the implementation of policies and procedures, particularly in the bidding process and awarding of contracts, such as in the selection of developers for the Awali-Beirut Water Conveyor Project in Lebanon and the awarding of the contract for the financial adviser for the privatization of TCC.

9. During my meetings with ministers in these two countries, I expressed the Bank's desire to continue to its support and conveyed the message that the World Bank "is at their service." They, in turn, indicated that they appreciate very much World Bank's assistance and value the advice that its staff have given through these years. They reiterated the importance of the Bank's support and the excellent work done by Bank staff. There needs to be more sensitivity on the part of the Bank, however, especially on delivery times since institutional consensus is sometimes difficult to obtain in a politically fragile environment. That we need to match the pace in an economy where rapid and large investments are required and where the institutional balance is rather delicate. In this context, they expect from the Bank a deeper understanding of their social and political situation. In addition, they expressed the view that the Bank tends to seek the best and most cost-effective solution, but the second best solution should not be ruled out.

10. Jordan possesses unique historical sites and natural attractions, and its proximity to territories with similar historical and cultural wealth adds to its advantage. Petra is one of Jordan's historical sites and its most spectacular national treasure. The Bank has supported tourism development in Petra since 1976 and is currently preparing a project to finance infrastructure development (roads, flood control, provision of water, wastewater disposal), environmental protection and management, etc. Preparation of the project is underway with funding from a PHRD grant. Tourism development in this area has not only transformed the surrounding communities from a predominantly agricultural livelihood to a trade- and merchant-based economy but also brought some problems:

limited capacity and the low standard of the existing infrastructure to fulfill the needs of both the local population and the tourists; environmental degradation in the Wadi Musa region; and rapid and uncontrolled urban growth of the surrounding communities.

11. I had the occasion to meet with some local people, particularly with some merchants in the ancient city of Petra to find out how the tourism development is affecting their lives. They do not mind Petra being promoted as tourist attraction, however, adequate infrastructure facilities for the surrounding communities should be established. The main problem facing the local people is the inadequate water distribution network and wastewater/sewage facilities. Other problems cited are the inadequate road system, health services, electricity, and telecommunications system. They want a good quality of life. At the same time, they pointed out that the local people should be given a more participatory role in the planning of tourism development in Petra. These are their concerns which they wanted me to bring to the attention of government authorities. When I met with Prime Minister Kabariti and the Minister of Tourism, I relayed these concerns of the local people. I was informed by the Minister that steps are being taken to address the problems of the local communities and that a change is imminent in the relationship between the central and local governments, particularly in respect to tourism revenue sharing. The Minister explained that they are formulating a law that would allow municipalities to keep some of the entry fees (about 10%) for infrastructure development and maintenance of facilities.

12. During my visit to Jordan, I met with an NGO, the Noor Al-Hussein Foundation. This meeting was meant to be a follow up to Mr. Wolfensohn's meeting with some NGOs during his visit to Jordan in March. The Noor Al-Hussein Foundation is active in developing local people through arts and culture, and as bridge for the peace process. Because local NGOs, like the Noor All Hussein, have not developed a broad base of financial support and rely more on large grants from a small number of wealthy Jordanians and foreign sources, they have sought Bank's assistance through direct grants. Requests for grants were made to Mr. Wolfensohn during his meeting with NGOs and reiterated to me by an NGO participant during my speech before the World Affairs Council. In addition to direct grants as a revenue source to finance NGO operations, the Noor Al-Hussein Foundation official and I discussed the possibility of the Bank establishing a trust fund wherein the Bank would match dollar for dollar the contribution that would be provided by NGOs. This trust fund would finance specific activities, particularly in the social sector. The interest earned from this trust fund would be used for NGO operations while at the same time keeping the principal contributions from both the Bank and the NGOs intact. This certainly is a provocative idea that merits some consideration.

13. Finally, I would like to express my deep appreciation to your staff in MN2 for arranging the numerous meetings and the logistics for this mission to Lebanon and Jordan.

Attachment

cc: Mmes./Messrs. J. D. Wolfensohn, G. Kaji, J. Einhorn, R. Frank, C. Koch-Weser (EXC); I. Sud (MN2DR), R. Chopra (CAPDR), P. Donovan (FRMDR), Files.

HF/JO/mj

<u>Hiroo Fukui Visit to the Middle East</u>

<u>List of Officials Met</u>

<u>LEBANON</u>

July 25	1.	Dr. Maroun Asmar President Electricity Board of Lebanon
	2.	Mr. Francois Bassil President Bankers Association
	3.	Mr. Riad Salameh Governor Central Bank of Lebanon
July 26	4.	H.E. Mr. Fuad Siniora Minister Ministry of State for Financial Affairs
	5.	H.E. Mr. Ali Harajli Minister Ministry of Public Works
	6.	H.E. Mr. Rafiq Hariri Prime Minister Lebanon
	7.	Mr. Nabil El Jisr President Council for Development and Reconstruction
	8.	Mr. Ishigaki Japanese Ambassador to Lebanon

Hiroo Fukui Visit to the Middle East

List of Officials Met

JORDAN

July 28	1.	Dr. Bassam Al-Sakit Member, Board of Directors World Affairs Council Mr. Issam Malkawi Manager World Affairs Council
July 29	2.	H.E. Dr. Rima Khalaf Hunaidi Minister Ministry of Planning Dr. Nabil Ammari Secretary-General Ministry of Planning Mr. A. Bani-Hani Director of Research and Studies Ministry of Planning Mr. Michael Safadi Ministry of Planning
	3.	H.E. Mr. Abdul Karim Kabariti Prime Minister Jordan
	4.	H.E. Mr. Samir Kawar Minister Ministry of Water and Irrigation

5. H.E. Mr. Jamal A. Al-Sarayrah
Minister, Ministry of Post and Communications

6. Mr. Lewis Lucke
Mission Director
USAID Amman Unit 70206

July 30

7. Dr. Ibrahim Badran
Executive Director
Noor Al Hussein Foundation
P.O. Box 5246 Zahran
Amman

8. H.E. Dr. Saleh S. Rusheidat, MP
Minister, Ministry of Tourism and Antiquities
P.O. Box 224
Amman

Suleiman Farajat
Director of Petra Antiquities
Petra

9. Mr. Ziad Fariz
Governor
Central Bank of Jordan

Dr. Michel Marto
Deputy Governor
Central Bank of Jordan

10. Mr. George Dallal
Senior Assistant General Manager
Cairo Amman Bank

Suha Tleel
Manager, International Banking & Public Sector Div.
Cairo Amman Bank

Corporate

- [ ] CTR
- [ ] EXT
- [ ] LEG
- [ ] MPS
- [ ] OED
- [ ] SEC/Board
- [ ] TRE

Regional

- [ ] AFR
- [ ] EAP
- [ ] ECA
- [ ] LAC
- [x] MNA
- [ ] SAS

Central

- [ ] CFS
- [ ] DEC
- [ ] ESD
- [ ] FPD
- [ ] FPR
- [ ] HRO

Affilliates

- [ ] GEF
- [ ] ICSID
- [ ] IFC
- [ ] Inspection Panel
- [ ] Kennedy Center
- [ ] MIGA

D. EXTERNAL PARTNER

- [ ] IMF
- [ ] UN
- [ ] MDB/Other IO
- [ ] NGO
- [ ] Private Sector

- [ ] Part I
- [x] Part II
- [ ] Other

E. COMMENTS: This brief includes the following:
-Briefing note prepared by L. Hoppenbrouwer dated December 11, 1996
-Status of Bank Group Operations in Lebanon
-IFC Investmetns
-Bank Portfolio and Management
-IBRD/IDA Lending Program
-Update briefing note from Kemal Dervis dated December 13, 1996 entitled: "Lebanon: Update briefing -- Meeting wtith Prime Minister Hariri and Signing of Power Sector Restruturing and Transmission System Expansion Project
with attachments: Press release, Loan Agreement, Project Agreement, Memorandum and recommendation of the President in a proposed loan in an amount of US$65 million and a proposed partial credit guarantee in an amount of US$100 million to the Lebanese repoublic for a pow sector restructuring and transmission expansion project

File Location	Cleared By	Date:
[ ] EXC [ ] IISC [x] Archives		12/17/96

View Update History