

COPY

**AGREEMENT FOR
THE ENCOURAGEMENT AND PROTECTION
OF INVESTMENT**

BETWEEN

THE REPUBLIC OF LEBANON

AND

THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT

DATED

September 23, 2000

AGREEMENT, dated September **23**, 2000, between the Republic of Lebanon (hereinafter called the Host Country) and the OPEC Fund for International Development (hereinafter called the OPEC Fund).

Whereas OPEC Member States, being conscious of the need for solidarity among all developing countries and aware of the importance of financial cooperation between them and other developing countries, have established the OPEC Fund to provide financial support to the latter countries, in addition to the existing bilateral and multilateral channels through which OPEC Member States extend financial assistance to other developing countries;

And whereas the OPEC Member States have, in addition, empowered the OPEC Fund to partake in the stimulation of capital flows thereto and, specifically, to assist in financing private sector activities involving entities located in the territories of other developing countries, including the Host Country, with a view to optimizing the aforementioned objective of financial cooperation;

And whereas the Host Country and the OPEC Fund have agreed that a stable framework for the envisaged investments will maximize effective utilization of economic resources and improve living standards; and, accordingly, have resolved to conclude an agreement concerning the encouragement and protection of such investment activities;

Now, therefore, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

1.01 Wherever used in this Agreement, and unless the context otherwise requires, the following terms have the following meanings:

- (a) "Investment" means every kind of investment owned or controlled directly or indirectly by the OPEC Fund in the territory of the Host Country and, without prejudice to the generality of the foregoing, includes investment consisting or taking the form of:
- (i) shares, stock, and other form of equity participation, and bonds, credits, debentures, and other forms of debt interests, in a company;
 - (ii) tangible property, including real property; and intangible property, including rights, such as leases, mortgages, liens and pledges;
 - (iii) contractual rights, such as construction or management contracts, production or revenue-sharing contracts, concessions, or other similar contracts;
 - (iv) rights conferred pursuant to law, such as licenses and permits; and
 - (v) intellectual property, including copyrights and related rights, patents, industrial designs, as well as advisory services and confidential business information.
- (b) "Company" means any entity established under or pursuant to the Host Country's legislation and regulations, whether or not wholly or partially owned or controlled privately or by the state or any organ thereof, including a corporation, partnership, sole or joint venture or proprietorship, association or any other organization.

- (c) "OPEC Fund" means the OPEC Fund for International Development established by the Member States of the Organization of the Petroleum Exporting Countries (OPEC) by virtue of the Agreement signed in Paris on January 28, 1976, as amended.
- (d) "OPEC Fund Management" means the Director-General of the OPEC Fund or his authorized representative.
- (e) "Host Country" means the Republic of Lebanon.
- (f) "Territory" means the territory of the Republic of Lebanon, including its territorial sea as well as the exclusive economic zone over which Lebanon exercises sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the sea bed and of the sea bed and its sub-soil.

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ARTICLE II

GENERAL PRINCIPLES

2.01 With respect to the establishment, acquisition, expansion, management, conduct, operation and sale or other disposition of investments, the Host Country shall accord to investments of the OPEC Fund made in its territory treatment no less favourable than that it accords, in like situations, to investments made in its territory by its own investors (hereinafter "national treatment") or to investments made in its territory by investors of a third party whichever is most favourable (hereinafter "most favoured party treatment").

2.02 The Host Country shall ensure that its laws, regulations and adjudicatory decisions that pertain to or affect investments are promptly published or otherwise made publicly available.

2.03 The Host Country shall ensure that its laws, regulations and adjudicatory decisions shall serve to provide effective means of asserting claims and enforcing rights with respect to investments made in its territory and shall not in any way impair, by unreasonable or discriminatory measures, the management, conduct, operation, sale or other disposition of any such investment.

2.04 The Host Country shall at all times accord to investments fair and equitable treatment and full protection and security, and shall in no case accord less favourable treatment than that required by international law.

2.05 The Host Country shall, as concerns matters that do not relate to national investors, accord treatment under or pursuant to its legislation and regulations to the OPEC Fund or, as the case may require, the officials, agents and other representatives of the OPEC Fund, no less favourably than the Host Country accords to other third parties, including other multilateral development finance institutions, their staff, agents and other representatives and such treatment shall extend but not be limited to the issuance of visas or permits to enter and remain in its territories for the purpose of initiating, appraising, establishing or administering, winding up or otherwise terminating any investment located in its territory or any other activity connected therewith.

2.06 The most favoured party treatment shall not be construed so as to oblige the Host Country to extend to the investments of the OPEC Fund the advantages resulting from:

- (a) any existing or future customs or economic union, a free trade area or regional economic organization of which the Host Country is or becomes a member; or
- (b) without prejudice to Article III, any international agreement or arrangement relating wholly or mainly to taxation or any domestic legislation relating wholly or mainly to taxation; or
- (c) the treatment granted by virtue of Legislative Decree No. 11614 dated January 4, 1969, as amended, regarding ownership of real estate.

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ARTICLE III
EXEMPTION FROM TAXATION

3.01 The OPEC Fund, its assets, property, operations, and any obligation or security issued or guaranteed by the OPEC Fund, and any other transactions undertaken by the OPEC Fund in connection with any investment in the territory of the Host Country, authorized by or pursuant to this Agreement, shall be immune from all taxation, levies or duties chargeable or otherwise imposed by, or in the territory of, the Host Country; and references in this Article to the OPEC Fund shall mutatis mutandis, be construed as including references to the officials, agents and other representatives of the OPEC Fund specified in Section 2.05 above.

3.02 Notwithstanding Section 3.01, the reference therein to the officials, agents and other representatives of the OPEC Fund shall not include Lebanese nationals or stateless persons resident in the Host Country.

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ARTICLE IV
PRIOR NOTIFICATION OF INVESTMENT PROPOSAL
AND CONCURRENCE THEREON

4.01 The OPEC Fund shall prior to each investment inform the Government of the Host Country about the envisaged investment in the form of a project proposal. Such a written proposal will contain a summary statement regarding the envisaged investment and will be forwarded by the OPEC Fund to the Minister of Finance or other representative of the Host Country designated in that behalf, for further consideration.

4.02 The OPEC Fund shall not finance any investment in the territory of the Host Country unless the Government of the Host Country confirms in writing to the OPEC Fund that it has raised no objection against the proposed investment and, furthermore, declares that it encourages the particular investment proposed by the OPEC Fund.

ARTICLE V
EXPROPRIATION OR NATIONALIZATION

5.01 The Host Country shall not expropriate or nationalize an investment either directly or indirectly through measures tantamount to expropriation or nationalization except for a public interest as established by law; in a non-discriminatory manner; upon payment of prompt, adequate and effective compensation; and in accordance with due process of law and the general principles of treatment provided for in Article II above.

5.02 Compensation shall be paid without delay and shall be equivalent to the fair market value of the expropriated investment immediately before the expropriatory action was taken; and be fully realizable and freely transferable. The fair market value shall not reflect any change in value occurring because the expropriatory action had become known before the date of expropriation.

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ARTICLE VI
COMPENSATION FOR LOSSES AND DAMAGES

6.01 The Host Country shall accord national and most favoured party treatment to investments as regards any measure relating to losses that investments suffer in its territories owing to war or other armed conflict, revolution, state of national emergency, insurrection, civil disturbance or similar events.

6.02 The Host Country shall accord restitution, or pay compensation in accordance with Section 5.02 above, in the event that investments suffer losses in its territories, owing to war or other armed conflict, revolution, state of national emergency, insurrection, civil disturbance, or similar events, that result from:

- (a) requisitioning of all or part of such investment by the Host Country's forces or authorities; or

- (b) destruction of all or part of such investments by the Host Country's forces or authorities that was not required by the necessity of the situation.

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ARTICLE VII **FREE TRANSFERS**

7.01 The Host Country shall permit all transfers relating to an investment to be made without restrictions as well as without delay into and out of its territory. Such transfers include:

- (a) contributions to capital;
- (b) profits, capital gains, and proceeds from the sale of all or any part of the investment or from the partial or complete liquidation of the investment;
- (c) interest, royalty payments, management fees, technical assistance and other fees;
- (d) payments made under a contract; and
- (e) compensation pursuant to Articles V and VI.

7.02 The Host Country shall permit transfers to be made in a freely usable currency at the market rate of exchange prevailing on the date of transfer.

7.03 Notwithstanding Sections 7.01 and 7.02, the Host Country may prevent a transfer through the equitable, non-discriminatory and good faith application of its laws relating to:

- (a) bankruptcy, insolvency or the protection of the rights of creditors;
- (b) issuing, trading or dealing in securities;

- (c) criminal or penal offences; or
- (d) ensuring compliance with orders or judgements in adjudicatory proceedings.

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ARTICLE VIII **CONSULTATION**

The Parties to this Agreement agree to consult promptly, on the request of either, to resolve any dispute, controversy or claim in connection with this Agreement or the breach, termination or invalidity thereof or otherwise relating to the interpretation or application of this Agreement or the realization of the objectives of this Agreement.

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ARTICLE IX **ARBITRATION CLAUSE AND** **GOVERNING LAW**

9.01 Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof or otherwise relating to the interpretation or application of this Agreement, that is not resolved through consultations, shall be submitted upon request of either Party to an arbitral tribunal for binding decision as provided in Section 9.04.

9.02 Any arbitration under this Agreement shall be held in a state (not being the Host Country) that is a party to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done in New York United States of America, on June 10, 1958; and the English Language shall be used throughout the arbitral proceedings.

9.03 Each Party to this Agreement hereby waives any right of sovereign immunity as to it and its property in respect of the enforcement and execution of any award rendered by an arbitral tribunal constituted under or pursuant to this Agreement.

9.04 This Agreement and all documents executed in connection with this Agreement, and their validity, enforcement, and interpretation, and all disputes arising under such document, shall be governed by the applicable principles of international law and ex aequo et bono.

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ARTICLE X

OTHER RIGHTS AND OBLIGATIONS

This Agreement shall not derogate from any of the following that entitle investments to treatment more favourable than that accorded by this Agreement:

- (a) laws and regulations, administrative practices or procedures, or administrative or adjudicatory decisions of the Host Country;
- (b) international legal obligations; or
- (c) any other obligations assumed by the Parties to this Agreement, including those contained in an investment authorization or an agreement or other legally enforceable undertaking for or in connection with an investment.

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ARTICLE XI
ENTRY INTO FORCE,
DURATION AND TERMINATION

11.01 This Agreement shall enter into force on the day after the exchange by the Parties signatory thereto of an instrument of ratification according to the constitutional requirements of the Host Country and of an instrument constituting an act of formal confirmation by the OPEC Fund.

11.02 This Agreement shall remain in force for a period of ten years and shall continue in force unless terminated in accordance with Section 11.03.

11.03 Each Party may terminate this Agreement at the end of the initial ten years period or at any time thereafter by giving one year's written notice to the other Party.

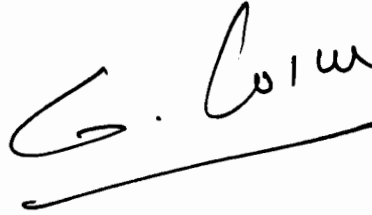
11.04 Notwithstanding the termination of this Agreement, all other provisions thereof, except those relating to the establishment of a new investment, shall continue to apply to any investments established or acquired prior to the date of termination and remain in force for an additional period of ten years from the said date.

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IN WITNESS whereof, the Parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and delivered in Prague in two copies in the English language, each considered an original and both to the same and one effect as of the day and year first above written.

FOR THE REPUBLIC OF LEBANON:

Name: H.E Georges Corm
Title: Minister of Finance



FOR THE OPEC FUND FOR INTERNATIONAL DEVELOPMENT:

Name: Dr. Y. Seyyid Abdulai
Director-General



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