

To

ALL INTERESTED PARTIES

**INVITATION TO TENDER (ITT)
FROM BULGARTRANGAZ EAD
FOR TENDER PREPARATION**

DEAR LADIES AND GENTLEMEN,

Hereby, we invite you to tender for providing a financial service "Financing", e.g. bank financing in the form of a loan to finance Bulgartransgaz EAD investment costs.

Bulgartransgaz EAD is not a Contracting Authority within the meaning of the PPA.

1. Subject:

Subject of this procedure is the selection of contractors for a financial service "Financing", e.g. bank financing in the form of a loan to finance Bulgartransgaz EAD operational and investment costs including investments costs under Contract No.4156/18.09.2019 "Procurement of the necessary materials and equipment, investment design – Detailed design phase, construction and commissioning of site: "Expansion of the gas transmission infrastructure of Bulgartransgaz EAD parallel to the north (main) gas pipeline to the Bulgarian-Serbian border", stage: "Pipeline network"

Offers from financing institutions and/or associations of financing institutions are eligible.

Parameters and terms of the financing sought are as follows:

- 1.1. Amount - up to EUR 155 million;
- 1.2. Repayment deadline - 5 years from the expiration of the grace period;
- 1.3. Grace period on principal - 1 year as of the first utilisation date;
- 1.4. The fixed interest rate should not exceed 2.5% on an annual basis for each year. The proposed interest rate should include all fees and commissions;
- 1.5. The interest and principal on the loan should be paid monthly. During the grace period on principal, only interest is paid monthly;
- 1.6. Bulgartransgaz EAD provides collateral in USD in the amount of up to 20% of the loans granted; the collateral shall be deposited on the day the loan is utilised;
- 1.7. Credit institutions should offer a collateral in USD in the amount of 0% to 20% of the loans granted;
- 1.8. Annual fixed interest rate on the provided collateral in USD;
- 1.9. The interest on the provided collateral shall be paid monthly;
- 1.10. No fees and commissions for early repayment;

- 1.11. EUR 15.5 million - minimum amount of financing from each participant;
- 1.12. An individual loan agreement will be concluded with each participant;
- 1.13. Credit institutions with which specific contracts will be signed shall not be entitled to impose restrictive terms and conditions on Bulgartransgaz EAD to conclude contracts for issuing bank guarantees in favour of the European Commission, in accordance with case AT.39849 BEH-gas, bank guarantees in favour of the Customs Agency, the issuance of bank guarantees related to the business activity of Bulgartransgaz EAD up to a total of EUR 1 million;
- 1.14. The utilisation of loans will be carried out in portions according to the need to cover operational and investment costs of Bulgartransgaz EAD related to the Investment Programme implementation including the investment costs under Contract No.4156/18.09.2019 "Procurement of the necessary materials and equipment, investment design – Detailed design phase, construction and commissioning of project: "Expansion of the gas transmission infrastructure of Bulgartransgaz EAD parallel to the north (main) gas pipeline to the Bulgarian-Serbian border", stage: "Pipeline network" (the purpose of the funds can be further described to the necessary details in the loan documentation);
- 1.15. The utilization of the loans will be carried out by 30/06/2021;
- 1.16. Bulgartransgaz EAD owns interests only on the utilized part of the provided financing as of the withdrawal date of each amount;
- 1.17. Bulgartransgaz EAD reserves the right to sign a loan agreement for part of the amount offered by each participant, but not less than the minimum amount of funding in the amount of EUR 15.5 million;
- 1.18. Bulgartransgaz EAD reserves the right to conclude individual contracts of a total value exceeding by up to 10% the amount defined in item 1.1. of ITT if it receives sufficient economically advantageous offers.

Each participant may submit only one offer as per the requirements of this ITT.

2. Definitions

"Annual interest rate on the credit" - includes all fees and commissions that represent the real credit appreciation until its final repayment.

"Commitment period" - a period starting from the signing of an individual loan agreement until the utilization of the entire loan amount, but no later than **30/06/2021**.

"Association" - a contractual association of two or more financing institutions for the purpose of applying under this procedure for selection of contractors for the provision of a loan to Bulgartransgaz EAD.

3. Content of the offers:

3.1. Price Proposal (Appendix No.2), includes:

- (a) Proposed fixed annual interest rate for each year of the loan;
- (b) Loan amount;
- (c) Collateral amount;

- (d) Proposed fixed annual interest rate on the collateral provided in USD for each of the collateral provision;
- (e) Collateral amount (expressed in percentage) which Bulgartransgaz EAD is entitled to withdraw;
- (f) Deadline within which Bulgartransgaz EAD shall repay the withdrawn part of the collateral - in business days as of the withdrawal date;
- (g) Sample repayment schedule in monthly instalments as per the participant's template.

3.2. Submission of documents by the financing institution (Appendix No.1) as well as:

- (a) Certified copy of the documents certifying that the participant meets the eligibility criteria set out in item 4(a)(b)(c)(d) of ITT.
- (b) Declaration on eligibility (Appendix No. 3);
- (c) Confidentiality declaration (Appendix No. 4);
- (d) Declaration for absence of clauses by the credit institution for mandatory use of ancillary services for which there is no economic necessity on behalf of Bulgartransgaz EAD (Appendix No. 5);
- (e) Declaration not to impose restrictive conditions on Bulgartransgaz EAD to conclude contracts for issuing bank guarantees in favour of the European Commission, in accordance with case AT.39849 BEH-gas, bank guarantees in favour of the Customs Agency, the issuance of bank guarantees related to the business activity of Bulgartransgaz EAD up to a total of EUR 1 million (Appendix No.6)

If the participant is an association of financing institutions, the above documents must be submitted by each participant in the association.

4. Participants' eligibility requirements:

Each participant shall hold qualification and experience, as required by the Contracting Authority and be able to demonstrate them by submitting the documents (information), listed in this ITT.

Participants who fulfil the following requirements shall be admitted to take part in the procedure:

- (a) The participant is licensed to provide bank services on the territory of the Republic of Bulgaria in line with the Law on Credit Institutions including via branch or on the basis of the freedom to provide services in EU passporting mode. If the participant is an association of financing institutions, at least one of the participants in the association shall meet this condition;
- (b) Each participant or participants in an association shall have a long-term credit rating 1) Ba3 or higher assigned by Moody's or 2) BB- or higher assigned by S&P or 3) BB- or higher assigned by Fitch or 4) BB- or higher assigned by the Bulgarian Credit Rating Agency (BCRA);
- (c) International financing organizations, working on the territory of Bulgaria based on signed and ratified intergovernmental agreements and arrangements;
- (d) Government funds established to provide short- and long-term financing, the scope of which includes financing of infrastructure projects in the energy sector;

The requirements of subparagraphs (a) and (b) shall not apply to participants or a participant in a consortium of financing institutions that meet the requirements under subparagraphs (c) or (d).

Each participant, whether an individual institution or an association, which meets the eligibility

requirements of item 4(a) must meet the requirement of item 4(a) for the entire term of the loan and will make every effort to meet the requirement of item 4(b) above for the entire term of the loan. The Contracting Authority reserves the right to request documents certifying compliance with the requirements during the term of the loan.

4.1 Documents to be enclosed to the offers:

4.1.1. A copy of a valid license/permit in accordance with the applicable regulatory rules. If the participant is an association of financing institutions, the document should be submitted by at least one of the participants in the association.

4.1.2. A copy of a credit rating document. If the participant is an association of financing institutions, the document shall be submitted by each participant in the association.

4.1.3. Participants meeting the requirement under item (c) or (d) shall submit a copy of an association document.

4.1.4. An authorization document when the person submitting the offer is not the legal representative of the participant. A notarized power of attorney shall be submitted which shall contain an explicit statement that the authorized person has the right to sign the offer and represent the participant in the tender. If the participant is an association, state the partner representing the association for negotiation purposes.

Where the participant is an association of no particular legal structure and status, indicate the names of all participants therein.

If the participant is an association of financing institutions, the lead partner must be authorized to communicate with the Contracting Authority.

Participants shall be excluded from taking part in the procedure:

- If their offers fail to meet the eligibility requirements pre-set herein;
- If failing to submit a document in line with the requirements hereof and if failing to submit a document, additionally required by the Contracting Authority, within the specified deadline.

5. Offers evaluation

The offers evaluation (OE) of participants shall be carried out in accordance with the following quantitative criteria:

P1 - Proposed fixed annual interest rate for each of the loan years, including all fees and commissions;

P2 - Proposed fixed annual interest rate for each of the collateral provision;

P3 - Loan amount;

P4 - Amount of the collateral part (expressed in percentage) that Bulgartransgaz EAD shall be entitled to withdraw while keeping the annual interest rate on the provided collateral;

P5 - Deadline within which Bulgartransgaz EAD shall repay the withdrawn part of the collateral - in business days as of the withdrawal date;

P6 - Proposed amount of collateral in USD in the amount of 0% to 20% of the loan granted;

The offers evaluation (OE) of participants shall be calculated according to the following formula:

$$OE = P_1 + P_2 + P_3 + P_4 + P_5 + P_6,$$

where:

P1 - Fixed annual interest rate for each year on the provided financing; maximum points – 65

The maximum number of points will be awarded to the offer with the lowest fixed annual interest rate on the loan granted. The points of the other participants are determined in proportion to the lowest proposed amount according to the following formula:

The formula used to calculate the value of **P1** for each participant:

$$P1_{resp} = \left(\frac{\sum_{i=1}^6 I_{loan\ needed.\ i\ min}}{I_{loan\ needed\ i\ resp}} \right) \times W_i$$

where:

i – interest period from the 1st (first) to the 6th (sixth) year of financing;

$I_{loan\ i\ min.}$ - the lowest fixed annual interest rate (%) offered by a participant for period *i*;

$I_{loan\ i\ resp.}$ - the lowest fixed annual interest rate (%) offered by the respective participant for period *i*;

W_i - weighting factor for the respective period *i*.

Values of the weighting factor W_i

Annual interest rate for the year (i)	Weighting factor W_i (points)
1	20
2	20
3	10
4	5
5	5
6	5
$\Sigma =$	65

Guidelines:

Participants indicate a fixed annual interest rate for each year of the six-year repayment period (Appendix No.2).

The proposed fixed annual interest rate for each year includes all costs incurred by the participant.

The fixed annual interest rate must not exceed the limit set out in item 1.4. of the ITT.

Participants indicate the values of I_{loan} (%) **in percentages to the second decimal place.**

Participants indicate the values of **P₁ in percentages to the second decimal place**. The proposed interest rate should not contain conditions. When submitting indicative values or conditional ones, the participant will be awarded 0 (zero) points according to this criterion.

P₂ – Fixed annual interest rate for each year on the provided collateral; maximum points – 5

The annual interest rate for the collateral provided must be of a positive value.

The formula used to calculate the value of **P₂** for each participant:

$$P2_{resp} = \left(\sum_{i=1}^6 \frac{I_{collateral.i_{resp.}}}{I_{collateral.i_{max}}} \times W_i \right)$$

where:

i – interest period from the 1st (first) to the 6th (sixth) year of the provided collateral;

I_{collateral.i_{max}} - the highest annual interest rate (%) offered by a participant for period i;

I_{collateral.i_{resp.}} - annual interest rate (%) offered by the respective participant for period i;

W_i - weighting factor for the proposed period i.

Values of the weighting factor W_i

Annual margin, part of the floating annual interest rate for the year (i)	Weighting factor W_i (points)
1	2
2	1
3	1
4	0.4
5	0.4
6	0.2
Σ =	5

Guidelines:

Participants shall indicate an annual interest rate for the provided collateral for each year of the six-year period (Appendix No.2).

Participants indicate the values of **P₂ in percentages to the second decimal place**. The proposed interest rate should not contain conditions. When submitting indicative values or conditional ones, the participant will be awarded 0 (zero) points according to this criterion.

P₃ - Proposed credit amount - 10 points

The maximum number of points will be awarded to the offer with the highest loan amount proposed. The points of the other participants are determined in proportion to the highest amount offered by the following formula:

$$P_3 = (P_3 \text{ resp. loan amount} / P_3 \text{ max}) * 10$$

where:

P_{3 resp. loan amount} - proposed loan amount of the respective participant

P_{3 max.} - the highest loan amount proposed by all participants

Participants shall indicate **P₃** values in **EUR**.

P₄ - Amount of the collateral part (expressed in percentage) that Bulgartransgaz EAD shall be entitled to withdraw while keeping the annual interest rate on the provided collateral in USD for the residual amount - **5** points

The maximum number of points will be awarded to the offer with the highest amount of the collateral part which Bulgartransgaz EAD is entitled to withdraw keeping the interest on the provided collateral residual amount. The points of the other participants are determined in proportion to the highest amount offered by the following formula:

$$P_4 = (P_4 \text{ resp. withdrawal amount} / P_4 \text{ max}) * 5$$

P_{4 resp. withdrawal amount} - amount of the collateral part proposed by the respective participant (expressed in percentage) that Bulgartransgaz EAD shall be entitled to withdraw

P_{4max} – maximum amount of the collateral part (expressed in percentage) proposed by the participant which Bulgartransgaz EAD is entitled to withdraw

P₅ - Deadline within which Bulgartransgaz EAD shall repay the withdrawn part of the collateral - in business days as of the withdrawal date - **5** points;

The maximum number of points will be awarded to the offer with the longest deadline within which Bulgartransgaz EAD shall repay the withdrawn part of the collateral - in business days as of the withdrawal date; The points of the other participants shall be determined in proportion to the longest deadline proposed, according to the following formula:

$$P_5 = (P_5 \text{ resp. deadline} / P_5 \text{ max}) * 5$$

P_{5 resp. deadline} - deadline proposed by the respective participant within which Bulgartransgaz EAD shall repay the withdrawn part of the collateral - in business days as of the withdrawal date

P_{5 max} – maximum deadline proposed within which Bulgartransgaz EAD shall repay the withdrawn part of the collateral - in business days as of the withdrawal date

P₆ – Proposed amount of collateral in USD in the amount of 0% to 20% of the loan granted - 10 points

The maximum number of points will be awarded to the offer with the lowest amount of collateral in USD in the amount of 0% to 20% of the loan granted. The points of the other participants are determined in proportion to the lowest proposed amount according to the following formula:

$$P_6 = (P_6 \text{ min} / P_6 \text{ resp. coll. amount.}) * 10$$

$P_6 \text{ min}$ - the lowest proposed amount of collateral in USD in the amount of 0% to 20% of the loan granted

$P_6 \text{ resp. coll. amount}$ – amount of collateral in USD in the amount of 0% to 20% of the amount of loan granted proposed by the respective participants

Offers evaluation is processed on a point system with a maximum of 100 points. Participants are ranked in descending order according to the number of points accumulated, the participant who has accumulated the most points is ranked first and the participant with the lowest points is ranked last.

6. Deadline and mode for the submission of offers

(a) Deadline for offers' submission: **by 5:00 pm on 5 March 2021**

Offers shall be in the form of written proposals and shall be submitted in a sealed, opaque envelope by the participant personally or by his authorized representative or by registered letter with acknowledgement of receipt or by courier service at the following address: Bulgartransgaz EAD Head office 1336 Sofia Lyulin 2, 66 Pancho Vladigerov Blvd. The envelope shall read:

Blvd.	TO BULGARTRANGAZ EAD Address: 1336 1336, Sofia, residential area Lyulin 2, Pancho Vladigerov
OFFER	
For providing of a financial service "Financing", e.g. bank financing in the form of a loan to finance Bulgartransgaz EAD investment costs.	
Name and address of the participant	

Participants shall send the offers in such a way as to ensure their delivery at the specified address prior to expiry of the aforementioned deadline. Participants shall take on the risk of delay or loss of offers.

Each participant may change, supplement or withdraw its offer by means of a written statement by the expiry of the deadline for offers' submission. Withdrawal of the offer shall terminate further participation of the participant in the procedure.

All offers shall be submitted in Bulgarian and/or English.

No offers shall be accepted for participation if:

- submitted to an address different from the address indicated above;

- submitted after expiry of the deadline.

Only offers meeting the terms and conditions specified in this invitation will be accepted for review, evaluation and ranking.

(b) interested candidates may send a request for additional information package to the following e-mail: delian.koynov@bulgartransgaz.bg, no later than 5:00 pm on 18 February 2021. Access to the information package will be provided after the receipt of a Confidentiality Declaration (Appendix No. 4) signed by the person representing the relevant participant.

(c) If missing documents and/or irregularities are found in a participant's offer, Bulgartransgaz EAD reserves the right to request in writing the participant to submit the missing documents and/or to eliminate the irregularities found within a certain deadline which cannot be less than two (2) business days. The failure on behalf of the participant to submit the necessary documents and information will result in their exclusion from participation.

(d) The term of validity of offers must be at least 60 (sixty) days as of the offers submission deadline.

7. Signing a loan agreement

Notifications of the signing of a specific loan agreement will receive candidates who had submitted the most economically advantageous offers.

Loan documentation will be signed with each of the selected candidates. The Contracting authority intends to sign loan documentation with the successful participants in the tender within **20 business days** as of the receipt of the notification by the relevant candidate, where participants in the tender shall make all reasonable efforts to meet such deadline.

Covering the term of validity of the individual loan agreements, the Contractor shall make all efforts to comply with the requirements, laid down in the eligibility requirements in item 4(a) and (b), as this has been declared by the participant in the course of the procedure. This circumstance shall be confirmed by the Contractor upon request by the Contracting authority (the absence of such confirmation shall not prejudice the obligations of the borrower in accordance with the loan documentation).

Contact persons:

Mr. Delyan Koynov, Senior expert Economic Analyses and Forecasts Dpt. phone

Phone: +359 2/939 6678

Mr. Zahari Dechev, Senior expert Economic Analyses and Forecasts Dpt. phone +359 2/939 6244

email: zahari.dechev@bulgartransgaz.bg

We expect your offers.

Sincerely,

Vladimir Malinov

Executive Director

ADMINISTRATIVE INFORMATION¹

For providing a financial service "Financing", e.g. bank financing in the form of a loan to finance Bulgartransgaz EAD investment costs.

1. PARTICIPANT IDENTIFICATION

This offer is submitted by

.....
Company name

Having its registered address

UIC

ID No. under VAT

and represented by:

.....
Full name and Personal ID Number /applicable to Bulgarian citizens/

in the capacity of

.....
position

2. ADMINISTRATIVE INFORMATION FOR THE PARTICIPANT

1. Address

.....
Post Code, town, municipality, district, street, block, apt.

2. Phone

3. Fax

4. E-mail:

5. Webpage

6. Contact person

Date:

.....

Signatures and stamp:

¹ If the participant is an association of financing institutions, Annex 1 shall be filled in for each financing institution, part of the association, and an indication shall be made of the leading partner in the association.

PRICE PROPOSAL

For providing a service "Financing", e.g. bank financing in the form of a loan to finance Bulgartransgaz EAD investment costs.

.....
/Name of the participant/

.....
/UIC/

.....
/Registered address/

We propose to provide a bank loan in line with the Invitation to tender under the following PRICING conditions:

1. Proposed fixed annual interest rate for each of the loan years, including all fees and expenses on the loan

Year	Proposed interest rate (in %)	Year	Proposed interest rate (in %)
1		4	
2		5	
3		6	

* Participants indicate the **interest rate values in percentages to the second decimal place.**

2. Proposed annual interest rate on the collateral provided in US dollars for each of the collateral years

Year	Proposed interest rate (in %)	Year	Proposed interest rate (in %)
1		4	
2		5	
3		6	

* Participants indicate the **interest rate values in percentages to the second decimal place.**

	Unit	amount
3. Proposed loan amount*	BGN	

* Bulgartransgaz EAD reserves the right to sign a loan agreements for part of the loan amount offered by a participant, but no less than the minimum amount of BGN 30 million.

	Unit	amount
4. Amount of the collateral part (expressed in percentage) that Bulgartransgaz EAD shall be entitled to withdraw while keeping the annual interest rate for the specified term of the collateral for the remaining amount;	%	

	Unit	amount
5. Deadline within which Bulgartransgaz EAD should repay the withdrawn part of the collateral - in business days as of the date of withdrawal;	Business days	

	Unit	amount
6. Proposed amount of collateral in US dollars in the amount of 0% to 20% of the amount of loans granted	%	

We enclose to this offer an indicative repayment plan according to the participant's standard form

This offer shall be valid for 60 (sixty) days from the deadline for submission of offers.

Enclosure:

Sample repayment plan in instalments according to the participant's standard form

Date:

(date of signature)

Declarator:

(signature)

DECLARATION
on eligibility

The undersigned

Name, surname

PIN

ID card No.

Permanent address

in my capacity of

position

of

Name of Participant

for providing a financial service "Financing", e.g. bank financing in the form of a loan to finance Bulgartransgaz EAD investment costs.

I H E R E B Y D E C L A R E that:

The funding institution/association of funding institutions, represented by me, meets the eligibility requirements for participation in the procedure for provision of a financial service "Financing", e.g. bank financing in the form of a loan to finance Bulgartransgaz EAD investment costs.

Date:

(date of signature)

Declarator:

(signature)

DECLARATION
for confidentiality

The undersigned

.....
full name

PIN

ID card No.

Permanent address

in my capacity of

.....
position

of

.....
*name of participant***For providing a financial service "Financing", e.g. bank financing in the form of a loan to finance Bulgartransgaz EAD investment costs.****I HEREBY DECLARE THAT:**

1. I will not use, neither disclose to third parties information and facts I have become aware of upon participation in **this procedure**.
2. I will not abuse the trust and damage the good name of Bulgartransgaz EAD.

Date
(date of signature)Declarant:
(signature and stamp)

DECLARATION

for absence of clauses by the bank for mandatory use of ancillary services for which there is no economic necessity for Bulgartransgaz EAD

The undersigned

.....
full name

PIN

ID card No.

Permanent address

in my capacity of

position

of

name of participant

For providing a financial service "Financing", e.g. bank financing in the form of a loan to finance Bulgartransgaz EAD investment costs.

I HEREBY DECLARE THAT:

If the funding institution/association of funding institutions I represent, is selected as a Contractor under this procedure, when implementing the negotiated activities, I will not lay down clauses, neither terms and conditions for mandatory use of ancillary services for which there is no economic necessity by Bulgartransgaz EAD.

Date.....
(date of signature)

Declarant:
(signature and stamp)

DECLARATION

for restrictive conditions to Bulgartransgaz EAD to conclude contracts for issuing bank guarantees in favour of the European Commission, in accordance with case AT.39849 BEH-gas, bank guarantees in favour of the Customs Agency, as well as on the issuance of bank guarantees related to the business activity of Bulgartransgaz EAD in the total amount of up to EUR 1 mln.

The undersigned

.....
full name

PIN

ID card No.

permanent address

in my capacity of

.....
position

of

.....
name of participant

participant in procedure

For providing a financial service "Financing", e.g. bank financing in the form of a loan to finance Bulgartransgaz EAD investment costs.

I H E R E B Y D E C L A R E that:

the credit institution/association of credit institutions I represent shall not impose any restrictive conditions on Bulgartransgaz EAD to conclude contracts for issuing bank guarantees in favour of the European Commission, in accordance with case AT.39849 BEH-gas, bank guarantees in favour of the Customs Agency, as well as on the issuance of bank guarantees related to the business activity of Bulgartransgaz EAD in the total amount of up to EUR 1 mln.

Date _____

(date of signature)

Declarant: _____

(signature)