



47, Petar Parchevich str., 1000 Sofia, Bulgaria, UIC 175203485  
tel.: + 359 2 935 89 44, Fax: + 359 2 925 03 94. www.bulgargaz.bg

Approved by: ..

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*Executive Director*



## REQUEST FOR SUBMISSION OF AN OFFER

**for participation in a procedure pursuant to Rules for selection of a contractor for provision of financial services from credit or financial institutions (Appendix №3 to art. 13b of the Regulation for the order for exercising of the rights of the state in the commercial companies with state participation in the capital (ROERSCCSPC) for:**

**“Selection of a contractor for issuing an unsecured bank guarantee in favour of Azerbaijan Gas Supply Company to serve as security for the performance of monetary obligation under the Agreement for Sale and Purchase of natural gas between Bulgargaz EAD and Azerbaijan Gas Supply Company (AGSC) (the GSA)”**

The Public Procurement Act (PPA) is not applied to loans, including bank borrowings, notwithstanding they relate to issuance, sale, purchase or transfer of securities or other financial instruments (Art 13, para. 1, item 9 of PPA).

### I. SUBJECT AND SCOPE OF THE PROCEDURE

The subject of this procedure is the selection of a credit institution for issuing an unsecured bank guarantee to the benefit of AGSC at the request of Bulgargaz EAD (Bulgargaz/Contracting authority) to secure an obligation of Bulgargaz at the amount of USD 109 381 403, with the validity term of 5 months.

The Expiry Time shall be automatically extended without amendment in the bank guarantee, until the same time, on the same date, falling in the fifth month after the month in which the Expiry Time falls.

The Expiry Time shall be extended repeatedly in the same manner until the termination date of the Bank Guarantee Agreement, which duration cannot be less than one year. The duration of the Bank Guarantee Agreement may be extended repeatedly with same period of validity by execution of an Addendum. The Bank Guarantee shall be issued as per a template, agreed between the parties under the Agreement (Appendix No 6 to the request).

The amount available under this Bank Guarantee (Standby Letter of Credit) shall be automatically reduced without amendment with the amount of any (partial) payment made thereto, in accordance with the applicable calling demand.

In case of failure to submit an offer for issuance the full amount of the bank guarantee (USD 109 381 403) and/or within the specified deadline and conditions, the candidates shall be allowed to submit an offer, containing the amount they offer and their terms and conditions as offered for issuance of a bank guarantee.

In absence of offers, which meet in full the amount, deadline and terms and conditions of the procedure, the Contracting authority shall have the right to start "direct negotiations", following execution of a non-disclosure agreement, with participants who have submitted offers.

The objective of the procedure is for at least 5 (five) tenders to be submitted by credit institutions, which contain an offer for issuing a bank guarantee to secure the liabilities of Bulgargaz EAD under the Agreement since the company falls within the scope of art. 13b, par. 3 of the Regulation for the order for exercising of the rights of the state in the commercial companies with state participation in the capital, amended with Decree of the Council of Ministers №127/2013. Bulgargaz complies with the Rules for concentration, accountability and control of Appendix №3 to the Rules for selection of a contractor for provision of financial services from credit or financial institutions in the meaning of the Credit Institutions Act.

## **II. REQUIREMENTS TO CANDIDATES**

Each candidate shall have qualifications and experience required by the Contracting authority and be able to evidence them by submitting the documents (the information) listed herein.

Candidates, which meet the following criteria shall be admitted to participation in the procedure, namely:

1. Foreign Credit institution, licensed in accordance with the laws of country of registration shall submit license or permit for operation for the respective type of financial service. A credit institution licensed in the meaning of the Credit Institutions Act with a seat in the Republic of Bulgaria or a seat abroad which participates through its branch in the country shall submit a certified copy of an authorization/license for performing bank operations issued by BNB /Bulgarian National Bank/<sup>1</sup>.
2. As of the date of submitting the tender the Credit institution shall have an up-to-date international long-term credit rating at minimum levels with an index not lower than A1 of MOODY'S and A+ for S&P or equivalent with at least two registered or certified rating agencies<sup>2</sup> - and such rating shall not be in a negative outlook. If the bank has an awarded rating by two credit institutions at the same time MOODY'S and S&P the lower shall prevail - this shall be evidenced with a copy of a document evidencing this certified by the candidate. In the event of Credit institution's rating downgrade, the Contracting authority may request termination of the Contract for issuing a bank guarantee if required by the AGSC.

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<sup>1</sup> For the candidates in the procedure which are banks having their seat in the Republic of Bulgaria or banks having their seat abroad which participate through their branch in the country

<sup>2</sup> The full list of certified agencies is available on the website of the European Securities and Markets Authority (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>)

The Credit institution shall have to meet the requirements under item 1 and 2 above for the whole term of validity of the guarantee, where the Contracting authority reserves the right to require the documents certifying compliance with the criteria at any time during the validity term of the guarantee.

3. The bank shall submit a declaration for the non-existence of circumstances as per template (Appendix No 4).

**Candidates shall be excluded from participation in the procedure:**

- whose tenders do not meet the terms and conditions initially set herein;
- Where any of the documents as per the requirements herein has not been submitted and has not been submitted within the term for submission after it has been additionally requested by the Contracting authority, where the term for submission of additional documents may not be shorter than 2 (two ) business days.

### **III. REQUIREMENTS TO TENDERS**

Each candidate may submit only one tender in accordance with the requirements herein.

A tender which:

- Has not been received at the registry office of Bulgargaz EAD, at 47, Petar Parchevich Str, Sofia, 1000 or at an e-mail address different from the listed ([hq@bulgargaz.bg](mailto:hq@bulgargaz.bg); [Stanimir.kostov@bulgargaz.bg](mailto:Stanimir.kostov@bulgargaz.bg));
- Has been received following expiry of the deadline

**will not be admitted to participation.**

Only tenders, which meet the terms and conditions herein shall be admitted to consideration, evaluation and ranking.

### **IV. Deadline and place for submission of tenders**

**The deadline for submission of tenders shall be by 5p.m. on the 10th business day following publication of the request (the day of publication is not included).**

Tenders shall be submitted to the registry office of Bulgargaz EAD, at 47, Petar Parchevich Str, Sofia, 1000 or by e-mail ([hq@bulgargaz.bg](mailto:hq@bulgargaz.bg); [Stanimir.kostov@bulgargaz.bg](mailto:Stanimir.kostov@bulgargaz.bg)), where candidates shall include the name of the procedure for which a tender is being submitted in the subject (Re) of the e-mail.

All questions shall be sent by e-mail to [hq@bulgargaz.bg](mailto:hq@bulgargaz.bg); [Stanimir.kostov@bulgargaz.bg](mailto:Stanimir.kostov@bulgargaz.bg) or by phone + 359 2 935 8994, Stanimir Kostov, Head of Financial Reporting and Methodology Department.

The answers shall be sent to the e-mail given by the candidate not later than 1 (one) business day before the deadline for submission of tenders.

The tender shall contain the documents evidencing the requirements of the Contracting authority and a document for authorization if there is representation, upon signing the tender;

By expiry of the deadline for submission of tenders, each candidate may change, supplement or withdraw its tender via a written request submitted to the registry office of BulgargazEAD at 47, Petar Parchevich Str,

Sofia, 1000 or to the following e-mails: ([hq@bulgargaz.bg](mailto:hq@bulgargaz.bg); [Stanimir.kostov@bulgargaz.bg](mailto:Stanimir.kostov@bulgargaz.bg)) Withdrawal of the tender shall terminate further participation of the candidate in the procedure.

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

If within the deadline for submission of tenders for participation in the procedure, fewer than 5 (five) tenders have been submitted, the Contracting authority shall extend the deadline by 5 (five) more business days by publishing a second request with the terms and conditions of the current one. Where following expiry of the additional term fewer than five tenders have been submitted, the Contracting authority shall select a contractor regardless of the number of tenders received.

#### **V. Validity term of the tender**

The validity term of the tenders shall be at least **60** (sixty) days as of the deadline for submission of tenders and the candidate will be bound by the offers in its tender by the time the contract is concluded.

#### **VI. TENDER EVALUATION**

The criterion for evaluation of tenders shall be the '**Economically most beneficial tender**'.

The evaluation of the candidates' tenders (CE) shall be made using the following formula:

$$CE = 40\% NC + 60\% QC,$$

where:

NC- non-quantitative criteria,

QC- quantitative criteria.

- Non-quantitative criteria shall be calculated using the following formula:

$$NC = N1 + N2, \text{ where:}$$

**N1**-Provision of an advisor by the financial institution - contractor to secure fast and timely servicing of the needs of the Contracting authority (yes = 20 points; no= 0 points)

**N2**- Option for express issuing of a bank guarantee (yes=20 points; no=0 points);

In case of „Yes“ answer under N2 criteria, the candidate shall be obliged to provide the bank guarantee up to two business days from the request, while in case of „No“ answer, the deadline for issuing the bank guarantee shall be up to 5 business days;

- The quantitative criteria shall be calculated using the following formula:

$$QC = Q1 + Q2 + Q3,$$

where: **Q1** – Commission and fees for issuing and maintaining an unsecured bank guarantee with a maximum number of points – 45.

The commission and fees shall have to be specific and shall not contain any conditions. In the event of provision of indicative values or such containing conditions, the candidate will be awarded 0 (zero) points under the respective parameter. The percentage of issuance and maintenance's commission shall be calculated from the total amount of the obligation, secured by a bank guarantee.

The maximum number of points will be awarded to the tender having the lowest Commission and fees for issuing and maintaining an unsecured bank guarantee. The number of points of the rest of the candidates shall be set as a correlation to the lowest commission and fees offered using the following formula:

$$Q1 = \frac{\text{Minimum commission and fees}}{\text{Commission and fees offered}} \times 45$$

**Q2** - Interest on debt accrued from payment under a bank guarantee- with a maximum number of points –10.

The interest shall have to be specific and shall not contain any conditions. In the event of provision of indicative values or such containing conditions, the candidate will be awarded 0 (zero) points under the respective parameter.

The maximum number of points will be awarded to the tender having the lowest Interest on debt accrued from payment under a bank guarantee. The number of points of the rest of the candidates shall be set as a correlation to the lowest interest offered using the following formula:

$$Q2 = \frac{\text{Minimum interest}}{\text{Interest offered}} \times 10$$

**Q3** – Fee for express issuing of a bank guarantee with a maximum number of points –5.

The maximum number of points will be awarded to the tender having the lowest Fee for express issuing of the bank guarantee. The number of points of the rest of the candidates shall be set as a correlation to the lowest fee offered using the following formula:

$$Q3 = \frac{\text{Minimum interest}}{\text{Interest offered}} \times 5$$

**The tender evaluation shall be made using points where the maximum number of points is 100. Candidates shall be ranked in a descending order in accordance with the number of points awarded where the candidate with the biggest number of points shall be ranked first and the candidate with the lowest number of points shall be ranked last.**

## **VII. CONCLUSION OF A CONTRACT**

A contract for issuing a bank guarantee shall be concluded with the candidate ranked first.

In the event that the candidate nominated for contractor fails to submit the documents listed above or refuses to conclude a contract within the deadline as set by the Contracting authority, as of being nominated for contractor, the Contracting authority shall conclude a contract with the candidate in the procedure which is ranked next.

The contract shall include all offers from the candidate's tender based on which it has been nominated for Contractor. The provisions of the Agreement shall not contradict to the terms and conditions as foreseen in the Bank Guarantee template, which is an integral part thereto.

**For the period of effectiveness of the contract for issuing a bank guarantee the Contractor shall maintain the requirements set with the minimum selection criteria which have been established upon opening of the procedure.** The circumstance shall be evidenced for each quarter, which has ended, as of conclusion of the framework contract.

## **APPENDICES**

**Appendix 1:** Administrative Information

**Appendix 2:** Technical Offer

**Appendix 3:** Price Offer

**Appendix 4:** Declaration for Non-Existence of Circumstances

**Appendix 5:** Declaration for confidentiality

**Appendix 6:** Bank guarantee template (Standby Letter of Credit)