

TERMS OF REFERENCE

for a public procurement with a scope:

“Selection of a Consultant for Environmental and Social monitoring of the IGB Project for compliance with the standards of the European Investment Bank”

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Definitions and abbreviations

Client	ICGB AD (Project Company)
Environmental and Social Consultant /Consultant /	The Participant that will be awarded as Environmental and Social Consultant with the Decision of the Client and with which the Public Procurement Contract will be executed
IGB Project	Gas Pipeline Interconnector Greece – Bulgaria Project
Project Documents	All relevant permits, approvals, certificates, appraisals, assessments, regulatory documents which are already issued or might be issued or are required to be issued for the IGB Project realization.
IESC	Independent Environment and Social Consultant
EIB	European Investment Bank
GIIP	Good Industrial International Practices
COD	Commercial Operation Date
EIA Permit for the Bulgarian Territory	The permit obtained by ICGB AD No1-1/2013 issued by the Bulgarian Ministry of Environment and Waters
EIA Permit for the Greek Territory	Environmental Terms Approval decision Α.Π. οik 171379 issued on 29.10.2013 by the competent Greek authority
Technical Design	The Design for the construction of the IGB Pipeline as approved with the Construction permit for the Bulgarian section of the IGB Pipeline as well as its amendments, if any.
FEED	Front-end engineering design in relation to the Greek Section of the IGB pipeline
Construction Permit	The Construction permit No PC-48 dated 12.09.2017 issued by the Bulgarian Ministry of Regional Development and Public Works.

Installation Permit	Decision No 671/2019 issued by the Greece's Regulatory Authority for Energy by virtue of which ICGB AD is granted an Independent Natural Gas System (INGS) Permit for the territory of the Hellenic Republic.
Main Project Parties	The Parties referred as such under the Main Project Contracts which are the Work (EPC) Contract, the Line Pipe Supply contract, the Construction Supervision Contract, the Owner's engineer Contract as well as other contracts that may assign Works or Services in relation with the design, construction or commissioning of the IGB pipeline.
Project affected people (PAP)	Individuals or group of individuals identified and defined as affected people in the Livelihood restoration plan or the Stakeholder Engagement Strategy and Country Stakeholder Engagement Plans as affected by the IGB Project.
Tie-in agreement	The agreement between ICGB and each of the neighboring Transmission system operators where the terms and the conditions for the physical connection of the IGB pipeline with the neighboring gas transmission system are agreed.
Project Standards	Project standards shall mean the Relevant standards as listed in section 2.3 as well as the Technical Design for the Bulgarian territory, the FEED for the Greek territory, the IGB Project relevant permits, approvals, permissions and similar as well as their amendments and updates.
Spatial Development Act	The Bulgarian Spatial Development Act published in the Bulgarian State Gazette issue 1/2001 last amended issue 62/2019 r.

1. Information about IGB Project

1.1. General

The project for gas interconnector Greece-Bulgaria (IGB Project) is a project for a new gas transmission pipeline between the Hellenic Republic and the Republic of Bulgaria. The role of the IGB Project is to improve the security of supply and to provide diversification of gas sources and routes for Bulgaria and the SEE region. IGB is included in the list of Projects of Common Interest and included as a flagship project in the CESEC (Central and South-East European Gas Connections) initiative.

The IGB Project is developed by a Project Company – ICGB AD which has the following corporate structure:

Figure 1 – ICGB AD Corporate structure



The IGB Project envisages the gas pipeline to connect the national gas transmission systems of Republic of Greece (in the region of Komotini) and Republic of Bulgaria (in the region of Zagora village, Stara Zagora municipality), ownership respectively of DESFA S.A. and „Bulgartransgaz” EAD as well as with the Trans Adriatic pipeline on the territory of Greece.. The negotiations for development and execution of the Interconnection Agreement are in progress.

The total length of the gas pipeline route is about 182 km. Its length on the territory of Bulgaria is about 151 km and operational pressure 7,5 MPa and diameter DN800. The point where the gas pipeline crosses the border between Greece and Bulgaria is about 1,2 km to the north-east of Makaza border check

point. The connection of the gas interconnector with the gas ring of Bulgaria will be done to the south of the village of Malko Kadievo, Stara Zagora municipality. The gas pipeline will be laid underground at a depth of min 0.8 m in the Bulgarian territory and a depth of min 1.0 m in the Greek territory.

The gas pipeline shall cross the regions of Haskovo, Kardzhali and Stara Zagora as on Bulgarian territory it shall affect the territory of 9 (nine) municipalities and on the territory of Greece – Komotini district. .

1.2. Technical Design and permitting.

1.2.1. The IGB Project has obtained positive EIA decisions by the competent authorities on Bulgarian and Greek territory in connection with implementation of the ecological legislation. The construction route has been designed on Bulgarian and Greek territory and it has been approved by the bodies in both countries - an Installation Act decision has been obtained on Greek territory and on Bulgarian territory a Detailed Spatial Plan - parcel plan of the site has been approved and has become effective.

1.2.2. A Technical Design for Bulgarian territory and FEED for Greek territory have been developed, all engineering studies for the IGB Project have also been conducted, approval of authorities responsible for approval of the IGB Project as well as of third parties affected by construction of the gas pipeline has been obtained. For Greek territory FEED has been prepared in accordance with the Greek regulation for high-pressure gas pipelines, for Bulgarian territory the Technical Design for the IGB Project has been prepared in accordance with the regulations for engineering of high-pressure gas pipelines and the Spatial Development Act on the territory of the Republic of Bulgaria. The Technical Design is approved by the Ministry of regional development and public works and a Construction permit №48 dated 12.09.2017, promulgated SG 76/2017, was issued for the IGB Project which is effective. An Installation Permit for Greece has been obtained early February 2019 and an ASFA license (INGS- Independent Natural Gas System license) was issued to the IGB Project by the Greek competent authorities in July 2019.

1.3. Key Milestones

- The project has been declared a "project of national importance" and "National project" in accordance with Decisions of the Council of Ministers of the Republic of Bulgaria No. 615 / 14.07.2009 respectively № 452 / 07.06.2012, as well as under Law 4001/2011 of the legislation of the Hellenic Republic. In November 2013 ICGB AD completed all Environmental Impact Assessment procedures in the territories of Bulgaria and Greece in accordance with applicable national and EU laws
- The final investment decision for the IGB Project was signed by the shareholders on December 10th 2015
- In December 2016 the second phase of the Market Test was completed with 5 binding offers submitted. Based on that ICGB AD has executed Advance Reservation Capacity Agreements with the shippers which Agreements have been substituted by Gas Transportation Agreements concluded on the 10th of October 2019.

- On September 12th 2017 IGB Project received construction permit on Bulgarian territory
- On August 8th 2018 the IGB Project has completed a procedure for "temporary exemption" from the obligation for regulated access (exemption) within the meaning of Art. 36 of Directive 2009/73 before the national regulatory authorities in Bulgaria and Greece, respectively EWRC and RAE for which a joint exemption decision by the Bulgarian and Greek regulators has been issued
 - On the 8th of November 2018 the EC issued a decision for compatible state aid in accordance with the Guidelines on State aid for environmental protection and energy 2014-2020;
 - On December 21st 2018 ICGB AD signed a contract for direct grant awarding EUR 39 million for the IGB Project from the Operational Program "Innovation and Competitiveness" 2014-2020
 - On February 7th 2019 IGB Project was granted an Installation Permit on the territory of the Hellenic Republic
 - In March 2019 ICGB AD successfully completed the procedure for selection of Owner's Engineer for the IGB Project
 - On April 3rd 2019 the European Commission officially approved the allocation of EUR 39 million for the construction of the IGB Project
 - On April 24th 2019 ICGB AD selected a contractor for Construction Supervision for the construction of the IGB Project on the territory of Bulgaria, according to local legislation
 - In May 2019 ICGB AD finalized the public procurement for the line pipes manufacture and supply for construction of the IGB Project
 - ICGB AD successfully completed the public procurement for design, procurement and construction (EPC) of the IGB Project on May 14th 2019
 - On May 22nd 2019 the groundbreaking ceremony was held near the Bulgarian-Greek border in the presence of the Prime Minister of Bulgaria and the Prime Minister of Greece
 - On July 18th 2019 the IGB Project was granted a license for Independent Natural Gas System, receiving the right to begin construction on Greek territory;
 - On October 10, 2019 the Loan Agreements between BEH and the EIB and between BEH and ICGB, a shareholder agreement that stipulates the financing framework for the project financing and the shareholders' equity were signed.
 - Tie -in agreements with the neighboring Gas transmission system operators – TAP, DESFA and Bulgartransgaz are signed.
 - By the end of October, the shareholders of BEH and IGI Poseidon have made equity contributions that provide the co-financing of the project to the shareholders for the total amount of BGN 82 927 180 (or EUR 42.4 million), which increased the capital of ICGB AD

1.4. Financial information

The IGB Project has the following financial structure:

- **Up to EUR 45 million approved grant from the European Energy Program for Recovery.**

The European Energy Program for Recovery was approved in 2010, with the eligibility for absorption expiring on 31.12.2018. ICGB AD has applied for an extension of the eligibility for absorption of funds. The

request was granted and on 20.10.2018 a formal decision was received from the EC, extending the deadline to 31.12.2021.

- **EUR 39 million in grants under the Operational Program Innovation and Competitiveness (OPIC) 2014-2020 provided by the European Structural and Investment Funds (ESIF).**

On December 21st 2018, an Administrative agreement for the direct grant of financial support for the IGB Project "Construction of the Project Greece-Bulgaria interconnection", amounting to EUR 39 million has been signed.

- **Long-term loan from the European Investment Bank (EIB) secured by the State Guarantee for the IGB Project in the amount of EUR 110 million (BGN 215 million).**

In addition, in order to ensure the predictability of the investment of the shareholders of ICGB AD, on the 10th of October an Intergovernmental Agreement between the Republic of Bulgaria and the Hellenic Republic for establishment of a tax regime for the IGB Project.

Entering into force of the Intergovernmental Agreement shall happen after ratification by the Parliaments of the Hellenic Republic and the Republic of Bulgaria.

Figure 2 – IGB Project Financial Structure



2. Scope of Services

2.1. IGB Project Commitments in respect with the financing

Based on the financial structure, the Bulgarian shareholder conducted negotiation with the European Investment Bank (EIB) and reached an agreement (Financing Agreement) for a government guaranteed loan amounting to EUR 109.9 million solely for the purpose of which the loan will be guaranteed by the issuance of a state guarantee by the Bulgarian state in favor of BEH to finance part of the IGB Project.

The Bulgarian shareholder will utilize the resources under Financing Agreement to the Project company by virtue of an on-lending agreement (the “On-lending Agreement”) stipulated between BEH and ICGB, which repeats the conditions of the Finance agreement.

The financing of the On-Lending Agreement triggers the necessity the IGB Project to follow the applicable standards of the International Financial Institutions.

As part of the pre-conditions for utilization of the first tranche, the On-Lending Agreement requires the Project Company to develop Framework Environmental and Social Management System for the IGB Project as a whole and to implement:

- Framework Environmental and Social Management Plan for Bulgarian and Greek sections, which will include the following sub-plans:
 - E&S Compliance Assurance Plan
 - Biodiversity Action Plan/ Biodiversity Management Plan
 - Erosion Control and Reinstatement Management Plan
 - Watercourse Crossing Management Plan
 - Waste Management Plan
 - Ecological Management Plan
 - Cultural Heritage Management Plan
 - Social Impact Management Plan
 - E&S Compliance Assurance Plan
- Biorestation plans
- Critical habitat assessment for the Greek section
- Biodiversity Offset Strategy with respect to the Greek section of the IGB Project
- Stakeholder Engagement Strategy and Country Stakeholder Engagement Plans
- Project-level grievance mechanism for both the Greek and Bulgarian sections
- Land Acquisition/easement rights plan for Greece
- Livelihood restoration plan
- Health and safety management plan and system

referred hereinafter as Project Commitments. The Project commitments will be developed by the Project company /directly or through different consultants/ and will be submitted to the Consultant.

2.2. Role of the Independent Environmental and Social Consultant

For the purposes to follow up, IGB Project compliance with the Project Commitments as part of the condition of the On-Lending Agreement for the utilization of the resources, ICGB AD is expected to recruit an Independent Environmental and Social Assessment Consultant who will be assigned , to conduct monitoring of the IGB Project on quarterly intervals during construction and annually during operation, to ensure that the IGB Project will be monitored against Project Commitments made in the respective national Environmental and Social Impact Assessment (ESIA) and various management plans as listed in item 2.1. and against the conditions set out in the On lending agreement;

Given the scale and complexity of the IGB Project, a variety of challenges are foreseen leading to inherent environmental and social risks during construction and operation of the pipeline. In this respect the Consultant shall advise the Project Company against these risks and monitor the IGB Project's compliance with Good industrial practices and the Environmental, Social and Health & Safety requirements of the Project Standards including but not limited to:

- The contents of the National EIAs and associated management plans and conditions for the IGB Project;
- Local Environmental, Health, Safety and Social (EHSS) laws and regulations;
- Applicable EU Environment Directives as transposed into the local legislation and enforced by the respective EIA permits for the Bulgarian and Greek territories.
- International Law including Health, Safety, Environment and Security (HSES) conventions and treaties ratified by Greece / Bulgaria and applicable to the IGB Project, in particular the Espoo Convention on EIA in a Transboundary Context;
- EIB Environmental and Social Principles and Standards (2013).

Considering the fact that the IGB Project is in a very advanced stage, it is expected that all Project Commitments shall be implemented taking into consideration that the prevailing part of the activities are to great extent finalised. For the Greek territory the establishment of the easement right is forthcoming.

2.3. Relevant standards

- EIB ENVIRONMENTAL AND SOCIAL STANDARDS (Version 10.0 of 08/10/2018)
- The IFC Performance Standards (2012);
- The Equator Principles (2013);
- The WBG/IFC EHS Guidelines¹
- HSSE Standards and Policies (i.e. ISO14001, OHSAS18001)

¹ https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines

2.4. Description of tasks and deliverables

TASK 1	FAMILIARIZATION WITH THE IGB PROJECT	ACTIVITIES	DELIVERABLES
	The Consultant shall get an overview of the IGB Project documentation and shall get acquainted with the status quo of the implementation of the IGB Project Commitments till the date of award of the Contract.	<ul style="list-style-type: none"> - Kick-off meeting with the attendance of the Consultant's core team; - Desk Study Detail review of the Project Documents, permits, plans and others; - Development of Execution Plan and - Drafting of Site visit plan. 	<ul style="list-style-type: none"> • Minutes of meeting; • Site Monitoring Priority List draft, as an output from the desk-based review; • Plan for execution of the services; • Site visits plan.
TASK 2	PROJECT MONITORING	ACTIVITIES	DELIVERABLES
	Monitoring of the IGB Project's compliance with the E&S Requirements during IGB Project implementation, Project Commitments, including implementation of the IGB Project's-specific Environment & Social management systems (ESMS) and IGB Project Environment & Social management plans (ESMPs).	<p>TASK 2.1.- Monitoring Preparation – includes planning of each site visit, which includes the locations, facilities, activities and processes to be monitored, and any required meetings with IGB Project personnel, regulatory authorities, community members and other IGB Project Affected People (PAP)</p> <p>TASK 2.2 - Monitoring Visit - monitoring visits to assess E&S performance at the site the Consultant shall coordinate site visits with representatives of the lender(s) if required. The site visit includes inspection of the IGB Project site, measurement and sampling if required, meetings and interviews with Client's representatives and stakeholders, regulatory bodies, NGOs, community representatives and PAP as appropriate.</p>	<ul style="list-style-type: none"> - Site Monitoring Plan; - Site monitoring Priority List - final. <ul style="list-style-type: none"> - List of supplementary documents to support preparation of the Site Monitoring Visit Report; - Draft Site Monitoring Visit Report
TASK 3	REPORTING AND RECOMMENDATIONS	ACTIVITIES	DELIVERABLES
		TASK 3.1. – drafting of the Site Visits reports	Draft site visit report; presentation
		TASKS 3.2. – communication with the Project Company and commenting session on factual accuracy.	Table of comments

		This phase considers the possibility for the Client to provide factual accuracy comments on each IESC Monitoring Report	
		TASK 3.3. - The Consultant takes consideration of the comments, including discussion over any points of clarification with the Client and/or any additional information provided by the Client as necessary. A final report will be prepared upon receipt and review of the comments/clarifications.	Final site visit report
TASK 4	CLOSE OUT OF THE SERVICES FOR THE CONSTRUCTION PERIOD	ACTIVITIES	DELIVERABLES
		Preparation of Final Report summarizing all activities performed – the aim of this tasks is to summarize the results of the Services during the Construction Period; The Final report shall serve as well as ground for a final payment.	Final Report; Close out presentation
TASK 5	VISITS DURING OPERATION – PHASE 2	ACTIVITIES	DELIVERABLES
		Annual site visits during operation of the IGB Pipeline	Follow up report after each visit

2.5. Requirements on the planning and the reporting

2.5.1. Plan for execution of the Services

The Consultant shall prepare a Plan for execution of the services which shall include:

- Knowledge of the IGB Project;
- Update of the schedule for the activities;
- Risks identification in the context of the Scope of the services;
- Allocation of personnel and resources;
- Expected involvement of Main Project Parties.

2.5.2. Site Monitoring Plan and Site Monitoring Priority List

The Consultant shall prepare a Monitoring Plan to the Client, outlining their requirements for the monitoring in terms of:

- aspects that will need to be monitored

- locations to be visited
- documents required prior to the visit
- personnel required for site interviews
- supplementary documents and activities required as part of the site visits.

This Monitoring Plan is required eight weeks prior to the site visit, and the Client will provide requested data two weeks before the visit. It is recognized that additional data and additional locations may arise later, but the IESC is requested to provide substantially complete monitoring plans four weeks prior to the visit.

In the Site monitoring Priority List, the Consultant shall prioritize the sites depending of the risks identified where the Site visits shall be mandatorily conducted. The Site monitoring Priority List shall be accompanied with a proper justification. It is recognized that it is not possible to visit all sections of the route on every monitoring trip, and therefore, the visits should be prioritized based on Consultant's experience and expertise. The IESC is required to provide adequate allocation of staff to cover all technical aspects during the visits.

It is noted that the Greek EIA Study provides for an Environmental Management and Monitoring System for the Greek section. The relevant Chapter of the EIA Study, describing briefly some main aspects of this system is herewith attached (Appendix 1).

After the Contract signing, the following documents will be transmitted to the selected Bidder:

- the approved ESIA Studies for the Bulgarian and Greek sections (respectively in Bulgarian & English language and in Greek & English language),
- the relevant Environmental Terms Approval Decisions (in Bulgarian for the Bulgarian section and in Greek for the Greek section),
- the Bio restoration plan, Critical habitat assessment and Biodiversity Offset Strategy for the Greek section (in English language)

2.5.3 Site Visits Reports

The Consultant shall prepare a Draft Site Visit Report – required in English and in a format agreed with the Lenders and the Project Company, including:

- Executive Summary – to include a table of key Environmental, social and cultural heritage (ESCH) and Occupational H&S aspects, describing compliance with and/or deviation from the Applicable Standards and degree of severity / significance
- Statement on works undertaken
- The present status of any previous non-compliance, key issue or recommended action that was identified in the last site visit report
- Any new actual or potential significant issues (e.g. ESCH non-compliances) history and description of issue, relevant standard, magnitude of issue, actions taken, follow up, adequacy of response
- Discussion of adequacy of Project's Company and Contractor's ESCH resources (overall commitment, number and qualification of personnel, equipment and financial resources)
- Corrective actions, if required, to ensure the project compliance with Applicable Standards

- Regulatory advice, where current or future environmental and social issues may have significant impacts on the project

2.6. Tasks and Time Schedule of services

2.6.1. Overall duration of the Services

The Public Procurement contract shall be executed in two phases:

- Phase 1 - During Construction – for the period of Construction as per the EPC contract, which is defined as a minimum of 18 months but not earlier than the COD;
- Phase 2 – During first years of operation of the IGB Pipeline within the duration of the contract.

The indicative number of the site visits is determined to 10 (ten) for the overall duration of the implementation of the procurement, where 6 site visits shall be conducted during construction and 4 - during operation – one per year considering the overall duration of public procurement contract being 5 years.

2.6.2. Indicative Time Schedule for Phase 1

	TASK 1	ACTIVITIES	TIME SCHEDULE	
Phase 1		- Kick-off meeting	• Week 1 as of commencement of Services	
		- Desk study and Detail review of the Project Documents (Final Documentation Package)	• Week 2 - 3	
		- Development of Execution Plan	• Week 4	
		- Site visit plan and Site Monitoring Priority List	• End of first month as of the date of Commencement of Services	
		TASK 2	ACTIVITIES	TIME SCHEDULE
		TASK 2.1.- Site Monitoring Plan		Eight working weeks prior to first visit
		TASK 2.2 – Site Monitoring Visits		- Minimum 6 quarterly visits during the period of construction, or more in case the construction period is longer than 18 months; - List of supplementary documents to support preparation of the Site Monitoring Visit Report – three working days prior to each visit.
	TASK 3	ACTIVITIES	TIME SCHEDULE	

		TASK 3.1. – drafting of the Site Visits reports	Draft report – 10 working days after the date on which the site visit is ended;
		TASKS 3.2. – comments from Client and Lender(s)	10 working days upon receipt of the draft Site Visit report
		TASK 3.3. - final Site Visit report	Final site visit report - required within 5 working days of receiving Lender’s and Client ’s final comments on the draft report.
	TASK 4	ACTIVITIES	TIME SCHEDULE
		Final report for finalization of Phase 1 – Services during Construction.	10 working days of the Finalization of the construction process – issuance of the Taking over certificate
Phase 2	TASK 5	Annual visits – during operation	Annual visits on the site– one for each year of the rest of the duration of the services (Phase 2) taking into account the overall duration of the services under the Procurement Contract

The Time Schedule shall be updated and finally approved after conclusion of the Public Procurement Contract.

2.6.3. Consultant’s Project Team

The IESC shall be an established company employing or subcontracting project staff with demonstrable experience in the disciplines of environmental management, cultural heritage, biodiversity, socioeconomic impacts assessments, post construction landscape restoration, and livelihood compensation planning as applied to international gas pipeline projects funded by EIB.

The Consultant shall be well acquainted with the typical content and structure of the documents listed in section 2.1 above that are subject of the scope of service.

It is recommended for the IESC’s staff to have experience in the countries crossed by the Client’s pipeline, namely Greece and Bulgaria. To this end, in the performance of the services, the Consultant shall provide two additional experts with knowledge and competences under local law in Bulgaria and Greece, and knowledge of the requirements of the competent authorities with functions in the field of environmental protection and biodiversity

The Consultant shall demonstrate and sustain a relevant Core Team, a Project Coordinator and additional experts, all of them having experience on large project finance deals with a diverse lender group, having pertinent practical experience. All experts shall be fluent in English. Changes in the Core team and the

Project coordinator shall be preliminary approved by the Client, provided that the new member (s) meets the respective Selection Criteria that has been required in the Procurement Procedure and no grounds for exclusion occur for them.

Appendix 1 - EIA Study for the Greek section (extract)