

TERMS OF REFERENCE

Slovakia: Zvolen District Heating Project – Implementation Support and Contract Administration

This Open Tender and all issues related to it shall be subject to the relevant law of the EU, Slovakia and the Procurement Rules for Projects Financed by International Investment Bank (“Procurement Rules”).

1. BACKGROUND

The International Investment Bank (the “IIB” or the “Bank”) is considering to provide a loan of up to EUR 30.9 million to the Zvolenská teplárenská, a.s. (the “ZVTP” or “Company”) in the City of Zvolen (“Zvolen” or the “City”) in the Central Slovakia.

The Bank’s financing is aimed to replace existing coal-powered combined heat and power plant (further as “CHP plant”) ceased to meet emission limits with wooden biomass fired heating plant including rehabilitation works, supply and installation of biomass and gas boilers. The Company plans to construct a new biomass-based district heating plant of total capacity currently planned at 77.5 MWt consisting of several heat-only boilers. The new district heating plant (further as “DH Plant”) will be located in already existing, but unused building on the main land of the Company near the existing heating plant and will be connected to the existing heat distribution network.

The rationale for the investment stems from the need to decrease the emission of SO₂, NO_x and dust in accordance with Directive 2010/75 / EU of the European Parliament and Decree of the Ministry of the Environment of the Slovak Republic No 410/2012. Continuing operations requires rebuilding the plant and installing modern technology, making it operational no later than on 30.6.2020 (the technical and commercial completion date of the new DH Plant). Since that date the Company will no longer be able to use coal for heat generation because of regulatory constraints.

The Company and the Bank have now agreed that the assistance of an experienced firm (the “Consultant”) is required in order to facilitate implementation of the Project (by Project it is meant the implementation of DH Plant until successful operations) including providing necessary reporting for the Bank and support the Client in contract administration.

2. OBJECTIVES

The overall objective of this Assignment (by Assignment in this Terms of Reference it is meant implementation support and contract administration) is to facilitate the timely and effective implementation of the Project by providing assistance in project implementation, procurement of the biomass plant equipment and its installation, and construction supervision consultant/FIDIC¹ Engineer services in a detailed manner in

¹ Abbreviation for The International Federation of Consulting Engineers (French name Fédération Internationale Des Ingénieurs-Conseils) is an international standards organization for the consulting engineering & construction.

accordance with the best international practice, agreed procurement strategy and procedures of the Bank and pursuant to all other stipulations from the Facility Agreement signed between the Company and IIB. (by Facility Agreement it is meant the loan agreement between the IIB and Zvolenská teplárenská, the main deliverables and documents to be prepared under the Facility Agreement are provided in this Terms of Reference. A copy of each Finance Document will be provided to the contracted Consultant under this Assignment upon signature of the contract provided that the Consultant signs a non-disclosure agreement acceptable to the IIB)

In order to meet the above objectives, the Consultant shall, inter alia:

- Provide project management support to the Company to co-ordinate, administer, manage, monitor and evaluate all the aspects of the Project with the main focus on project, procurement, financial and contract administration;
- Ensure timely preparation of utilization requests to the Bank for payments under the contracts, including assistance in opening and operation of letters of credit, if required;
- Ensure that all reports (namely Progress Reports and Final Report) required by the IIB for implementation of the project and the loan are submitted on schedule;
- Prepare an integrated time schedule for progress meetings with various parties; attending meetings together with representatives of the Company to support the Company's overall programme, receiving responses and comments on reports, and discussing the Project issues on a regular basis with Company and other key stakeholders; distributing minutes of meetings, including follow-up actions required to ensure the project progress;
- Advise the Company on procurement strategy and its updates;
- Assist the Company to prepare tender documents inclusive technical specifications and requirements (technical specifications and requirements will be prepared together with the Consultant responsible for Preparation of detailed designs and with whom it is expected to cooperate closely), clarifications/explanations and other relevant information to facilitate preparation of the tender documents;
- Assist the Company with clarifications and amendments to the tender documents;
- Assist the Company during tenders opening session and draft the tender opening minutes;
- Assist the Company with the evaluation of tenders and prepare evaluation reports;
- Assist the Company with drafting the contracts with the winning tenderers, notifications of contracts award and notices to unsuccessful tenderers;
- Support the Company in resolving complaints, if any.

It is expected that with the Consultant's involvement the Company will have access to the best international practice in implementation of projects, contract administration, as well as receive advice on specific technical issues.

Progress Reports means, in respect of the new DH Plant, written reports issued by the Consultant within 10 business days before the third and each other disbursements of loan by Company under the Facility Agreement and addressed to the Bank in form and substance satisfactory to the Bank.

Final Report means, in relation to the new DH Plant, the final written report issued by the Consultant not later 30 calendar days after the technical and commercial completion date of the new DH Plant and addressed to the Bank in form and substance satisfactory to the Bank.

3. SCOPE OF WORK

The Consultant is expected to review and use the data and reports available from the Company, all previous studies, and materials prepared by the Consultants responsible for 1) preparation of detailed designs and 2) review of the feasibility study and detailed designs.

The Consultant shall co-operate with the Client, other Consultants and with Tender Evaluation Committee (“the Evaluation Committee”) staffed with local personnel. The project aims to co-ordinate of all activities under the Project and support cooperation between the representatives of the Company on the Project site, Consultant acting as construction supervisor/FIDIC engineer and the contractors as well as to improve the project management mechanism. The following services are to be provided by the Consultant:

3.1 Support in Ensuring Compliance with Finance Documents²

3.1.1 Conditions Precedent

The Consultant will support the Company to discharge the Conditions Precedent/effectiveness to the availability of IIB funds.

3.1.2 Covenants, Representations and Warranties

The Consultant will monitor and provide support to meet all continuing, time dependant or repeatable loan covenants, warranties and representations. The consultant shall keep records to demonstrate the status of these.

3.1.3 Preparing disbursement requests

The Consultant shall train the Company to prepare all disbursement requests and obtain the necessary authorised signatures and to submit these in good time in accordance with the Finance Documents.

3.1.4 Project Accounts

The Consultant shall support the Company to arrange for preparation of the specially designated bank accounts at the time and in the form required in the Finance Documents and arrange for any matters arising in accordance with the Finance Documents. The Consultant shall insure that the Company provides regular statements for its project account(s).

3.1.5 Environmental Matters

The Consultant will ensure that all applicable environmental procedures required by the Bank are being adhered to, and that the Company is duly informed about the procedures.

² The Finance Document means the Facility Agreement, and any security document, any enforceable notarial deed and any other document designated as such by the IIB and Zvolenská teplárenská.

The Consultant shall provide assistance to the Company in preparation of the following matters:

- (i) Any measures necessary or desirable in connection with Environmental Claim³ commenced against the Company, which is current, pending or threatened and reporting all information of such Environmental Claim to the Bank;
- (ii) Any measures to be taken in relation to the facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against the Company and reporting all pertinent information to the Bank
- (iii) handling matters related to compliance by the Company with all applicable environmental and social laws, including the results of any inspections carried out by environmental labour, and health and safety or other relevant authorities, any violations of any applicable environmental and social laws , reporting all pertinent information to the Bank and taking any remedial action relating thereto and any fines imposed for any such violations; and
- (iv) summaries of any notices, reports and other communications on environmental, labour, health and safety and social matters submitted by the Company to any relevant authorities.
- (v) within 60 days after the end of each half of each of its financial years:
 - (A) compiling a report on the health and safety record of the Company, including the rate of accidents and any initiatives in relation to health and safety matters which have been implemented or planned by the Company and submitting the report to the Bank;
 - (B) compiling a report on compliance by the Company with the IIB Environmental and Social Policy⁴ and the IIB Environmental and Social Exclusion List⁵ and any violations of same and remedial action relating thereto and submitting the report to the Bank; and

³ Environmental Claim means any claim, proceeding, formal notice or investigation by any person in respect of any environmental and social laws.

⁴ Environmental and Social Policy means the environmental and social impact assessment guidelines of the Lender, contained in a document "Environmental and Social Impact Assessment Guidelines", as amended from time to time and published on the Lender's web-site (www.iib.int).

⁵ IIB Environmental and Social Exclusion List means the environmental and social exclusion list of the Lender, contained in a document "Environmental and Social Exclusion List", as it may be amended from time to time and published on the Lender's web-site (www.iib.int, Annex to the IIB Environmental and Social Impact Assessment Guidelines).

- (C) compiling a report on the status of implementation of the Environmental and Social Assessment and Environmental and Social Action Plan pursuant to the Facility Agreement; and
- (vi) within 60 days after the end of each of its financial years, an annual environmental and social performance report in form agreed with the Bank.

3.1.5 Reporting in accordance with the Finance Documents

The Consultant shall train the Company to meet all reporting requirements stipulated under the Finance Documents. This will include regular reporting on any time-dependent covenants, implementation of any time or progress-dependent elements such as insurance policies, general progress reporting (programme, progress and financial status).

The Consultant shall inter alia support the Company in preparation of the following reports:

- (i) Calculation of financial ratios and preparation of Compliance Certificates⁶** for relevant Measurement Periods (on half-year basis) based on the Bank's template. It shall contain the following information:
 - Debt Service Coverage Ratio (DSCR)⁷
 - Borrowings to Equity
 - Net Borrowings to EBITDA
 - EBIT to Finance Costs

- (ii) Cashflow Projections**

The Consultant shall train and support the Company in preparation of the Cashflow Report and updated Cashflow Projections that must be provided to the Bank within 45 days after the end of each quarter of each of its financial years, a Cashflow Report for that quarter and updated Cashflow Projections for the immediately following quarter. These shall be prepared in form and structure shown in Annex 2 of this Terms of Reference.

- (iii) Financial statements (GAAP⁸)**

The Consultant shall provide support to the Company in translation of the following statements into English (for the first time only):

- a) Audited financial statement for particular financial year of each of its financial years together with the audit report to be provided to the Bank within 180 days after the end of that financial year;

⁶ Compliance Certificate means a certificate substantially in the form set out in the Facility Agreement or any other form specified by the Bank or the Company.

⁷ The financial ratios and definitions are to be found in Annex 1 to these Terms of Reference.

⁸ GAAP means generally accepted accounting principles in the Original Jurisdiction, excluding IFRS.

- b) Financial statement for particular half-year of each of its financial years to be provided to the Bank within 45 days after the end of that half-year;
- c) Financial statements and general ledger for particular quarter of each of its financial years to be provided to the Bank within 45 days after the end of that quarter year;
- d) Management accounts for particular month (consisting of breakdowns of the main balance sheet accounts and the statements of income) to be provided to the Bank within 10 days after the end of each calendar month.

3.2 Preparation of Progress Reports

The objective of Progress Reports is to provide clear understanding and confirmation to the Bank in relation to the project in form and substance satisfactory to the Bank before the third and each next disbursements (i) setting out photographs and video materials documenting the progress of the new DH Plant and (ii) in which the Consultant confirms, among other things, the following matters:

- (a) whether the relevant Zero Report (*note: Zero Report will be prepared by the Consultant responsible for Review of Feasibility Study*) or the latest relevant Progress Report (if any) is still complete, correct and up to date (as of the date on which it was prepared), informing the Bank in particular of any change in the relevant supply documents, permits and specifications (including any partial or full cancellation or revocation thereof) and of any applicable legal regulations relating to the new DH Plant, which could cause the relevant projected costs of the Project to exceed the relevant budgeted costs or could cause delay to the practical completion as set against the relevant specifications or beyond the required completion date;
- (b) the actual total in percentage terms of the degree of completeness of the new DH Plant and of the progress of each item of costs and expenses set out in the relevant budgeted costs;
- (c) compliance of the new DH Plant with the relevant permits, specifications and supply documents (including compliance with the timetable and identifying any delays and shifts in the approved timetable);
- (d) the itemised projected costs, comparing each item against the corresponding item of the relevant budgeted costs and identifying any potential or incurred cost overruns;
- (e) that costs and expenses to be financed from any loan provided pursuant to the Facility Agreement within the relevant period are included in the relevant budgeted costs together with an approval of the relevant invoices;
- (f) that the materials, works, services and other items set out in the invoices delivered to the Bank (may be an attachment to the Progress Report), other than in any invoices delivered to the Bank in connection with any previous

Progress Report, have been procured and performed and have not been paid for;

- (g) that the invoices delivered to the Bank in connection with any previous utilisation request have been fully paid;
- (h) whether any risks have emerged or are expected to emerge in the course of the new DH Plant and, if so, the steps taken or to be taken to mitigate those risks;
- (i) whether any damage has occurred to any part of the new DH Plant and, if so, the steps taken or to be taken to remedy it;
- (j) overview of supplier(s)' payment instructions based on the invoice(s) delivered to the Bank which are to be financed from a loan (at least with the following scope: identification of a supplier, Invoice no., issue date, Supplier's⁹ bank account no., due amount, due date, variable symbol);
- (k) confirming that the current stage of the new DH Plant is in compliance with the supply documents, specifications and the budgeted costs or all their relevant parts (and, if there are any discrepancies, providing justification and comments on these discrepancies); and
- (l) any other matter required by the Bank (acting reasonably) to be included in that report, which matters have not been reasonably foreseeable as of the date of the Facility Agreement, upon having given reasonable notice to the Consultant, with a copy to the Company.

3.3 Preparation of the Final Report

The Consultant will be responsible for preparation and compilation of the Final Report, where points (a) and (b) will be obtained/provided from the Consultant for Construction Supervisor / FIDIC Engineer, however the Implementation Support and Contract Administration Consultant under this Assignment will be responsible for overall report preparation.

The objective of Final Report is to provide clear understanding and confirmation to the Bank in relation to the project in form and substance satisfactory to the Bank not later than 30 calendar days after technical and commercial completion of the new DH Plant, at least of the following matters:

- (a) a confirmation that the new DH Plant (including all buildings and technology) was completed in compliance with the specifications and the supply documents (as may be changed or amended in accordance with terms of the Facility Agreement), and, except as mentioned under paragraph (b) below, without any defects preventing standard commercial operation of the new DH Plant in accordance with the specifications;

⁹ Supplier means the general supplier and each other supplier of technology, construction, engineering and other works and any services related to the DH Plant development engaged directly by the Company.

- (b) a list of defects (*vady*) and incompletions (*nedorobky*), if any, which prevent standard commercial operation of the new DH Plant in compliance with the specifications, together with a confirmation of:
 - (i) the estimated time within which these defects and incompletions can be removed or rectified; and
 - (ii) amount of costs, which will have to be expended for the removal or rectification of these defects and incompletions and specifying how much of these costs will have to be borne by the Company;
- (c) a confirmation that all occupancy and use permits (*kolaudačné rozhodnutia*) and all other permits required for the permanent (*trvalá*) standard commercial operation of all parts of the new DH Plant (which, under the applicable laws, may be used and operated only subject to an occupancy, use or other permits) without any reservations or exceptions that would prevent permanent (*trvalá*) standard commercial operation of the new DH Plant have been issued, including specification of any remarks submitted by any affected public authorities and received by the Company, which remarks are not listed in the permits;
- (d) a confirmation that practical completion has occurred, and all permits required for practical completion to occur have been issued and are final and conclusive (*právoplatné*);
- (e) a confirmation of the final status of the budgeted costs, the final amount of the actual costs of the Plant Development and the total amount of cost overruns, if any, with evidence that all cost overruns have been duly paid and a breakdown of the sources from which such cost overruns were paid;
- (f) a confirmation that all obligations of the Company towards all suppliers under the supply documents have been fully settled and that the new DH Plant is free and clear of any encumbrances (except for the Security created under the transaction security documents created pursuant to the Finance Documents and any permitted easements);
- (g) a confirmation that all warranties, guarantees, and other post-completion security arrangements provided by or on behalf of the relevant Suppliers are in place in accordance with the relevant supply contracts (including a list and specification of all such security arrangements); and
- (h) any other matters reasonably required by the Bank to be included in that report, which matters have not been reasonably foreseeable as of the date of the Facility Agreement, upon having given a reasonable notice to the Consultant with a copy to the Company.

3.4 Procurement and Implementation plan revision (upon necessity)

Whenever it is necessary, the Consultant will provide the following services:

- Revise the procurement plan¹⁰;
- Revise the implementation plan¹¹.

3.5 Advise the Company on Procurement Strategy

The Consultant will assist the Company to update procurement strategy, including prequalification of applicants if needed, single or two-stage tendering proceeds, the need for pre-tender meetings, conditions of contract of the FIDIC Red Book (in full “Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer: The Construction Contract, First edition 1999”), warranty obligations and delivery schedule.

The Consultant will revise the initial project procurement plan and update if needed, to demonstrate realistic schedule for the entire procurement process.

The particular attention will be provided by the Consultant to the proposed delivery schedule insuring it is in line with the best international practice.

The following tasks below are related to the following contracts only:

- construction supervision, role of FIDIC engineer (consultancy contract)
- DH Plant rehabilitation works, supply and installation of biomass and gas boilers (Contract for supply and installation of DH Plant and equipment)

3.6 Procurement documentation preparation

- a) The Consultant will prepare the tender documents for supply and installation of a biomass plant and equipment. The format of the tender documentation will be based on EBRD standard tender documents for Supply and Installation (<https://www.ebrd.com/documents/procurement/supply-and-installation-may-2018.pdf>)

The Consultant will use the Employer’s requirements, technical specifications and detailed designs and drawings (prepared by the Consultant responsible for Preparation of detailed designs) as an integrated part of the tender documents.

Once drafted, the Company will submit the Tender Documents to the Bank for the Bank’s “no-objection”. The Consultant will be expected to incorporate any amendments required by the Bank in order to give its “no objection”.

- b) For the construction supervision/FIDIC Engineer the consultant will prepare invitation for Open Tender procedure¹² and template for evaluation report; as

¹⁰ Procurement plan means a list of contracts to be procured under the Project with specified estimated contract value, source of funding, types of contracts and procurement methods and time estimates for tender invitation, contract award and contract completion.

¹¹ Implementation plan means a project plan/schedule, based on which the Project will be implemented. It shall include all contracts to be implemented under the Project with detailed list of activities, milestones, deliverables and their timing for each of the contracts.

¹² A type of a Tender in which the procurement information is provided to an unlimited number of persons and uniform requirements are applied to the procurement participants and which is

well as the Request for Proposals including Terms of Reference, scoring tables for technical and financial evaluation and consultancy contract.

The Consultant shall ensure that the tender documents:

- are in line with international best practice in procurement under MDB (Multilateral Development Bank) rules and international standards and as far as possible give all tenderers equal opportunity to prepare a competitive offer;
- reflect the requirements of the Company;

The Consultant will prepare first drafts of all procurement documents and work with the Company on the finalisation of the tender documentation. Once drafted, the Company will submit the Tender Documents to the IIB for the Bank's "no objection". The Consultant will be expected to assist the Company in incorporating any amendments required by the Bank in order to give its "no objection". The method specified for tender evaluation should be in line with the Procurement Rules for Projects Financed by International Investment Bank ("Procurement Rules") and international best practice appropriate for the contract in question.

In its work, the Consultant will be responsible for advising the Company on requirements for procurement documents. However, the Consultant shall take into consideration requirements of the Slovak law and the EU law regarding construction and investment process, based on the advice of the Company.

3.7 Support during the Procurement Process

The Consultant will provide support to the Company throughout the 2 procurement procedures (1) construction supervision, role of FIDIC engineer (consultancy contract) and (2) DH Plant rehabilitation works, supply and installation of biomass and gas boilers (Contract for supply and installation of DH plant and equipment). To this end, the Consultant will carry out the following activities:

- Draft and ensure that all procurement notices are placed in a timely manner in accordance with the Procurement Rules;
- Ensure that all approvals and no-objections are applied for in a timely manner;
- Carry out the administration of the tender process, ensure that appropriate records are kept, documentation is properly stored, recorded and managed, and confidentiality is maintained;
- Prepare draft responses to tender clarification enquiries, arrange for approval and issue and record the same;
- Prepare any amendments to tender documents as may be required and obtain no-objection prior to issue;
- Arrange any pre-tender meetings, if needed, and record same;
- Advise the Company's tender committee of the rules and procedure for tender opening;

held in accordance with the terms set out by the Procurement Rules for Projects Financed by the International Investment Bank. For more information please go to https://iib.int/attachments/procurement_rules_for_projects_financed_by_international_investment_bank.pdf.

- Arrange public tender opening and prepare corresponding minutes.

3.8 Evaluation process assistance

The Consultant will take the lead in organising and managing 2 evaluation procedures by *inter alia*:

- Giving guidance on the composition of the evaluation committee and to the committee as required.
- Providing draft detailed technical evaluation report for the consideration of the committee.
- Compiling the evaluation report in the required format, including all technical and financial analyses, records of consultation with external parties by the committee and clarifications requested and receive.
- Arranging for meetings of the evaluation committee, attend as an advisor and record these meetings, presenting the minutes for approval by the Company representative.
- Documenting the committee's deliberations in relation to the evaluation report and compile the agreement into the report prior to seeing all approvals.
- Ensuring that all queries and complaints are promptly attended to as appropriate and copy such inquiries as appropriate to the Bank.

3.9 Support during contract finalisation

The Consultant will provide support to the Company during 2 contract finalisations. To this end, the Consultant will, *inter alia*:

- Prepare a brief for the Company indicating all the items to be resolved in the clarification's pre-contract, if any;
- Attend pre-contract discussions, if any, and document the discussions, updating the contract documents if necessary and seeking all necessary approvals;
- Advise on the validity of performance and other contract-related securities;
- Circulate the Contract as required by the Procurement Rules;
- Notify unsuccessful tenderers;
- Ensure that all queries and complaints are promptly attended to as appropriate and copy such inquiries and responses as appropriate to the Bank. The Consultant may be required by the Bank to participate in 'de-briefings' as a result of complaints.

4. IMPLEMENTATION ARRANGEMENTS AND DELIVERABLES

4.1 Implementation Arrangements

The Consultant will report to the Company on all aspects of this Assignment. The Consultant will sign the contract with the Company. The Assignment is expected to start in April 2019 and have duration until October 2021.

The Consultant will be responsible for arranging accommodation and local and international transportation. The Consultant will be responsible for all salaries, fees, allowances, insurance, leave pay and taxes.

The Consultant including its engineering staff (where relevant) shall hold relevant licences, certifications, permits in relation to perform engineering, design or other specialised services within Slovakia / European Union related to the Project.

It is expected that the Company will provide the Consultant free of charge with furnished, office accommodation and access to telephones, fax and internet. All calls and internet service costs are to be paid by the Consultant.

All available project information, reports, and documents will be made available for the Consultant by the Company at the start of the assignment.

All documentation related to the contract will remain the property of the Company after completion of the assignment. The Consultant shall not publish, use or dispose of this documentation without the written consent of the Company.

The Company may from time to time request the Consultant to produce an ad hoc report. The reports shall be prepared in both English and Slovak.

The Consultant shall cooperate closely with other consultants in the project, as the inputs like detailed designs are yet to be prepared by another specialised consultant under assignment "Preparation of detailed designs".

4.2 Deliverables

In the course of the assignment the Consultant shall prepare the following Reports:

The Consultant will submit the following deliverables to the Company for the Assignment:

- Tender documentation for supply & installation of the DH plant and equipment;
- Tender evaluation report for supply & installation of the DH plant and equipment;
- Copy of the signed contract;
- Request for proposal for construction supervision;
- Tender evaluation report for construction supervision;
- Copy of the signed contract;
- Compliance Certificates;
- Cashflow Projections;
- Inception Report;
- Progress Reports;
- Final Report.

The deadlines for the submission of the deliverables will be agreed with the Company in advance.

All tender documents must be approved by the Bank prior to their dissemination. Likewise, all tender evaluation reports must be approved by the Bank before the notification of award is sent to the most successful bidder.

Inception Report

The Inception Report means an initial report prepared by the Consultant under this Assignment and inter alia it shall include: (i) a summary of the initial findings and assessment regarding Project, and any unexpected problems of staffing, access to information, data, etc.; (ii) updated procurement plan and implementation plan of the Project; and (iii) provide recommendations, if needed, on amendments to the scope of work under this Assignment or proposals for other initiatives.

The draft of Inception Report shall be delivered within 1 month after signature of the Contract for this Assignment and deliver it to the Company and the Bank. The comments of the Company and the Bank shall be incorporated within 1 week and Final version of the report shall be delivered.

Progress Reports

Progress Reports shall be delivered to the Company and the Bank within 10 business days before the third and any subsequent utilisations of a loan from the Bank to the Company pursuant to the Facility Agreement.

Final Report

The Final Report shall be delivered to the Company and the Bank within 30 calendar days after technical and commercial completion of the new DH Plant.

4.3 Consultant

The Consultant shall provide adequate staff in terms of expertise and time allocation, as well as needed equipment in order to complete the activities required under the scope of work and to finally achieve the objectives of the project in terms of time, costs and quality.

The Consultant shall be responsible for mobilisation of qualified project manager, MDB (multinational development bank such as the IIB, EBRD, World Bank, EIB or other applicable) procurement specialist, financial expert(s), and engineers with proven experience in supporting implementation of projects financed by MDBs. The experts shall be experienced in preparation and/or implementation of projects, including district heating. Where staff does not speak the local language, interpretation and translation will be the responsibility of the Consultant. All proposed experts of the Consultant shall have valid work permits applicable for Slovakia or to be citizens or lawful residents of the EU Member States, or shall reasonably demonstrate at the time of bid submission that such work permits will be obtained by the time of contract signature without causing delays in the Assignment.

It is anticipated that the Consultant's team shall include the following expertise:

- Team leader/project manager;
- Local project manager;
- MDB procurement and contracts expert;
- Financial and disbursement expert;
- Accounting expert;
- Engineers:
 - Civil / mechanical;

- District heating;
- Environmental and social expert.

All experts shall preferably have a minimum of 5 years' experience of the activity which they are proposed for, except for Team leader/project manager where 8 years of experience is required. The experts shall also have the following experience for positions they are proposed, including:

- project management experience;
- advisory and consultancy experience in public sector clients gained in countries with conditions similar to Slovakia;
- experience with district heating projects;
- experience from infrastructure projects financed by various MDBs;
- experience with preparation of tendering procedures and procurement strategies under MDB procurement rules, preferably at public sector projects;
- experience in preparation / implementation of infrastructure projects incl. district heating rehabilitation and upgrade projects;
- experience in (i) project planning activities; (ii) providing assistance with planning and design activities; (iii) project management; (iv) project management assistance; (v) preparation / implementation of projects financed by various MBDs; (vi) financial and economic advisory including preparation of financial statements and models, cashflow and financial ratios calculations;
- good knowledge from projects tendered under procurement procedures and rules of multilateral development banks, such as the IIB, EBRD, World Bank, EIB
- good knowledge of FIDIC Red Book;
- good knowledge of requirements of Slovak legislation concerning construction, engineering, financial matters, environmental and social issues.
- be able to work proficiently in English, fluency in Slovak would be an advantage.

Annex 1 – List of definitions of financial ratios and terminology

Borrowings means, in respect of the Company, at any time, the aggregate of the following liabilities calculated at the nominal, principal or other amount at which the liabilities would be carried in a balance sheet of the Company drawn up at that time (or in the case of any guarantee, indemnity or similar assurance referred to in paragraph (j) below, the maximum liability under the relevant instrument):

- (a) any moneys borrowed;
- (b) any redeemable preference shares;
- (c) any acceptance under any acceptance credit (including any dematerialised equivalent);
- (d) any bond, note, debenture, loan stock or other similar instrument;
- (e) any indebtedness under a Finance Lease;
- (f) any indebtedness under bills of exchange;
- (g) any moneys owing in connection with the sale or discounting of receivables (except to the extent that there is no recourse);
- (h) any indebtedness arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset;
- (i) any indebtedness arising in connection with any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing; and
- (j) any indebtedness of any person of a type referred to in the above paragraphs which is the subject of a guarantee, indemnity or similar assurance against financial loss given by the Company.

Debt Service means, in relation to a Measurement Period, the aggregate of (without double counting):

- (a) Finance Costs for that Measurement Period;
- (b) all repayments of Borrowings made by the Company during that Measurement Period and calculated as the difference between the amount of Borrowings outstanding on the first day of that Measurement Period and on the last day of that Measurement Period.

DSCR means, in relation to a Measurement Period, the ratio (expressed as a percentage) of (a) EBIT decreased by the taxes which are due and payable by the Company for that Measurement Period to (b) Debt Service for that Measurement Period.

EBIT means, in relation to a Measurement Period, the aggregate of:

- (a) the operating profits of the Company (including the results from discontinued operations) before finance costs and tax for that Measurement Period;

adjusted by:

- (vii) taking no account of any Exceptional Items;
- (viii) taking no account of any unrealised gains or losses on any financial instrument (other than any derivative instrument which is accounted for on a hedge accounting basis) which is reported through the income statement;
- (ix) taking no account of any income or charge attributable to a post-employment benefit scheme other than the current service costs attributable to the scheme;
- (x) taking no account of any expense referable to equity-settled share-based compensation of employees.

EBITDA means, in relation to a Measurement Period, EBIT for that Measurement Period after adding back any depreciation and amortisation and taking no account of any charge for impairment or any reversal of any previous impairment charge made in the period.

Eligible Cash and Cash Equivalents means, at any time:

- (a) cash in hand or on deposit with any acceptable bank;
- (b) certificates of deposit, maturing within one year after the relevant date of calculation, issued by an acceptable bank;
- (c) any other debt, security or investment approved by the Lender,

in each case, to which the Company is beneficially entitled at that time and which is capable of being applied against Borrowings. For this purpose, an **acceptable bank** is a commercial bank or trust company which has a rating of BB- or higher by S&P or Fitch or a comparable rating from a nationally recognised credit rating agency for its long-term unsecured and non-credit enhanced debt obligations or has been approved by the Lender.

Equity means, at any time the aggregate of:

- (a) the amount paid up or credited as paid up on the issued share capital of the Company; and
- (b) the net amount standing to the credit (or debit) of the consolidated reserves of the Company,

based on the latest published audited balance sheet of the Company (the **latest balance sheet**) but adjusted by:

- (i) deducting any dividend or other distribution proposed, declared or made by the Company (except to the extent it has been taken into account in the latest balance sheet);
- (ii) deducting any amount attributable to goodwill or any other intangible asset;

- (iii) deducting any amount attributable to an upward revaluation of assets (other than financial instruments) after 31 December 2017 or, in the case of assets of a company which becomes a member of the Group after that date, the date on which that company becomes a member of the Group;
- (iv) reflecting any variation in the amount of the issued share capital of the Company after the date of the latest balance sheet (and any change in the consolidated reserves of the Group resulting from that variation);
- (v) reflecting any variation in the interest of the Company in any other member of the Group since the date of the latest balance sheet (to be calculated on the assumption that the variation had occurred immediately before the latest balance sheet date); and
- (vi) excluding any amounts debited or credited to deferred tax which relates to the revaluation of any item which is excluded from the calculation.

Exceptional Items means any material item of income or expense that represents:

- (a) any gain or loss arising from:
 - (i) write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, and reversals of such write-downs;
 - (ii) restructuring the activities of the Company and any reversals of any provision for the costs of restructuring;
 - (iii) disposals of items of property, plant or equipment;
 - (iv) disposals of investments; or
 - (v) disposals or settlements of liabilities of the Company that fall within the definition of Borrowings;
- (b) any gain of a highly unusual or non-recurring nature; or
- (c) any gain or loss arising from a transaction entered into otherwise than in the carrying on of the normal core business operations of the Company.

Finance Costs means, in relation to a Measurement Period, all finance costs (whether paid, payable or added to principal) incurred by the Company during that period but taking no account of dividends on preference shares.

LTV means, at any time, the ratio (expressed as a percentage) of (a) the aggregate of the then outstanding Loans to (b) the then most recently determined Market Value.

Market Value means the market value of the Plant determined by the Commercial Valuation.

Measurement Date means any date on which the relevant Commercial Valuation has been supplied to the Lender.

Measurement Period means (a) each period of twelve Months ending on 30 June of each calendar year starting with the period ending on 30 June 2019 and (b) each period of twelve Months ending on 31 December of each calendar year, starting with the period ending on 31 December 2018.

Net Borrowings means, at any time, Borrowings less Eligible Cash and Cash Equivalents.

Annex 2 – Cashflow Report

	month/year	month/year	month/year
Heat sales			
<i>Heat supply (v MWh)</i>			
<i>Average price (EUR/MWh)</i>			
Revenue from unreturned condensate			
Heat sales total			
Revenue for supply of electric energy (core)			
Revenue for supply of electric energy (HEPP Slatinka only)			
Other sales of goods related to use of legacy plant/technology			
A. Sales of goods			
Sales of demineralised water			
Sales of industrial water			
Other sales (HV distr. and other)			
B. Sales of services			
Sales of material			
Clearing of reserves			
Other operating revenues			
Adjustments			
Capitalization			
Depreciation (from grant)			
C. Other revenues			
I. Operating revenue (A + B + C)			
Material cost related to heat (until 1H 2020 inclusive related to old plant, from 2H 2020 related to new plant)			
Material cost related to electricity (related to old plant)			
Material cost total (wood chip, natural gas)			
<i>Wood chip in tonnes</i>			
<i>Natural gas volume in ths. M3</i>			
<i>Price of wood chip (EUR/t)</i>			
<i>Price of natural gas (EUR/th. m3)</i>			
Cost of purchased heat			
Material costs related to heat (until 1H 2020 inclusive related to old plant, from 2H 2020 related to new plant)			
Material costs related to electricity			
Material costs total			
Water consumption related to heat (until 1H2020 inclusive related to old plant, from 2H2020 related to new plant)			
Water consumption related to electricity			
Water consumption total			
Electricity consumption			
Other cost related to use of legacy plant/technology			
Repair costs (suppliers) related to heat (until 1H2020 incl. related to old plant, from 2H2020 related to new plant)			
Repair costs (suppliers) related to electricity			
Repair costs (suppliers) total			
Cost of services related to heat (until 1H 2020 inclusive related to old plant, from 2H 2020 related to new plant)			
Cost of services related to electricity			
Cost of services total			
Personal costs			
Depreciation from project only			
Depreciation other			
Unreturned condensate			
Adjustments			
Other operating costs - fees related to heat (until 1H 2020 inclusive related to old plant, from 2H 2020 related to new plant)			
Other operating costs - fees related to electricity			
Other operating costs - fees total			
Reserves			
Project supporting services			
Corrections related to use of legacy plant/technology			
II. Operating costs			
III. Operating profit (I. – II.)			
Interest income			
Other financial income			
Interest expense			
Other financial costs			
IV. Profit/loss from financial operations			
Irregular revenues			

Irregular costs			
V. Profit from irregular activities			
VI. Earnings before tax (III. + IV. + V.)			
Deferred / payable tax			
VII. Net profit			
EBITDA (Net profit + Depreciation + Interest + Tax – Depreciation from grant)			