

**REQUEST FOR EXPRESSIONS OF INTEREST
(CONSULTING SERVICES – FIRMS SELECTION)**

COUNTRY: CROATIA
NAME OF PROJECT: SUSTAINABLE CROATIAN RAILWAYS IN EUROPE PROJECT
Loan No.: 8500-HR

Assignment Title: *AUDIT OF CONTRACT NO 1/2019/DP-HPP ON PUBLIC SERVICES FOR SERVICES OF GENERAL ECONOMIC INTEREST IN PUBLIC PASSENGER RAIL TRANSPORT IN THE REPUBLIC OF CROATIA*

Reference No.: SUCRE HR-HZI-177343-CS-FBS- PSO (review activity under MSTI’s component)

HŽ INFRASTRUKTURA d.o.o. has applied for financing from the World Bank toward the cost of the Sustainable Croatian Railways in Europe Project and intends to apply part of the proceeds for consulting services.

The consulting services (“the Services”) include Supporting MSTI and HZPP with moving the PSC beyond its transitional period (review and improvement).

I. BACKGROUND

1. The Ministry of the Sea, Transport and Infrastructure (MSTI) and Hrvatske Željeznice Putnički Prijevoz (HŽPP)¹ signed a Public Service Contract (PSC) on December 21, 2019 for delivery of public passenger rail services in the Republic of Croatia. The PSC covers the period from January 1, 2019 to December 31, 2028. The value of the PSC is HRK 4.62 billion. The contract was awarded according to the article 5, paragraph 4a, of the EU Regulation 1370/2007 (as amended by article 1, regulation 2338/2016). The PSC’s development was supported by a World Bank-financed technical assistance activity which included scope of services, calculation scheme, penalties scheme, vehicle specifications, marketing requirements, KPI report structure, passenger survey and incentive scheme. The PSC contract is currently providing the institutional basis for deploying European Union funds to procure new rolling stock for passenger rail service delivery in Croatia.

2. The PSC defines the scope of services that HZPP is obliged to perform for the amount of subsidies received from the MSTI. It includes 8 annexes as follows:

- Appendix 1: Scope of services;
 - Appendix 2: Calculation scheme;
 - Appendix 3: System of penalties for non-fulfilment of contracts;
 - Appendix 4: Specification of vehicles in use;
 - Appendix 5: Marketing requirements;
 - Annex 6: Structure of the report on key indicators;
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- Annex 7: Passenger survey; and
 - Annex 8: Revenue Increase Incentive Scheme.
3. The operationalization of the Public Service Contract has proceeded since its signing under a transitional period. There is accordingly a need to take stock of lessons learned and to make appropriate adjustments to enhance the PSC's effectiveness.
4. Part I (a) of the PSC provides for a comprehensive analysis of key indicators and other parameters specified in annexes every two years. This is to be carried out by a qualified independent auditor engaged by the MSTI. These terms of reference define the scope of work for the Consultant (hereafter the "Service Provider") to undertake the first review of the PSC now that its initial transitional period is concluding.

II. OBJECTIVES OF THE ASSIGNMENT

- Support MSTI and HZPP with moving the PSC beyond its transitional period;
- Provide a legal opinion on the PSC's actual functioning and each party's compliance with PSC provisions to date;
- Identify and recommend solutions to key bottlenecks in the PSC's implementation that have been encountered to date; and
- Support MSTI and HZPP to improve the governing framework for the PSC's implementation in subsequent years. The Consultant shall analyse the flow of funds between MSTI and HZPP and make suggestions for its improvements. This should include, but not be limited to, better supervision of the use of funds by HZPP, approval mechanism for the use of funds, and HZPP reporting to MSTI (and MoF). The Consultant should review and improve monitoring tools for MSTI that should simplify and digitalize the above procedure. The tools should enable MSTI to have a better insight into operational and financial performance of HZPP at any given time and in any required form. The monitoring tools should also include KPIs that will be improved if needed and included in the Public Service Contract.

The detailed Terms of Reference for the above referenced consulting services are posted on the website of HŽ INFRASTRUKTURA d.o.o. at www.hzinfra.hr. /WORLD BANK and EBRD/Sustainable Croatian Railways.

The Duration of the engagement will be: Indicative completion 12 weeks from the commencement.

HŽ INFRASTRUKTURA d.o.o. now invites eligible consulting firms ("Consultants") to indicate their interest in providing the aforementioned Services. Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services.

The shortlist criteria are:

1. Company profile, organization and staffing – global presence and experience in transport sector (within the EU).
2. A list of major assignments with details on provided services which are by type and quantity comparable to the activities which are the object of this EoI and which were provided in the last 10

years. Qualification requirements that have to be met by every interested Consultant in order to participate in the tender are as follows:

- Expertise in the provision of expert advisory services especially in transport sector regarding PSO contracting (within the EU). The proposal should include obligatorily a catalogue of all the relevant projects in which the interested party has participated in the last ten (10) years.

- Local presence and language requirements

3. Confirmation of availability of Key Experts with the required qualifications as indicated:

a) Project manager

- The Project manager will have the overall responsibility for work and all the deliverables.
- He/ She will act as a focal point on behalf of his team with the client.
- The Project manager shall not be changed without good reason and without the approval of the client.
- Preferable experience in railway sector, contracting PSO and Croatian language.
- Experience in railway restructuring is desirable.
- Experience in development of the market driven services and marketing strategies in public transport services is desirable.

- Knowledge in negotiating PSC between state/government and transport services provider is desirable.

b) Expert for PSC contracting and analysis

- He /She will be responsible for railway passenger transport demand, quality of delivered service and reporting analysis.
- Minimum 5 years of experience in travel demand analyses, travel demand surveys, modeling and quality of delivered service.
- Desirable experience in railway sector PSO contracting.
- Experience in implementation of the information systems in railway passenger transport is desirable.

c) Costing expert

- He /She will be responsible for railway passenger transport costing / accounting regarding PSO contracts and analysis of earmarked spending
- Certified auditor
- Experience in railway public transport and costing / accounting regarding PSO contracts.
- Experience in programs for reducing the transport costs and in railway restructuring is desirable.
- Experience in implementing the measures for reducing costs in public transport, costing information systems in the railways, is desirable.
- Experience in calculation of the operating costs in passenger transport, minimum 3 projects.

d) Croatian Legal Expert

- Experience with a public service contracts and good knowledge of the related EU regulation.
- Minimum 10 years of experience in railway sector is desirable.
- He/She will be responsible for a legal review of the contract and its annexes and harmonization of the PSC in line with the EU regulation.

The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank's "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014), ("Consultant Guidelines"), setting forth the World Bank's policy on conflict of interest. In addition, please refer to the following specific information on conflict of interest related to this assignment as per paragraph 1.9 of Consultant Guidelines.

Consultants may associate with other firms in the form of a joint venture or a sub-consultancy to enhance their qualifications. The "association" may take the form of a Joint Venture or a sub-consultancy. In case of a Joint Venture (JV), all members of the JV will be evaluated jointly for the purpose of shortlisting and shall be jointly and severally liable for the assignment and shall sign the contract in case it is awarded to that JV group. Interested consultants should clearly indicate the structure of their "association" and the duties of the partners and sub-consultants in their application. Unclear expression of interests in terms of "in association with" and/or "in affiliation with" and etc. may not be considered for shortlisting. Keeping one expression of interest per firm as principle, a consultant firm may decide whether it wishes to participate as a sub-consultant or as an individual consultant or as a partner in a joint venture. Please note that a firm shall submit only one expression of interests in the same selection process, either individually as a consultant, or as a partner in a joint venture. No firm can be a sub-consultant while submitting an expression of interests individually or as a partner of a joint venture in the same selection process. A firm, if acting in the capacity of a sub-consultant in any consultant or JV, may participate in more than one consultant, but only in the capacity of a sub-consultant.

A Consultant will be selected in accordance with Selection under a Fixed Budget (FBS) method, set out in the Consultant Guidelines. The fixed budget for this assignment is EUR 150,000.00 (not including VAT).

The Expression of Interest must be accompanied by complete Contact details.

The Consultant will perform work in compliance with public health guidance and in the physical location(s) allowed by the Government of Croatia and the European Union's response to the ongoing COVID-19 pandemic. For the avoidance of doubt this may require video conferencing in lieu of face-to-face meeting, wearing of masks if physical meetings are possible, and adherence to social distancing guidelines. If border restrictions do not permit travel to / from the Consultant's location travel will not be required.

The Expression of Interest may be submitted via e-mail or in person. If submitted in person, one original and two copies and a CD of the Expression of Interest in English shall be submitted to the Client in an envelope marked:

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AUDIT OF CONTRACT NO 1/2019/DP-HPP ON PUBLIC SERVICES FOR SERVICES OF
GENERAL ECONOMIC INTEREST IN PUBLIC PASSENGER RAIL TRANSPORT IN THE
REPUBLIC OF CROATIA**

to the following address:

HŽ INFRASTRUKTURA d.o.o.
Attn: Mladena Pavić/ Bruna Šarić
Sarajevska 43, Ground Floor, Room 3
10000 Zagreb, Croatia

or it can be sent via e-mail to all three following addresses: iva.mrsonastic@hzinfra.hr, bruna.saric@hzinfra.hr, and mladena.pavic@hzinfra.hr

Based on the evaluation of Expressions of Interest, only shortlisted firms will be invited to submit their technical and financial proposal through a Request for Proposals.

Further information may be obtained at the following e-mail addresses: iva.mrsonastic@hzinfra.hr, bruna.saric@hzinfra.hr and mladena.pavic@hzinfra.hr during office hours: 9 am to 3 pm local time.

Expressions of Interest must be delivered in written form to the address below (in person or by e-mail) by 3rd August, 2020, 2 p.m. local time. In case a consultant needs additional days please notify the Client in writing by mail.