

## **REQUEST FOR EXPRESSIONS OF INTEREST**

### **CONSULTING SERVICES – FIRMS SELECTION**

**Republic of Serbia**

**The Serbia Railway Sector Modernization Project (SRSM)**

**Project ID No. P170868**

**Assignment Title:**

### **CONSULTING SERVICES FOR THE RESTRUCTURING OF SERBIA CARGO**

**Reference No. SER-SRSM-QCBS-CS-21-01**

For the purpose of financing Serbia Railway Sector Modernization Project, Phase 1 of the Multiphase Programmatic Approach (MPA), the International Bank for Reconstruction and Development (IBRD) and the Agence Francaise de Développement (AFD), jointly, granted to the Republic of Serbia EUR 102 million loan to support enhancing the efficiency and safety of existing railway assets and improving governance and institutional capacity of the railway sector. Republic of Serbia intends to apply part of the proceeds to payments for consulting services to be procured under this project.

#### **Scope of Work**

The assignment is structured to cover five elements of work:

1. Diagnostic work;
2. Rail freight forecast;
3. Optioneering and strategy;
4. Business plan;
5. Improvement plan.

#### **2.1 Diagnostic work**

The Consultant will undertake a detailed analysis of Serbia Cargo's (SC) performance. The analysis should be grounded in "actual" SC data. This will involve topics such as assessment of SC's cost recovery, analysis of operational costs per type of traffic, institutional and organizational issues (governance, planning, reporting), safety, assessment of assets (staff, infrastructure, rolling stock, systems, Management Information System (MIS)) and other areas as required and identification of drivers of current performance, as the foundation for future work.

#### **2.2 Rail Freight Forecast**

The Consultant will prepare an overview of the market for freight services in Serbia, and in consideration of SC's performance, explain SC's commercial proposition in terms of service and pricing, and its competitive positioning in the market. In support of this element of work, the Consultant will carry out interviews and survey major customers of SC to understand the quality of service SC currently delivers and assess it against the competition.

The Consultant will also engage with potential new customers to identify opportunities to attract additional traffic to the railway and identify the necessary requirements to facilitate such a shift (pricing, on-time

delivery, overall service quality, shipment time, risk of damage/loss, reliability of shipment time, flexibility, value-added services, etc.).

## **2.3 Optioneering and Strategy**

### **2.3.1 Optioneering work**

This element of scope will identify suitable improvement options in support of full commercial orientation of SC approach and operational independence.

The Consultant will provide for each identified option clear description of “pros” and “cons”, and will, in compliance with that, and based on the list of options presented, recommend the option that meets the hierarchy of improvement objectives in the most advantageous way for the Government of Serbia (GoS).

### **2.3.2 Outline business strategy**

For the selected option for SC, the Consultant will develop an outline business strategy.

## **2.4 Business Plan and Implementation**

### **2.4.1 Business plan**

The Consultant will prepare a 5-year business plan, which covers all SC's activities.

### **2.4.2 Implementation Plan**

The Consultant will prepare a detailed implementation plan to identify and allocate all actions required for the GoS to capture the benefits predicated by the Business Plan developed above. The implementation plan will include a detailed roadmap of activities and interim milestones for the reporting 5-year period (2023-2027) The implementation plan will also include a preliminary budget for the improvement plan, covering all of its aspects throughout the 5-year period above.

## **2.5 Improvement Plan**

This report is an amalgamation of all work on the assignment and a single document outlining the improvement objectives, roadmap, schedule of supporting activities, and the required budget and timescales.

Contract duration: 38 weeks.

The detailed Terms of Reference for the above referenced consulting services is posted on the website of the Ministry of Construction, Transport and Infrastructure (MoCTI) <https://www.mgsi.gov.rs/en/dokumenti/javni-konkursi>.

The Central Fiduciary Unit (CFU) of the Ministry of Finance now invites eligible Consultants to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services.

The assignment will require a qualified consulting company or a joint venture that can demonstrate extensive experience in similar assignments.

The following shortlisting criteria will be applied to all consulting firms that have submitted Expression of Interest (Eoi):

- i) The Consulting firm must be a legal entity

- ii) The Consultant must demonstrate sufficient corporate experience in delivering similar-size scope work by presenting at least 2 projects successfully completed in the last 5 years where the scope involved the following items:
- Railway institutional and regulatory analysis;
  - Preparation of railway freight traffic forecast;
  - Assessment of railway operations and commercial strategies;
  - Restructuring of State-owned transport companies.
- iii) The Consultant's corporate experience of delivering diagnostic, strategic and business planning, and restructuring work in transport and/or similar safety-critical and asset intensive sectors in compliance/or aspiring to the EU standards and regulations;
- iv) Experience on similar tasks in Western Balkans region and/or EU accession country(ies) would be an advantage.

**The experience and financial record of any proposed sub-consultancy shall not be included in the evaluation. Key Experts' CV are not required and will not be evaluated at the shortlisting stage.**

MoCTI, as the Client, intends to shortlist up to eight eligible firms to whom a subsequent Request for Proposals (RfP), both technical and financial, shall be sent. In the event that more than eight firms fulfil all the qualifying criteria above, the MoCTI shall use the following criteria to rank the firms and the top eight shall be invited to submit proposals: (i) the number of contracts in a field related to these Services brought as reference in para (ii) above, and in case of equality on this criterion, then the value of the eligible part (the value of the activities carried out by the firm) of the projects found eligible in para (ii).

As proof, the Consultant firm shall prepare a table listing following information: name of the relevant assignment, name of a firm that conducted the assignment, short scope of work, year of contract implementation, country/region, contact reference (name, e-mail, phone number).

Consultants may associate with other firms to enhance their qualifications, but should indicate clearly whether the association is in the form of a joint venture and/or a sub-consultancy. In the case of a joint venture, all the partners in the joint venture shall be jointly and severally liable for the entire contract, if selected.

A Consultant will be selected in accordance with the Quality and Cost-Based Selection as set out in the Regulations.

The attention of interested Consultants is drawn to paragraphs 3.14, 3.16 and 3.17 of the World Bank's Procurement Regulations for IPF Borrowers – Procurement in Investment Project Financing Goods, Works, Non-Consulting and Consulting Services (July 2016, revised November 2017, August 2018 and November 2020) ("the Regulations") setting forth the World Bank's policy on conflict of interest.

Further information can be obtained at the address below during office hours 09:00 to 15:00 hours.

Expressions of interest in English language must be delivered in a written form to the email below, by **August 16, 2021, 12:00 hours, noon, local time**.

Contact:	E-mail:	Address:
To:	<a href="mailto:zorica.petrovic@mfin.gov.rs">zorica.petrovic@mfin.gov.rs</a> Ms. Zorica Petrovic Procurement Specialist	Ministry of Finance Central Fiduciary Unit 3-5 Sremska St

		11000 Belgrade, Serbia
Cc:	<a href="mailto:ljiljana.dzuver@mfin.gov.rs">ljiljana.dzuver@mfin.gov.rs</a> <a href="mailto:ljiljana.stojic@mgsi.gov.rs">ljiljana.stojic@mgsi.gov.rs</a>	Tel/Fax: (+381 11) 202-15-30

# **Serbia Railway Sector Modernization Project**

## **Terms of Reference**

### **Consulting Services for the Restructuring of Serbia Cargo**

#### **1. Background**

The International Bank for Reconstruction and Development (IBRD) launched the Multiphase Programmatic Approach (MPA) to support the Government of Serbia in continuation of institutional, physical and operational modernization of the railway sector in an integrated manner through providing financial support to Serbia Railway Sector Modernization Project as part of the Multiphase Programmatic Approach to be implemented in three overlapping phases over the ten-year period.

For the purpose of financing Serbia Railway Sector Modernization Project, Phase 1 of the MPA, IBRD and the Agence Francaise de Développement (AFD), jointly, granted to the Republic of Serbia EUR 102 million loan to support enhancing the efficiency and safety of existing railway assets and improving governance and institutional capacity of the railway sector.

The Project includes following components:

- Component 1: Infrastructure Investments and Asset Management
- Component 2: Institutional Strengthening and Project Management
- Component 3: Railway Modernization Enablers

Project will be managed by the Ministry of Construction, Transport and Infrastructure (MoCTI) through the Project Implementation Unit (PIU) supplemented by the Project Implementation Teams (PITs) in railway companies. PIU has primary responsibility for Project execution ensuring that the Project development objectives are met.

These Terms of References (ToR) relates to the consulting services for improvement of Serbia Cargo operational and financial performances.

#### **1.1 Railway sector in Serbia**

It is the key policy of the Government of the Republic of Serbia (GoS) that the country should aspire to have a modern and EU-compliant railway sector that would support the country's economy and further facilitates convergence towards the EU. At the transport policy level, the GoS continues to channel investments into and considerably accelerate development of its railway sector. Future aspirations for the sector place emphasis on the main national corridors X and XI and on key routes of importance to railway traffic.

In looking for commercial efficiency<sup>1</sup>, improved quality of service, and joint working between the rail companies towards the national goals for the rail sector, the GoS implemented a significant transformation of its rail sector, in full compliance with the European model. The institutional framework is based on the following allocation of roles:

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<sup>1</sup> Based on improved cost recovery of operations and reduction in the GoS' support to the rail sector.

- The Ministry of Construction, Transport and Infrastructure oversees operations and elaborates the objectives for the sector.
- There are four State owned railway companies – three operational companies (Infrastruktura Železnice Srbije (IZS), Serbia Cargo, a passenger operator (Serbia Voz) and JSC Železnice Srbije, as the former integrated railway company. The railway companies, established in August 2015, report to MoCTI and, in line with the national legislation, produce International Financial Reporting Standards (IFRS) compliant annual financial reports.
- In addition, there are 19 licensed railway freight operators in Serbia:
  - 4 operators (3 private and 1 public) are licensed to operate services for their own purposes;
  - 15 private operators are licensed to provide railway freight service to customers.
- At the institutional level, three key contracts are in place – Public Service Obligation (PSO) contract between MoCTI and Serbia Voz, Multiannual Infrastructure Contract (MAIC) between MoCTI and IZS, and Infrastructure Access Charging (IAC) contracts between IZS and the railway operators on the network.
- The Railways Directorate (RD) is the safety and economic regulator of the railway sector.

## 1.2 Serbia Cargo

Serbia Cargo (SC) is a State-owned railway freight operator. Pre-Covid-19, SC handled just over 10 million tons of traffic per annum, with an average haul of 249km and a headcount of 2,300. SC's fleet<sup>2</sup> includes 182 locomotives (96 electric and 86 diesel) of which 70 are operational and app. 4,000 wagons of which are 1,700 operational.

SC's average revenue in 2020<sup>3</sup> was RSD 3.08/net tonne-km, which equates to 3.07 US cent/ntkm.

## 1.3 Assignment Objectives

The GoS is now keen to further develop its transport and logistics sectors in order to support the national economic growth, particularly in the service sector. In this respect, two GoS' aspirations are particularly relevant:

- **Shift traffic to rail.** In considering the scale of the challenge, the international experience is clear on the scale of road sector domination of the freight sector. While the freight market significantly changed in the last 15 years, the majority of state-owned railway companies failed to recognize the changes and, in response, improve quality of service delivered to customers. In order to ensure the railways' services are responsive to market needs, the railways need to review their role and competitiveness in the context of client needs.
- **Increase private sector participation (PSP) on the railway and promote efficiency and innovation in service delivery.** Practical experience of attracting private sector participation suggests that private sector's capital is "mobile" and looks for a committed public sector and transparency and predictability in the "game rules" in order to commit investing. This requires that primary and secondary legislations are supportive and non-discriminative of PSP.

The deliverables of the assignment should provide the GoS and the World Bank with a robust improvement path. The chosen strategy and implementation plan should enable the GoS to fully understand the scale and dimensions of the current problem and its causes and to facilitate decision making process on future operation of the company. "Hands-on" experience of major

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<sup>2</sup> Source: Serbia Cargo 2021 Business Plan

<sup>3</sup> Source: Serbia Cargo 2021 Business Plan

railway reforms has shown that only when all three items are in place<sup>4</sup>, the beneficiaries are able to “own” the reform process in a sustainable manner.

The objective of the assignment is to support the GoS with the following:

- review of the current performance of SC;
- identification of options for SC to improve its operational and financial performance;
- identification of specific opportunities where private sector participation in SC’s value chain is beneficial for the GoS and the users;
- formulation of improvement strategy and supporting business plan for SC;
- formulation of a supporting implementation plan;

to provide sufficient and solid information for decision making on future status of the company.

## **2. Scope of Work**

The assignment is structured to cover five elements of work:

1. Diagnostic work;
2. Rail freight forecast;
3. Optioneering and strategy;
4. Business plan;
5. Improvement plan.

### **2.1 Diagnostic work**

The Consultant will undertake a detailed analysis of SC’s performance. The analysis should be grounded in “actual” SC data. This will involve topics such as assessment of SC’s cost recovery, analysis of operational costs per type of traffic, institutional and organizational issues (governance, planning, reporting), safety, assessment of assets (staff, infrastructure, rolling stock, systems, Management Information System (MIS)) and other areas as required and identification of drivers of current performance, as the foundation for future work.

The analysis should include the following elements as a minimum:

- Legal and institutional setup of the sector, including review of the existing Railway Law, and any other legislation relevant to the assignment such as the Company Law, to ascertain any restrictions on the nature and form of the “future state” Serbia Cargo;
- Identification of key stakeholders for SC’s business. In support, the Consultant will engage with key stakeholders to understand their declared and interpreted objectives for improvements in SC’s performance, and where possible, establish a hierarchy of improvement objectives;
- Review of SC’s asset base, covering rolling stock, facilities, MIS, and staff;
- Review of SC’s use of digital technologies in supporting operational management
- Review of SC’s corporate structure and governance;
- Identification of key customers and traffic flows currently served by SC. For the key traffic flows, the Consultant will provide an overview of each step in on SC’s value chain.
- Review of SC’s operational and financial performance:
  - The analysis underpinning assessment of operational performance will address:
    - clients served broken down by type of traffic, traffic flows, and commodities;
    - current operating plan and delivery of services to customers;
    - productivity of SC’s assets and staff;

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<sup>4</sup> Failure to provide a credible diagnostic and ensure a buy-in prevents the Beneficiaries from focusing on the important issues during the reform journey.

- current energy efficiency plan;
  - safety performance of SC operations;
  - impact of the undergoing railway infrastructure investment program.
- The analysis underpinning assessment of financial performance will address:
  - cost breakdown and operational cost per customer/traffic;
  - breakdown of revenue per customer/traffic;
  - financial contribution per customer/traffic;
  - analysis of balance sheet, profit and loss account, and cash flow statements.
- Identification of drivers of current operational and financial performance and comparison against suitable peer companies.
- Preliminary list of improvement opportunities.
- Review of currently proposed improvement plans as outlined in the SC's 5-year and annual business plans.

In preparing the Diagnostic Report, the Consultant will take into account the relevant existing and ongoing International Financial Institutions' (IFIs) studies on the subject of freight and railway transport.

## **2.2 Rail Freight Forecast**

The Consultant will prepare an overview of the market for freight services in Serbia, and in consideration of SC's performance, explain SC's commercial proposition in terms of service and pricing, and its competitive positioning in the market. In support of this element of work, the Consultant will carry out interviews and survey major customers of SC to understand the quality of service SC currently delivers and assess it against the competition.

The Consultant will also engage with potential new customers to identify opportunities to attract additional traffic to the railway and identify the necessary requirements to facilitate such a shift (pricing, on-time delivery, overall service quality, shipment time, risk of damage/loss, reliability of shipment time, flexibility, value-added services, etc.).

As a result of work undertaken under this element of scope, the Consultant will detail on the following:

- Current situation:
  - analysis of existing demand for freight services and modal split;
  - identification of key freight demand drivers;
  - analysis of SC's traffic based on type (wagonload, intermodal, bulk, containers, other), flow (export, import, transit), and commodity group;
- Future period (20 years)
  - key freight demand drivers;
  - identification of 3-4 possible demand scenarios to reflect the continuum of possible developments in the freight market in Serbia and selection of the Base Case demand;
  - freight transport volumes by key origin/destination routes and mode;
  - rail freight demand forecast per type of traffic, flow, and commodity group;
  - rail freight tariff projections;
  - rail freight market share forecast.

## **2.3 Optioneering and Strategy**

### **2.3.1 Optioneering work**

This element of scope will identify suitable improvement options in support of full commercial orientation of SC approach and operational independence. The identified options are likely to include the following broad options:



- “Do minimum”: under the option SC continues to operate on “as is” basis, without any changes to its operations;
- “SC as a SOE”: SC continues on as a SOE and implements a series of improvement initiatives in response to the causes of underperformance identified in the Diagnostic Report;
- “SC as a SOE with fully professional management”: SC continues under a professionally appointed senior management with full responsibility for the operational performance and the company’s financial result.
- “Reform of SC as a privately owned company”: The private sector owns a controlling stake in SC.
- “Finding and establishing strategic partnership with other cargo railways from CEE and the Balkans.

Each identified option will be presented in terms of the key metrics. The Consultant is suggested to consider some the following metrics for comparison and assessment of options:

- Assessment of the option’s ability to capture the forecasted traffic;
- Assumed ownership structure;
- Degree of PSP involved and ability to attract PSP;
- Option-specific legal pre-requisites, organizational setup and governance arrangements;
- Role of MCTI and the enabling legislation and policy measures required from the GoS;
- Ease of implementing the option;
- Estimate of one-off cost of implementing the option;
- Qualitative description of the option’s impact on the economy in Serbia and the Budget;
- Alignment of the option with the current political economy in Serbia (short term) and with Serbia’s accession path to the EU (long-term);
- Sustainability of option in the context of the freight market in Serbia and the wider region.

The Consultant will provide for each identified option clear description of “pros” and “cons”, and will, in compliance with that, and based on the list of options presented, recommend the option that meets the hierarchy of improvement objectives in the most advantageous way for the GoS.

### **2.3.2 Outline business strategy**

For the selected option for SC, the Consultant will develop an outline business strategy. The strategy will cover the following content:

- Future scope of SC’s business;
- Markets served, including those where its presence need to be established and those where SC may decide to withdraw from.
- Candidates for potential strategic alliances, if applicable
- Degree of logistics services to be provided and interface with the logistics supply chain;
- Overview of supporting resources:
  - Changes in its operating practices,
  - Investments in rolling stock, facilities, and systems;
  - Training and development of SC staff.
- Required level of PSP;
- Overview of key groups of implementation steps and their allocation between the GoS and SC, including any preparatory work for implementation of the option.

## **2.4 Business Plan and Implementation**

### **2.4.1 Business plan**

The Consultant will prepare a 5-year business plan, which covers all SC’s activities, including the following:

- *Improvement objectives:* The business plan will summarize the targeted improvement objectives;
- *Ownership structure and governance arrangements:* The Consultant shall detail on the recommended ownership structure for SC, supporting governance arrangements, and the degree to which private sector is involved with ownership and day-to-day operation of SC.
- *Tariff and revenue projections:* for the Base Case demand scenario and tariff projections identified in section 2.2, revenue projections will be prepared for the 20-year period.
- *Operating plan:* The Consultant will identify the assets and operating practices required for SC to capture the traffic projections;
- *Marketing plan:* the business plan will include an outline marketing plan for SC to grow traffic.
- *Cost projections:* The Consultant will prepare cost projections per commodity/type of traffic;
- *Organization structure and staffing:* The Consultant will describe the organization structure of future SC and estimate the staffing requirements in terms of the headcount and skillsets;
- *Investment plan:* the business plan will include a 5-year investment plan required in support;
- *Safety Management System (SMS):* the business plan shall identify the content and scope of coverage of SMS for the future operation of SC;
- *Energy efficiency:* the business plan shall identify the content and scope of coverage for the energy efficiency improvements of the future operation of SC;
- *Financial projections:* 5-year projections of the balance sheet, profit and loss account, and cash-flow statement. The baseline year for the financial model will be agreed at the outset of the assignment.
- *Sensitivity tests:* Sensitivity of the business case will be tested for changes in individual values of tariffs, OPEX, and CAPEX.
- *Scenario analysis:* The Consultant will identify 3-4 suitable scenarios to test the business case under each. The scenarios may combine one or more of the following (1) changes in traffic growth, (2) changes in SC productivity, (3) increase in railway infrastructure access charges.
- *Performance improvement projections:* This element of the business plan will provide a summary of forecasted improvements per each category. For example, the improvements may cover (1) growth in volumes handles measured in millions of tonnes, (2) growth in traffic task measured in gross tonne-km, (3) reduction in SC operating cost, (4) improvement in productivity of staff and assets, (5) growth in market share of SC, and (6) increase in operational safety of SC operations.
- *Backup material:* The supporting MS Excel based operational and financial models will also be provided.

#### **2.4.2 Implementation Plan**

The Consultant will prepare a detailed implementation plan to identify and allocate all actions required for the GoS to capture the benefits predicated by the Business Plan developed above. The actions will be allocated to the various parties as follows:

- at the institutional level - steps and support required from the GoS and its agencies in terms of enabling legislation, policy work, procurement of external expertise in support of introducing PSP, etc.
- at the corporate level – steps and support required to be implemented by SC, including changes in corporate governance, organization, and commercial approach to customers, the necessary investment in assets, and staff training and development.

The implementation plan will include a detailed roadmap of activities and interim milestones for the reporting 5-year period (2023-2027) The implementation plan will also include a preliminary budget for the improvement plan, covering all of its aspects throughout the 5-year period above.

## 2.5 Improvement Plan

This report is an amalgamation of all work on the assignment and a single document outlining the improvement objectives, roadmap, schedule of supporting activities, and the required budget and timescales.

The executive document<sup>5</sup> will include the following content:

- Statement of the problem (“underperformance” of SC);
- Improvement objectives;
- Options considered;
- Recommended improvement option described in terms of ownership and Private Sector Participation;
- Summary of business plan (traffic and tariff forecast, business projections, organization and staffing, investment plan);
- Implementation plan;
- Benefits targeted by the business plan;
- Estimated cost of implementing the business plan;
- Implications of (1) partial implementation and/or delay to implementation and (2) not proceeding with the recommended option.

## 3. Project Deliverables

The intended commencement date is December 2021 but the actual commencement date will be defined with the signature of the Contract. The period of implementation of the contract will be 38 weeks starting from the commencement date. During this period, the Consultant will prepare and submit a thematic report for each of the elements described in Section 2: Scope of Work. In addition, the Consultant will deliver an Inception Report, two workshops, provide regular updates in the form of monthly progress reports, with the content of each described below.

The Consultant will carry out the services in line with a detailed time schedule to be submitted as part of his proposal, which could be changed during the negotiations in order to reflect the comments and/or requirements by the parties.

*Table 1 Project Deliverables*

<b>Deliverable</b>	<b>Timing</b>	<b>Format</b>	<b>Language</b>
Inception Report	W4	Digital and 2 hard copies (in each language)	English and Serbian
Diagnostic Report	W10	Digital and 2 hard copies (in each language)	English and Serbian
Rail Freight Forecast Report	W15	Digital and 2 hard copies (in each language)	English and Serbian
Optioneering and Strategy Report	W22	Digital and 2 hard copies (in each language)	English and Serbian
Business Plan	W32	Digital and 2 hard copies (in each language)	English and Serbian
Final Report	W36	Digital and 2 hard copies (in each language)	English and Serbian
Workshop 1 – Strategy	W24	Digital and 2 hard copies (in each language)	English and Serbian
Workshop 2 – Implementation	W38	Digital and 2 hard copies (in each language)	English and Serbian
Monthly Progress Reports	seven (7) calendar days from end of agreed month-period	Digital and 2 hard copies (in each language)	English and Serbian

<sup>5</sup> Maximum 25 pages long.

The commenting period for the outputs is 3 weeks. If no comments are provided by the Employer/Client in 3 weeks, it is assumed that the deliverable is accepted.

### **3.1 Inception Report**

Inception Report will be submitted within 4 weeks from the start of implementation. In the report the Consultant shall describe the diagnostic findings, progress in collecting data, any difficulties encountered or expected in addition to the confirmation of the approach, methodology, work plan and resource schedule proposed in its tender.

In particular, the report will be used by the Consultant to identify areas where MoCTI's and Serbia Cargo's support is required to facilitate access to stakeholders, provide information and/or provide feedback on the Consultant's queries.

### **3.2 Workshop 1 - Strategy**

Following the completion of the Optioneering and Strategy Report, the Consultant will arrange and deliver Workshop 1 with all the stakeholders for the contract. The purpose of the workshop will be to summarize and present the foundational diagnostic work and optioneering completed and discuss the findings. The Consultant will also use the workshop to present the recommended strategy for Serbia Cargo to the GoS. Should any travel restrictions resulting from the Covid-19 pandemic remain valid at the time of the workshop, Workshop 1 will be delivered online.

The first workshop on the contract will be held in week 24. The timing of the workshop is set to enable the stakeholders to complete preparatory reading of the Consultant's deliverables before the workshop, whereby the Consultant will distribute the relevant materials at least 10 (ten) working days before the date of Workshop 1.

Within 5 working days of Workshop 1 the Consultant will distribute consolidated minutes of the discussions held at the workshop.

### **3.3 Workshop 2 – Implementation**

Following the submission of the Business Plan and Implementation Plan, the Consultant will arrange and execute Workshop 2 with all the stakeholders for the contract. The purpose of the workshop will be to present and discuss the business plan targets and the Consultant's proposals for Serbia Cargo to achieve them. The business plan delivery arrangements articulated in the implementation will also be discussed with the stakeholders.

Should travel restrictions resulting from the Covid-19 pandemic remain valid at the time of the workshop, Workshop 2 will be delivered online.

The second workshop on the Project will be held in week 38. Similar to Workshop 1, as a follow-up to the workshop, within 5 calendar days, the Consultant will distribute consolidated minutes of the discussions held at the workshop.

### **3.4 Monthly Progress Reports**

Monthly reports will be submitted within seven (7) calendar days from end of agreed month-period. These executive reports will provide an "overview-at-glance" update on the status of Consultant's activities, all emerging findings, and planned activities for the next 3 months.

These reports will also include a snapshot of period and cumulative expenditure incurred by the Consultant as well as the resourcing projection for the next 3 months.

### **3.5 Formatting**

In order to allow further data processing, Consultant's reports will be provided as an electronic file only - ".doc" or ".pdf". In either case, all texts must be composed with common and scalable fonts, including for tables, maps, diagrams, drawings etc. Only photographs, logos and facsimiles of original documents will be accepted under a bitmap graphic format (inside the ".doc" or ".pdf")

file) though in this case they cannot be used in the document data processing. The resolution of bitmap files must be 150 dpi or less. Each report must correspond to one single “.doc” or “.pdf” file. Reports transmitted in multiple files and of different kind will be refused. Where in doubt, the Consultant is invited to contact the PIU before any file transfer.

## **4. Qualifications and Experience**

### **4.1 Corporate capability**

The Consultant firm will be selected in accordance with QCBS (Quality-and Cost-Based Selection) method set out in the World Bank’s Procurement Regulations for IPF Borrowers (July 2016, revised November 2017, August 2018 and November 2020).

The assignment will require a qualified consulting company or a joint venture that can demonstrate extensive experience in similar assignments.

The following shortlisting criteria will be applied to all consulting firms that have submitted EoI:

- i) The Consulting firm must be a legal entity
- ii) The Consultant must demonstrate sufficient corporate experience in delivering similar-size scope work by presenting at least 2 projects successfully completed in the last 5 years where the scope involved the following items:
  - Railway institutional and regulatory analysis;
  - Preparation of railway freight traffic forecast;
  - Assessment of railway operations and commercial strategies;
  - Restructuring of State-owned transport companies.
- iii) The Consultant’s corporate experience of delivering diagnostic, strategic and business planning, and restructuring work in transport and/or similar safety-critical and asset intensive sectors in compliance/or aspiring to the EU standards and regulations;
- iv) Experience on similar tasks in Western Balkans region and/or EU accession country(ies) would be an advantage.

As proof, the Consultant firm shall prepare a table listing following information: name of the relevant assignment, name of a firm that conducted the assignment, short scope of work, year of contract implementation, country/region, contact reference (name, e-mail, phone number).

**Key Experts' CV are not required and will not be evaluated at the shortlisting stage.**

MoCTI, as the Client, intends to shortlist up to eight eligible firms to whom a subsequent Request for Proposals (RfP), both technical and financial, shall be sent. In the event that more than eight firms fulfil all the qualifying criteria above, the MoCTI shall use the following criteria to rank the firms and the top eight shall be invited to submit proposals: (i) the number of contracts in a field related to these Services brought as reference in para (ii) above, and in case of equality on this criterion, then the value of the eligible part (the value of the activities carried out by the firm) of the projects found eligible in para (ii).

### **4.2 Personnel**

The Consultant shall establish his Team in accordance with the needs and requirements of this ToR. The Team shall consist of a core team made of key experts with the qualifications and skills defined in the Table 2, below and non-key experts, as needed. The Consultant is obliged to ensure 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 achieve the objectives of this Contract in terms of time, costs, and quality.

The Team, as a whole, shall include experts familiar with RoS' regulations. The team organization, proposed staff availability and number of working days assigned to specific activities and backup will be evaluated as one of the major criteria within the evaluation of the proposed methodology and time schedule.

Given the complex nature of the services to be rendered by the Consultant for the implementation of the Contract, in terms of expertise required, as part of the organization and methodology of the technical proposal, the bidders will be expected to effectively mobilize highly qualified key experts to carry out requested specific activities.

The Team Leader with qualifications and skills given below will lead the Team. He/she will be the main contact for the Team and will interface with the MoCTI, PIU and Serbia Cargo, and other interested stakeholders. He/she should be responsible for ensuring high quality performance of the main outputs and deliverables and the timing implementation of the activities during the Contract execution. He/she will be supported by the Deputy Team Leader, who will replace the Team Leader when necessary.

All experts shall be independent and free from any conflicts of interest in the responsibilities they take on. The Consultant is obliged to propose within his methodology mitigation plan in case of COVID-19 lockdown.

Note that civil servants and other staff of the public administration of the beneficiary country (Republic of Serbia) cannot be proposed as experts.

The language of the Contract is English. All the team members assigned by the Consultant must be able to communicate effectively in English. A sufficient number of the Consultant's team should be fluent in Serbian language.

The Consultant shall provide adequate administrative staff (secretary, translators, drivers accountant) needed to support the expert team.

#### 4.2.1 Key experts

All experts who have a crucial role in implementing the contract are referred to as key experts. The profiles of the key experts for this contract are given below.

Table 2 Key experts<sup>6</sup>

Title	Qualifications/Experience	Skills
<b>Key experts:</b>		
A Deputy team leader shall be appointed from one of the key or senior non-key experts		
Team Leader – Senior Railway Expert	<u>Education:</u> Have as a minimum B. Sc. Degree in Engineering/Finance/Business Administration or other relevant discipline  <u>Relevant professional experience:</u> At least 20 years of general professional experience of which at least 15 in the rail sector Have a focus of professional experience in railway/transport business planning and restructuring with a minimum of two (2) successfully completed projects	Excellent organizational, communication, and report writing skills; Computer literacy; Fluency in English; Knowledge of Serbian language will be an advantage; Demonstrable high level of professionalism and ability to work in multi-stakeholder environment and under tight deadlines
Railway Operations and Logistic Expert	<u>Education:</u> Have as a minimum B. Sc. Degree in Engineering or other relevant discipline	Excellent communication and report writing skills; Computer literacy;

<sup>6</sup> One expert may be nominated to cover two or more capabilities.

Title	Qualifications/Experience	Skills
	<u>Relevant professional experience:</u> At least 15 years of general professional experience of which at least 10 years in railway freight operations including interfaces with shippers, freight forwarders, logistics terminals and/or port interfaces, with at least two (2) comparable projects successfully completed.	Fluency in English; Knowledge of Serbian language will be an advantage; Demonstrable high level of professionalism and ability to work in multi-stakeholder environment and under tight deadlines
Financial Expert	<u>Education:</u> Have as a minimum B. Sc. Degree in Economics/Finance At least 15 years of general professional experience of which at least 10 of experience in financial models in support of railway/transport business planning	Excellent communication and report writing skills; Computer literacy; Fluency in English; Knowledge of Serbian language will be an advantage; Demonstrable high level of professionalism and ability to work in multi-stakeholder environment and under tight deadlines
Legal and Institutional Expert	<u>Education:</u> Have as a minimum B. Sc. Degree in Law At least 15 years of general professional experience of which at least 10 years of experience of direct involvement in legal and/or institutional reviews and review of commercial contracts, with at least two (2) similar projects successfully completed	Excellent communication and report writing skills; Computer literacy; Fluency in English; Knowledge of Serbian language will be an advantage; Demonstrable high level of professionalism and ability to work in multi-stakeholder environment and under tight deadlines; Knowledge of Serbian legislation will be advantage
Market Analysis Expert	<u>Education:</u> Have as a minimum B. Sc. Degree in Economics, Law, Engineering or similar; At least 15 years of general professional experience of which at least 10 of experience in market analysis and traffic demand forecast in the railway/transport industry.	Excellent communication and report writing skills; Computer literacy; Fluency in English; Knowledge of Serbian language will be an advantage; Demonstrable high level of professionalism and ability to work in multi-stakeholder environment and under tight deadlines

#### 4.2.2 Non-key experts (NKE)

The Consultant may include in their proposals other positions that they consider necessary for the assignment and in that case, profiles of such experts will be identified in the Organization & Methodology. CVs for non-key experts will be, if applicable, submitted in the proposal, however they would not be subject of evaluation.

All experts must be independent and free from conflicts of interest in the responsibilities they take on.

#### 4.2.3 Office accommodation

Office accommodation for each expert working on the Contract is to be provided by the Consultant.

The Consultant shall ensure that experts are adequately supported and equipped. In particular, it shall ensure that there is sufficient administrative, secretarial and interpreting provision to enable experts to concentrate on their primary responsibilities.

No equipment is to be purchased on behalf of the neither Client (MoCTI), PIU nor Beneficiary (Serbia Cargo) as part of this service contract or transferred to the Client or beneficiaries at the end of this Contract.

## **5. Reporting Arrangements**

The primary client and coordinator of this assignment will be the MoCTI. For operational purposes, Serbia Cargo will appoint a designated person to whom the Consultant will report. The designated person will also assist the Consultant with data requests, access to SC management, experts, and customers.

In order to provide ongoing guidance to the Consultant and enable efficient delivery and approval of Consultant's reports, a Steering Committee for the assignment will be established. The committee will be chaired by MoCTI and will include representatives of SC, Ministry of Finance, Ministry of Economy, Ministry of Labor, and the World Bank.

The Consultant will distribute all reports to all representatives of the Steering Committee. The Steering Committee will provide feedback on the Consultant's report no later than 3 weeks following reception of the Serbian version of the report.

## **6. Contracting Arrangements**

The Contract will be the Standard World Bank Lump Sum Contract. The payments for services will be based on the deliverables / reports approved by the Project Manager and Project Coordinator. The Contract costs will include remuneration and reimbursable costs referring to the assignment.