

GRCF Bosnia and Herzegovina: Sarajevo Water Project - Financial And Operational Performance Improvement Programme (FOPIP)

Procurement ref:
71119

Country:
Bosnia and Herzegovina

Business sector:
Municipal and environmental infrastructure

Funding source:
EBRD Shareholders Special Fund

Contract type:
Consultancy Services

Notice type:
Invitation for expressions of interest (CSU)

Issue date:
19 Oct 2017

Closing date:
10 Nov 2017 at 15:00 Sarajevo

Executing Agency (Client):

Cantonal Public Utility Co. Water Supply and Sanitation Sarajevo

The Client Contact Person:

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Project Description:

The Cantonal Public Utility Company “Vodovod i kanalizacija” d.o.o. Sarajevo (the “Company” or “ViK”) supported by the Canton Sarajevo (the “Canton”) approached the European Bank for Reconstruction and Development (the “Bank” or the “EBRD”) with a request to assist in the preparation and financing of a comprehensive water distribution network rehabilitation programme, to improve water supply services.

The overall Project operation will include a EUR 25 million loan from EBRD to the Canton to finance the rehabilitation of the water distribution network in selected areas.

The investment programme is to support the rehabilitation of identified priority areas within the water distribution network of the ViK Sarajevo system in order to reduce the water leakages through replacement of water mains, reconstruction of pumping stations and installation of meters.

Assignment Description:

Within the context of this major investment project, the Canton, working together with ViK Sarajevo, is seeking consultancy support (the “Consultant”) to assist in the preparation of a Financial and Operational Performance Improvement Programme (“FOPIP”) - in order to promote improvements in the service quality alongside technical cooperation to support financial and operational management at ViK Sarajevo (the „Assignment“).

The FOPIP will aim to:

- improve the Company’s operational efficiency and financial management,
- strengthen the capacity to implement the Project,
- service the debt while providing high quality water and sewerage services
- recommend financial, technical and restructuring covenants, which would serve as conditions for the commitment of the two uncommitted tranches

The overall objectives of the Assignment are to

•Achieve short term operating and financial improvements through a specific Financial and Operational Performance Improvement Programme (“FOPIP”).

The FOPIP would include (i) measures and actions to improve operational efficiency and levels of service (e.g. development of a comprehensive non-revenue water (“NRW”) strategy); (ii) measures and actions to increase the revenue collection and reduce accounts receivable; (iii) measures and actions to reduce operating costs and (iv) assistance to the Company to make on-going long-term (5-year) corporate development programmes, including capital budgets and tariff projections.

•Support the preparation of a Business Plan.

The Consultant shall assist ViK Sarajevo to improve its commercial standing, service quality and environmental performance. It will do this by preparing a Business Plan to identify and implement the corporate, financial and operational improvements to improve its performance and, in particular, to meet the covenants in EBRD financing documents. The Business Plan will be a typical comprehensive strategic business document governing the provision of water and wastewater services in the Canton Sarajevo over the long term by ViK Sarajevo in its current form. The Business Plan will be a typical business planning exercise taking a long term, comprehensive review of the existing and future financial, technical, institutional, staffing, legal, environmental, and public-private partnership aspects of ViK Sarajevo operations and the development of strategic, annually updatable plan for ViK Sarajevo’s future operations over a 10 year time frame.

•**Highlight specific Corporate Development measures** to strengthen ViK Sarajevo's longer term corporate planning capacity operating on an autonomous and commercial basis.

•**Prepare a Public Service Agreement between the Canton and the Company that would specify the rights and responsibilities of its parties.** It would include but not be limited to:

(i) measurable performance indicators with clear timetable for their achievements evidencing improvements of the Company's operational efficiency and levels of services rendered to its consumers;

(ii) automatic tariff adjustment formula and tariff policies (e.g. full cost recovery, elimination of cross-subsidies between consumer groups; not exceed the affordability thresholds etc.)

•**Review and update the Project Implementation Plan (PIP) and support themobilisation of loan-financed supervision consultants (Supervision Consultant).**

The Supervision Consultant will then assist the Company to carry out the related tendering and contracting process.

Status of Selection Process: Interested firms or group of firms are hereby invited to submit expressions of interest.

Assignment Start Date and Duration: The Assignment is expected to start in Q1 2018 and has an estimated overall duration of 12 months.

Cost Estimate for the Assignment: EUR 500,000.00 (exclusive of VAT). Subject to availability of funding, the performance of the selected Consultant and the specific needs of the Client the Assignment may be extended beyond the current scope.

The Consultant must determine whether any indirect taxes/VAT are chargeable on the proposed services and state the basis for such. If any indirect taxes/VAT are payable, the Client will have to pay indirect taxes/VAT element to the services directly to the Consultant unless otherwise agreed.

Funding Source: EBRD Shareholders Special Fund. Selection and contracting is subject to the availability of funding.

Eligibility: There are no eligibility restrictions.

Consultant Profile: Corporate services are required.

The Consultant will be a firm or a group of firms with preferably previous project experience related to international water sector projects, development and implementation of a financial and operational improvements in public sector utilities and in the legal framework necessary for drafting and implementing a Public Service Agreement in Bosnia & Herzegovina.

The Consultant's expert team is expected to include key experts as follows:

a. **Key Expert No 1** (Project Manager with water utility expertise) with preferably 10 years of previous professional international experience in water sector projects procured under financing arrangements with government agencies or international financial institutions.

b. **Key Expert No 2** (Team leader) with preferably 10 years of previous professional experience in water/utilities sector projects procured under financing arrangements with government agencies or international financial institutions and experience in project

management and restructuring of utility companies and tariff projections. Moreover, the Team leader should be well acquainted with Bosnia and Herzegovina laws and regulations.

c. **Key Expert No 3** (Financial Expert) with preferably 10 years of previous professional experience in financial management of public utilities

d. **Key Experts No 4** (Pool of Additional Experts) consisting of Legal expert, Training/Corporate Development experts, Environmental and Social expert.

Submission Requirements: In order to determine the capability and experience of Consultants seeking to be selected/to be shortlisted, the information submitted should include the following:

1. Company/group of firms' profile, organisation and staffing (max. 2-4 pages).
2. Details of previous project experience or similar assignments particularly undertaken in the previous five years, including information on contract value, contracting entity/client, project location/country, duration (mm/yy to mm/yy), expert months provided (if different from duration) , main activities, objectives.
3. CVs of key experts who could carry out the Assignment detailing qualifications, experience in similar assignments, particularly assignments undertaken in the previous five years, including information on contracting entity/client, project location/country, duration (mm/yy to mm/yy), expert months provided, assignment budget, main activities, objectives.
4. Completed Consultant Declaration Form and Contact Sheet, the template for which is available from the following web-link:

http://www.ebrd.com/pages/workingwithus/procurement/notices/csu/contact_sheet.doc

The expression of interest shall not exceed 25 pages (excluding CVs Consultant Declaration and Contact Sheet).

The complete expression of interest (including CVs, Consultant Declaration and Contact Sheet) should be submitted, in **English via email (pdf) to the Client's contact person**, to reach the Client not later than the closing date. **One additional copy shall reach the Bank's contact person** by the same due date. The expression of interest shall be one file (pdf). The Client reserves the right to reject applications of firms submitting more than one file. Only if any limitation on the permissible file size is exceeded, the Consultant may split the expression of interest into further files.

Important Notes:

1. Following this invitation for expressions of interest, a shortlist of qualified firms will be formally invited to submit proposals. Consultant selection and contracting will be subject to availability of funding.
2. The shortlist criteria are as follows:
 - (a) Firm's previous international experience in water sector projects (10%);
 - (b) Firm's previous experience in development and implementation of a FOPIP in organizations comparable to the Client (35%);
 - (c) Firm's previous experience in drafting and implementing Public Service Agreement in countries with comparable conditions to BiH (15%);
 - (d) CV of Key expert No 1 (20%);
 - (e) CVs of Key experts No 2, No 3 and No 4 (20%).