

## AWARD OF CONTRACT NOTICE

- a) **Project name: "Modernization and restructuring of the road sector"**
- b) **Assignment: "FINANCIAL STRATEGY RENEWAL TECHNICAL ASSISTANCE"**
- c) **The names of all consultants on the short list (Consultants those submitted proposals are marked in italic mode):**
- 1. Joint Venture:**
- a) "PricewaterhouseCoopers Savjetovanje" d.o.o. /Zagreb/Croatia – leading partner;**
- b) PWC Czech/Prague/Czech Republic – partner;**
- c) PWC Hungary/Budapest/Hungary – partner;**
- d) Šavorić & Partners Attorneys at Law/Zagreb/Croatia - partner**
- 2. "Deloitte Savjetodavne Usluge" d.o.o., Zagreb, Croatia**
- 3. "KPMG Croatia" d.o.o./Zagreb/Croatia**
- d) **The overall technical scores and scores assigned for each criterion and sub - criterion to each consultant:**

**1. Joint Venture:**

- a) "PricewaterhouseCoopers Savjetovanje" d.o.o. /Zagreb/Croatia – leading partner;**
- b) PWC Czech/Prague/Czech Republic – partner;**
- c) PWC Hungary/Budapest/Hungary – partner;**
- d) Šavorić & Partners Attorneys at Law/Zagreb/Croatia - partner**

Criteria/Sub-Criteria	Maximum Scores	Average Scores
<b>Specific experience of the Consultant (as a firm) relevant to the Assignment</b>	<b>5</b>	<b>5</b>
<b>Adequacy and quality of the proposed methodology, and work plan in responding to the Terms of Reference (TORs):</b>	<b>40</b>	<b>38</b>
<b>Key Expert's qualifications and competence for the Assignment</b>	<b>45</b>	<b>40,85</b>
<b>Transfer of knowledge (training) program (relevance of approach and methodology)</b>	<b>5</b>	<b>4</b>
<b>Participation by nationals among proposed Key Experts</b>	<b>5</b>	<b>0,37</b>
<b>Total</b>	<b>100</b>	<b>88,22</b>

## 2. "Deloitte Savjetodavne Usluge" d.o.o., Zagreb, Croatia

Criteria/Sub-Criteria	Maximum Scores	Average Scores
Specific experience of the Consultant (as a firm) relevant to the Assignment	5	5
Adequacy and quality of the proposed methodology, and work plan in responding to the Terms of Reference (TORs):	40	40
Key Expert's qualifications and competence for the Assignment	45	40,25
Transfer of knowledge (training) program (relevance of approach and methodology)	5	4
Participation by nationals among proposed Key Experts	5	5
<b>Total</b>	<b>100</b>	<b>94,25</b>

## 3. "KPMG Croatia" d.o.o., Zagreb, Croatia

Criteria/Sub-Criteria	Maximum Scores	Average Scores
Specific experience of the Consultant (as a firm) relevant to the Assignment	5	5
Adequacy and quality of the proposed methodology, and work plan in responding to the Terms of Reference (TORs):	40	38,75
Key Expert's qualifications and competence for the Assignment	45	44,25
Transfer of knowledge (training) program (relevance of approach and methodology)	5	4
Participation by nationals among proposed Key Experts	5	5
<b>Total</b>	<b>100</b>	<b>97</b>

**e) The prices offered by each consultant as red out and as they have been evaluated**

**1. Joint Venture:**

- a) *"PricewaterhouseCoopers Savjetovanje" d.o.o. /Zagreb/Croatia – leading partner;*
- b) *PWC Czech/Prague/Czech Republic – partner;*
- c) *PWC Hungary/Budapest/Hungary – partner;*
- d) *Šavorić & Partners Attorneys at Law/Zagreb/Croatia - partner*

*Total price of the financial proposal (excluding VAT) and evaluated price: 249.740,00 EUR*

*VAT: 62.435,00 EUR*

*Total price of the financial proposal (including VAT): 312,175,00 EUR*

**2. "Deloitte Savjetodavne Usluge" d.o.o., Zagreb, Croatia**

*Total price of the financial proposal (excluding VAT) and evaluated price: 220.800,00 EUR*

*VAT: 55.200,00 EUR*

*Total price of the financial proposal (including VAT): 276.000,00 EUR*

**3. "KPMG Croatia" d.o.o., Zagreb, Croatia**

*Total price of the financial proposal (excluding VAT) and evaluated price: 127.600,00 EUR*

*VAT: 31.900,00 EUR*

*Total price of the financial proposal (including VAT): 159.500,00 EUR*

**f) The final combined scores and the final ranking of the consultants**

**1. "KPMG Croatia" d.o.o., Zagreb, Croatia**

Final score: 97,90                      Rank: 1

**2. "Deloitte Savjetodavne Usluge" d.o.o., Zagreb, Croatia**

Final score: 83,32                      Rank: 2

**3. Joint Venture:**

- a) *"PricewaterhouseCoopers Savjetovanje" d.o.o. /Zagreb/Croatia – leading partner;*
- b) *PWC Czech/Prague/Czech Republic – partner;*
- c) *PWC Hungary/Budapest/Hungary – partner;*
- d) *Šavorić & Partners Attorneys at Law/Zagreb/Croatia - partner*

Final score: 77,08                      Rank: 3

**g) The name of the successful consultant and the total price, duration and summary scope of the contract**

**g.I. The name of the successful consultant:**

*"KPMG Croatia" d.o.o., Eurotower - 17<sup>th</sup> floor – Ivana Lučića 2/a, Zagreb, Croatia*

**g.II. The total price (including VAT): 159.500,00 EUR**

**g.III. Contract duration: 4 months from the commencement date**

**g.IV. Summary scope of the contract:**

## 1. Objective of the assignment

Support is sought to hire a financial advisory firm (Consultant) to help prepare a financial strategy that will guide (SOEs') capital investment plan for period 2020-2030. Updated strategy is needed since various SOEs operational and financial aspects have changed in the past two years (staff reduction at HAC, organizational optimization at HC/HAC, upcoming merger of ARZ to HAC, SOE revenue deterioration due to Covid-19 pandemic and related recession, recent debt repayment moratoriums and refinancing, unachievable MARS project financial and operational ratios (KPI's). More specifically the objective of the Consultant services will be to:

- (i) perform a thorough analysis and assessment of SOE current and projected financial position through 2020-2030;
- (ii) perform analysis of MARS project's operational and financial ratios (KPI's) and provide analysis what SOEs need to do to meet and exceed set targets;
- (iii) produce detailed financial projections for the period comprising between 2020-2030;
- (iv) identify financing needs on the basis of different capital investment plans, revenues, and expenses scenarios, including indebtedness, cost of debt and any other relevant variables and/or assumptions;
- (v) advise on revenue adequacy and sustainability mechanisms in view of current Covid-19 development;
- (vi) prepare the financing strategy for SOEs that will support the various scenarios of investments, including the identification of financing options available to support those investments (including possible new round of debt-reprofiling, enhanced usage of EU funds), the associated expenses, and time line for implementation of option;
- (vii) provide SOEs' detailed future debt repayment models

## 2. Scope of consultant services

The consultant's services will include following tasks:

- I. **a) Perform a thorough report on analysis and assessment of SOEs' historical, current and projected financial situation through 2030, which can help SOEs in improving business performance. Consultant will need to analyze financial impact of the staff cuts (at HAC) and changes in achieved operational activities - e.g. improved maintenance efficiency (HAC and HC), tolling (HAC) etc.**

### **b) Prepare KPI analysis;**

This task aims at consultant's preparation of comprehensive analysis of operational and financial ratios that are applicable for the project (MARS Results Framework) with task to indicate what SOE's need to do to meet and exceed KPIs. It is expected from the Consultant to develop financial models (short and long term) that will meet the set KPIs. It will also consider the possibility of modified KPI values and/or new KPI definitions/introductions for consideration by MSTI in the MARS project restructuring.

### **c) Prepare financial projections**

Consultant will need to provide detailed and comprehensive SOE financial projections and models covering period 2020-2030 (at least three scenarios), including variants of investments, revenues, expenses, sources of funding, debt repayment, operational enhancements and other relevant assumptions. Model will follow good practice of financial modelling and shall be flexible and allow for any future updates and modifications. Subsequently Consultant is required to conduct respective modelling training to SOEs.

- II. **a) Identifying financing needs 2020-2030**

Based on provided data Consultant's task is to prepare comprehensive financing need analysis for SOEs by identifying financing needs/gaps for planned capital investments, revenues and expenses, including indebtedness, cost of debt and any other relevant variables and/or assumptions.

### **b) Prepare sustainable financial analysis**

Consultant needs to prepare SOEs' sustainable financial analysis that will encompass and support various scenarios of capital investments plans/projects, revenues and expenses, including loan repayments (including possibility of a new debt reprofiling). Analysis needs to provide guidance on investment plans, revenue adequacy, liquidity and overall sustainability of the investment plans. Analysis will also incorporate commission of new e-tolling system and its effects on staff reduction and expenses, operational enhancements etc.

The report must include: i) a comprehensive presentation of the assumptions and results of the financial projections; ii) recommendations on investment plan review, revenue adequacy plan, sustainability report, capital structure, financing plan and options; and sensitivity analysis report covering, at least, three alternative scenarios, identifying the highlights in each one of them.

**III. Consultant will need to provide draft of the Service Level Agreement ought to be signed between MSTI and SOEs.**

Based on the analysis and projections of KPIs (including those defined in the MARS project but not limited to them), Consultant will need to provide a draft of Service Level Agreement through which MSTI will monitor performance of SOEs.