

Republic of Serbia

**SOLICITATION OF EXPRESSIONS OF INTEREST
FOR A**

FINANCIAL ADVISOR TO PRIVATIZE

DP “ZELEZNIČKI INTEGRALNI TRANSPORT BEOGRAD”, BELGRADE

The Government of Serbia (hereinafter: the GoS), has received a Grant from European Agency for Reconstruction (hereinafter: the EAR), to be administered by the World Bank (hereinafter: the WB), to facilitate and accelerate the privatization, restructuring and bankruptcy of the socially- and state-owned enterprises (SOEs) in accordance with the provisions of the Privatization Law as well as the Bankruptcy Law.

The GoS now intends to apply part of this Grant for services to be provided by a Financial Advisor to undertake the privatization of a Company **DP “Zeleznicki integralni transport Beograd”, Belgrade.**

Company DP “Zeleznicki integralni transport Beograd” was founded in 1977. It is located in Belgrade, the capital city of the Republic of Serbia. As of April 2007, the Company employed 210 workers.

Main operating activity of DP “Zeleznicki integralni transport Beograd” is transportation of goods in road traffic. Floor surface of buildings used by the Company is around 6,131 m².

The Company generates income mostly in domestic market. In 2005 and 2006, the sale in domestic markets accounted for 77% and 68% respectively of the total sale. Company’s distribution channel is direct sale, with 100%.

The main strengths of the Company are technical and HR capacity for rendering services in mixed transportation of goods.

In fiscal 2006, DP “Zeleznicki integralni transport Beograd” generated sales revenues of around EUR 5.2 million and net profit of EUR 213,000. Total operating assets at the end of the year was EUR 4.0 million and total equity of the Company was EUR 2.9 million.

In fiscal 2005, DP “Zeleznicki integralni transport Beograd” generated sales revenues of around EUR 5.2 million and net profit of EUR 485,000. Total operating assets at the end of the year was EUR 3.6 million and total equity of the Company was EUR 2.4 million.

The Company’s equity structure is represented by 92.52% of socially owned capital and 7.48% of state owned capital (capital of public company JP “Zeleznice Srbije”).

The PA is offering 70% of the Company’s socially owned capital, which represents 64.76% of the total registered capital of the Entity undergoing privatization.

Further details concerning Company DP “Zeleznicki integralni transport Beograd” Belgrade its current operations and its financial situation, are available on the web site of the Privatization Agency, Republic of Serbia (www.priv.yu), or from the Project Manager in charge, Albina Kecman (akecman@priv.yu).

The objective of the GoS in this privatization is to attract reputable domestic or foreign strategic investors or consortia of investors with industry expertise, management know-how and financial

strength necessary to improve the companies' performance and fulfill the necessary investment program in order to utilize and secure the long term development potential.

To achieve this goal, the Privatization Agency, Republic of Serbia intends to hire a Financial Advisor to: (i) undertake the necessary vendors due diligence and prepare a Diagnostic Report suggesting necessary pre-privatization measures and the envisaged privatization strategy; (ii) conduct an investors search and actively market the investment opportunity to a wide group of potential purchasers and present a market assessment report comprising the feedback from potential purchasers; (iii) prepare the required tender documentation; (iv) prepare an environmental audit; (v) conduct a valuation and (vi) implement the privatization of the companies through a competitive tender process and manage the sales process until closing of the privatization transaction. All of these activities will be funded by a combination of a **Retainer Fee** to be financed under the Grant, and a **Success Fee** to be funded out of the proceeds of the actual sales.

The Privatization Agency, Republic of Serbia, now invites Expressions of Interest (EOIs) from eligible firms / consortia of firms.

EOIs from eligible firms/consortia should specify the following relevant information in order to be considered: (i) short introduction of the firm/consortium; (ii) evidence of the track record in this type of assignment and the relevant industry, with a maximum of 15 most comparable projects best documenting the required experience (in case of a "joint venture", such evidence is required for all members of the "joint venture", while in case of a sub consultancy, it is required only for the leading firm); and (iii) names and curricula vitae for proposed professional staff only (project manager, leading privatization expert, financial expert, relevant industry expert, and the leader of the legal counsel).

The references of the firm shall clearly line out the experience of the firm / consortium in:

- 1) Tender privatization projects in CEE and in Serbia
- 2) Experience in the industry and in comparable transactions
- 3) General Privatization Experience in CEE and in Serbia

The CVs shall clearly line out the most relevant and recent projects, which the eligible firm considers to be most relevant and which best document the teams experience in accordance with the following requirements:

Project manager: Experience in managing and successful implementation of tender privatization transactions or comparable transactions in the industry and experience in Serbia and in CEE

Privatization Expert: Experience in privatization in CEE and in Serbia

Financial Expert: Experience in financial due diligence and valuations in CEE and in Serbia

Industry Expert: Experience in the relevant industry

Legal Counsel: Experience as legal counsel in tender privatization transactions in CEE and in Serbia.

EOIs should be submitted in English and should not exceed 50 pages.

In order to avoid possible over commitment, in addition to the above, firms will be evaluated based on their capacity and current commitments.

A Financial Advisor will be selected in accordance with procedures set out in the World Bank's **Guidelines: Selection and Employment of Consultants by World Bank Borrowers, May**

2004. The method used to select the Financial Advisor will be **Selection Based on the Consultant's Qualifications (CQS)**, in accordance with Clause 3.7. of the above mentioned Guidelines.

The best evaluated firm/consortium will be invited to submit combined technical and financial proposal.

Interested and eligible firms / consortia who wish to participate should mail or e-mail their EOIs by **June 29th, 2007 (Friday), and not later than 03:00 p.m. (local time).**

**Contact: Ms. Zorica Petrovic,
PMU Director**

Privatization Agency
Republic of Serbia
Terazije 23, 6th floor
11000 Belgrade
Tel: (+381 11) 30 29 968
Fax: (+381 11) 30 20 828
E-mail: zpetrovic@priv.yu

**Cc: Ms. Ankica Momcilovic
Procurement Officer**

Privatization Agency
Republic of Serbia
Terazije 23, 6th floor
11000 Belgrade
Tel: (+381 11) 30 20 815
Fax: (+381 11) 30 20 828
E-mail: amomcilovic@priv.yu