

Brcko District Port Audit and Management Study – Request for Expressions of Interest

1. Introduction

OHR seeks Expressions of interest from suitably qualified and experienced companies or agencies in order to:

- A. Conduct a Management Audit of Port Activities, and
- B. Provide Recommendations for Change.

2. Background – Revitalization of the Brcko Port (Luka) and the Sava River

The Sava River has traditionally been an important internal transport route for commodities such as coal, steel, building material and agricultural products. Restoring commercial traffic on the Sava is a strategic step Bosnia must take to regain access to the Rhein-Main-Danube river system and to Europe. Some Bosnian exports, including coal and steel, are not competitive without river transport to their markets.

Brcko has been, in addition to Samac, Bosnia's largest river port. The Brcko Port has been substantially rehabilitated following the 1992-95 war. Two cranes (5-ton-capacity each) have been repaired; railroad tracks are being renovated and repaired with completion targeted for this year; and roads remain in good condition generally. Shippers recently estimated that restoration of traffic on the

Sava River could lead to one million tons of cargo moving through the Brcko Port immediately, most of it coal and steel exports from Bosnia.

3. The Project

Expressed simply, the intention of this Project is to gain full understanding of the Port operation, and to improve it.

It is important to note that the focus should not be on any particular transaction or tenant company, but on the Port itself, the manner in which it conducts business, the integrity of its contracting process, and what can be done to improve its management as the Port develops into a modern, transparent, profit-oriented public corporation.

In more detail, the elements are seen as:

A. The Management Audit

The intention behind the audit is to determine the status of the Port's financial transactions (incoming and outgoing), and to evaluate its contracts and transactions with numerous (private) companies, e.g. small-scaled production companies, freight forwarders, agent offices, insurance and service companies, custom service unit etc. within the Port area. (A March 2002 review by the Brcko District Revenue Agency identified 34 companies doing business in the Port and included a tax examination of the Port and its tenant companies.)

The present situation of the private companies in the Port, and their rental/lease contracts with the Port is unclear. The Port collects over 1 million KM a year in parking fees – all details of parking fees are available from the Brcko District Customs Service. The basic activities of the private companies are: reloading, loading and unloading the goods, equipment and storage in public and

customs, open and closed warehouses, manufacturing, processing and finishing of products, sorting and packing, sale of gravel and sand (dredging of the Sava River) – gravel handling operations, production of concrete pipes of all sizes, curbs, and others, production of aluminum door/window frames, etc., cargo/container handling and parking (including cargo

traffic/truck parking).

The audit should cover the Brcko Port and include (but not limit itself to):

- Effectiveness of management controls over incoming and outgoing financial transactions/activities
- Cash flow, handling and use of expenditures
- Fee handling, incoming and outgoing
- Social costs, pensions, health care, handling, etc. of Port staff
- Evaluation of all employment contracts for Port staff and necessary staffing levels (i.e., who is working and why)
- Evaluation of all rental/lease contracts, contract parties, scope/purpose of the contract, handling, conditions, etc.

B. Recommendations for Change

The purpose of this element of the proposal is to recommend how to manage a modern and well-organized port providing river port services, and functioning as a center of trade, commerce and logistic services, (i.e., transportation, storage and commercial services), including recommendations on the necessary management and governing structure and information systems/data, needed for the operation of a modern and commercially profit-oriented public corporation. It is anticipated that the Brcko District Government will withdraw from the business of managing the Port and its operation-related activities. The management proposals should discuss this transformation as well as indicate measures necessary to form a modern, service- and profit-oriented public corporation that will serve both the Brcko District and BiH, as well as neighbouring countries.

The recommendations should include (but not be limited to):

- Legal framework, i.e., to form a public corporation, for

the provision of river port services, transport, storage, and commercial services

- Objectives and structure of the public corporation
- Recommendations on how to manage the Port to provide efficient, cost- and profit-oriented services
- Suggestions on responsibilities of the Board of Directors, business management, legal staff, etc.

4. Criteria for Applicants

It is intended that the Project shall be conducted by an independent and internationally accepted accounting or consulting firm/company/agency known for its expertise in port management, revitalization, etc.

OHR invites companies to express interest in either or both parts of the project. Additionally, an interested company may wish to express interest in one part in which it has significant experience, and to sub-contract the other. In this event the intention must be clearly stated at the time of application, and the identity of the intended sub-contractor (with references) must be included.

Applicants responding to this request must meet the following minimum criteria:

- a) The firm shall demonstrate that it is an independent and internationally experienced auditing/port consulting firm able to work in Bosnia and Herzegovina with international supervision and an experienced staff;
- b) The firm shall present a listing of its recent experience in the requested fields;
- c) The firm shall present a list of the staff it intends to use on this project, including subcontractors, and its process of supervision. OHR-N reserves the right to review the list to ensure there are no potential conflicts of interest;

d) The firm shall demonstrate its financial ability to undertake this project,

e) The firm shall identify the international audit, accounting, or other standards it would apply to the Port Audit stage

5. Other Information

OHR is interested in having the project completed in a timely fashion. In so far as possible, Applicants are requested to indicate estimates of cost and time-scale for completion of the Project.

Companies interested in the tender may wish to review the Brcko Port Facilities Feasibility Study (November 2000, by Parsons Brinckerhoff International, Inc.); Report on Port Financial Activities (March 2002, by the Brcko District Revenue Agency).

For the Management Audit itself, OHR will provide the successful bidder with necessary and available supporting documents and will make sure access to relevant departments, sites and other related items is provided.

In the meantime, Applicants are reminded that this is a request for Expression of Interest only at this stage, and subsequent bidding for the Project will be by invitation based on the interest received.

6. How to Apply

In order to be considered for inclusion in a Limited Invitation to Bid for the Project, Applicants should write expressing interest, and providing comprehensive information on their experience and intended approach as outlined above.

Submissions must be in duplicate, in a sealed envelope clearly marked

“Port Audit – Expression of Interest”

and delivered to the following address **by 12.00 midday 09 August 2002:**

Head of Procurement

OHR

Emerika Bluma 1

71000 Sarajevo, BiH

7. Right to Reject

Expressions of Interest received by the due date will be assessed by a qualified panel to be convened by the Supervisor OHR-North in Brcko. It is intended that successful applicants will be included in the subsequent limited Invitation to Bid for the Project.

However, OHR is not bound to accept any of the expressions received and may reject any and all applications submitted in response to this request.

Similarly, OHR is not bound by this request to proceed to Invitation or Award.

Please note that any approach to the Supervisor of OHR-North is not appropriate at this stage, and may lead to disqualification of the Applicant.