

# **KENGEN DEFINED CONTRIBUTION (DC) SCHEME 2012**

KenGen Pension Plaza 2, Kolobot Road, Parklands

---

**TENDER NO. DC/TENDER/INV-3/2017**

**TENDER FOR PROVISION OF CUSTODIAL SERVICES**

**SEPTEMBER 2017**

KenGen Pension Plaza 2,  
11<sup>th</sup> Floor, Kolobot Road,  
P.O Box 47936 - 00100,  
Nairobi, Kenya.

TEL NO: 020 - 3666000

EMAIL: [jmuriuki@kengenDC.co.ke](mailto:jmuriuki@kengenDC.co.ke)

**ALL CANDIDATES ARE ADVISED TO READ CAREFULLY THIS TENDER DOCUMENT IN ITS ENTIRETY  
BEFORE MAKING ANY BID**

**KenGen Defined Contribution Scheme  
Invitation to Tender for Provision of Custodial Services, 2018 - 2020**

1. Introduction and Background.....	4
2. Objectives of the Assignment .....	5
3. Preparation of Proposals .....	6
4. Submission, Receipt and Opening of Proposals .....	7
5. Evaluation of Proposals .....	8
6. Negotiations, Award of Contract and Confidentiality .....	9
7. General Information about the Bidder .....	10
8. Technical Evaluation.....	11
8.1 Capacity	
8.2 Experience	
8.3 Methodology	
9. Standard Forms .....	14

**KenGen Defined Contribution Scheme  
Invitation to Tender for Provision of Custodial Services, 2018 - 2020**

**INVITATION TO TENDER**

**TENDER NO. DC/TENDER/INV-3/2017 FOR REQUEST FOR PROPOSAL OF PROVISION OF  
CUSTODIAL SERVICES.**

KenGen Defined Contribution Scheme Requests for Proposals from interested and eligible candidates to submit proposals for provision of Custodial services.

1. Complete set of tender document are here below but may also be obtained by downloading from the KenGen Defined Contribution Scheme website; [www.kengensrbs.co.ke](http://www.kengensrbs.co.ke)
2. Completed Tender Documents in sealed envelopes marked with the tender number and title are to be deposited in the Tender Box located next to the lift lobby located at KenGen Pension Plaza 2, 11<sup>th</sup> Floor, Kolobot Road, Nairobi, so as to be received on or before **Friday, 29<sup>th</sup> September, 2017 at 1400 hrs.**
3. Prices quoted should be global sums inclusive of all taxes and delivery costs, must be expressed in Kenya shillings and shall remain valid for a period of 90 days from the closing date of the tender.

**KenGen Defined Contribution Scheme  
Invitation to Tender for Provision of Custodial Services, 2018 - 2020**

**1. Introduction and Background**

- 1.1 KenGen Defined Contribution Scheme is a Defined Contribution Scheme established under irrevocable trust. The total Scheme membership stood at 1,836 consisting of in-service members, deferred members and dormant members as at 30<sup>th</sup> June 2017.
- 1.2 The Trustees of the Scheme are reviewing their External Auditors and seek proposals from consultants for a fund of approximately Kshs 3.5 billion. The monthly contributions under the Scheme currently amount to approximately Kshs.62 million. The DC scheme is open to new members.
- 1.3 The Scheme will select one firm among those invited to submit proposals, in accordance with the method of selection set out in this Request for Proposals (RFP) document.
- 1.4 The bidders are invited to submit a Technical Proposal and a Financial Proposal, for Scheme Custodial services as specified in this document. The proposals will be the basis for negotiations and ultimately for a signed Contract with the selected firm(s).
- 1.5 To obtain information on the Scheme or to seek any clarifications, bidders are requested to liaise with the Trust Secretary before submitting a proposal.
- 1.6 At any time prior to the deadline of the submission of tenders, the Board of Trustees, for any reason, whether at its own initiative or in response to a clarification requested by a prospective bidder, may modify the tender documents by issuing an addendum. All prospective bidders who have obtained the tender documents will be notified of the amendment by post or email and such an amendment will be binding on them. The Board of Trustees, at its discretion, may extend the deadline for submission of tenders.
- 1.7 The tenders shall remain valid for **90 days** after the date of tender opening. A tender valid for a shorter period shall be rejected by the Trustees as being non- responsive.
- 1.8 Please note that:
  - (i) The costs of preparing the proposal and of negotiating the Contract, including any visits to the Scheme office shall be met by the bidder;
  - (ii) The Trustees are not bound to accept any of the proposals submitted.

## **2. Objectives of the Assignment**

- 2.1 The main objective of this assignment is to ensure that the assets of the Scheme are prudently and professionally managed by the appointed custodian as stipulated by the Retirement Benefit Act, 1997, Regulations thereunder and the Fund's Investment Policy Statement.
- 2.2 The key areas to be addressed by the selected Custodian (s) include:
- (a) Open a custody account to maintain the portfolio of assets
  - (b) Provide the Client, with inter alia:
    - (i) A portfolio statement reflecting the book and market value of each Financial Asset provided monthly;
    - (ii) A monthly statement of the transactions (inflows and outflows) including daily transaction (inflows and outflows) advice as and when the transactions (inflows and outflows) occur;
    - (iii) A detailed monthly statement reflecting the status of the Scheme 's portfolio as at the last day of the previous month.
  - (c) Make available an account manager for queries as well as for discussions with the Scheme Trustees and the Scheme Pension Secretariat.
  - (d) Make records pertaining to the financial assets available for inspection by the Trustees and or auditor or their duly authorized representatives, whenever necessary for audit and control purposes.
  - (e) Realize such financial assets as the Fund/s Investment Manager may request in writing from time to time.
  - (f) Prepare such payments as the Scheme Trustees may request in writing from time to time.
  - (g) In conjunction with the Scheme Investment Manager, ensure the collection of all income and other benefits arising from the financial assets, which are paid into the Scheme's account or invested.
  - (h) Act in the best interest of the Scheme at all times; the Custodian(s) shall indemnify the Scheme for any loss or damage that the Scheme may suffer as a direct or indirect result of dishonesty or gross negligence on the part of the Custodian or any person engaged in carrying out Custodial duties in terms hereof.
  - (i) Provide online banking and custodial services.

### **3. Preparation of Proposals**

#### **The Technical Proposal**

- 3.1 In preparing the Technical Proposal, bidders are expected to thoroughly examine the contents of this RFP. Material deficiencies in providing the information requested may result in rejection of a proposal.
- 3.2 The original proposal shall be prepared in indelible ink. It shall contain no interlineations or overwriting, except as necessary to correct errors made by the firm itself. Any such corrections must be countersigned by the person(s) authorized.
- 3.3 While preparing the Technical Proposal, bidders must give particular attention to the following:
  - i. Each firm is expected to present its own bid without associating with other firms. Joint bids will automatically be disqualified.
  - ii. All key professional staff proposed for this assignment must be permanent employees of the bidding firm.
  - iii. Proposed professional staff must as a minimum, have the relevant experience in Custodial matters.
- 3.4 The Proposal shall provide the information requested in Sections 7 to 9 of this RFP.

#### **The Financial Proposal**

- 3.5 The Financial Proposal shall provide the information requested in the financial bid. The global tender sum shall be quoted in Kenyan Shillings.

**KenGen Defined Contribution Scheme  
Invitation to Tender for Provision of Custodial Services, 2018 - 2020**

**4. Submission, Receipt and Opening of Proposals**

- 4.1 The bidders shall prepare two sets of each bid. Each Technical bid shall consist of one original marked “**original**” and one copy each marked “**copy**”. Likewise, each Financial bid shall consist of one original marked “**Original**” and one copy marked “**Copy**”. If there are any discrepancies between the original and the copy of the bids, the original shall prevail.
- 4.2 The original and the copy of the Technical Bids shall be placed in a sealed envelope clearly marked “Technical Bid” and the original and copy of the Financial Bids shall be placed in a sealed envelope clearly marked “Financial Bid”. The envelope containing the Financial Bid must clearly state the name and address of the bidder. Both envelopes shall be placed into an outer envelope, marked and sealed.
- 4.3 The Proposal shall be placed in an outer sealed envelope clearly marked “**Proposal For Provision of Custodial Services**”. The envelope shall bear the following submission address:
- CEO & Trust Secretary  
Kengen Defined Contribution Scheme  
KenGen Pension Plaza 2  
11<sup>th</sup> Floor, Kolobot Rd  
P. O. Box 47936 - 00100  
NAIROBI
- 4.4 The completed Proposal must be delivered and deposited in the tender box next to the lift lobby located at KenGen Pension Plaza 2, 11th Floor, Kolobot Road, Nairobi, Kenya on or before **Friday, 29<sup>th</sup> September, 2017 at 1400hrs**. Any proposal received after the closing time for submission of proposals shall not be accepted.

## 5. Evaluation of Proposals

From the time the bids are opened to the time the Contract is awarded, if any bidder wishes to contact the Scheme on any matter related to his proposal, he should do so in writing at the submission address indicated above. Any canvassing shall result in the rejection of the bidder's proposal.

### Communication to the Bidders

The Trustees shall evaluate the Proposals and the results of the evaluation will be communicated to all the bidders at an appropriate time that will be decided by the Trustees.

### Preliminary Evaluation

During this stage, bidders' responsiveness to the tender mandatory requirements will be determined based on a "YES/NO" basis (implying compliance or non-compliance respectively). Only bidders that comply with the mandatory requirements shall proceed to any evaluation.

For the preliminary evaluation, please attach certified copies of the following:

- i. Company registration certificate
- ii. Current tax compliance certificate
- iii. PIN registration certificate
- iv. VAT registration certificate
- v. RBA/CBK registration certificate
- vi. Audited financial statements for the last three years

### Evaluation

Each responsive proposal shall be evaluated and awarded marks as shown below:

	<b>Area</b>	<b>Points</b>
1	General Information on the Company (See 7)	Mandatory
2	Capability (technical team & financial) (See 8.1)	30
3	Relevant experience (See 8.2)	30
4	Adequacy of the proposed Methodology in responding to the objectives of the assignment (See 8.3)	40
	<b>Total Points</b>	<b>100</b>



**KenGen Defined Contribution Scheme  
Invitation to Tender for Provision of Custodial Services, 2018 - 2020**

Minimum overall score required to pass is 70%.

The bidder(s) with the highest overall score (technical & financial) will be the winner of the evaluation process and will be awarded a three-year contract.

The formulae for determining the Financial Score (Sf) shall, be as follows:-

$Sf = 100 \times \frac{Fm}{F}$  where Sf is the financial score; Fm is the lowest priced financial proposal and F is the price of the proposal under consideration.

Proposals will be ranked according to their combined technical (*St*) and financial (*Sf*) scores using the weights (*T*=the weight given to the Technical Proposal; *P* = the weight given to the Financial Proposal;  $T + P = 1$ )

The combined technical and financial score, S, is calculated as follows: -

$S = St \times T\% + Sf \times P\%$ . The firm achieving the highest combined technical and financial score will be invited for negotiations.

## **6. Award of Contract and Confidentiality**

- 6.1 Discussions will be held at the submission address mentioned above. The aim is to reach an agreement on all points and to sign a contract.
- 6.2 Having selected the firm on the basis of, among other things, an evaluation of proposed key professional staff, the Board of Trustees expect to negotiate a Contract on the basis of experts named in the proposal. Before contract negotiations, the Board of Trustees will require assurances that the experts will be actually available. The Board of Trustees may choose to visit the service provider at their premises. The Board will not consider substitutions during contract negotiations unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key staff were offered in the proposal without confirming their availability, the firm may be disqualified.
- 6.3 To complete negotiations, the Board of Trustees and the selected firm(s) will initial the agreed Contract. If negotiations fail, the Board will invite the firm whose proposal received the second highest score to negotiate a Contract.
- 6.4 The Contract will be awarded following negotiations. After negotiations are completed, the Board of Trustees will promptly notify other bidders on the shortlist that they were unsuccessful.
- 6.5 The selected firm(s) is (are) expected to commence the assignment on a date mutually agreed upon for a term of three years, subject to an annual performance evaluation. The selected firm(s) will also enter into a Service Level Agreement (herein referred to as "SLA") with the Board of Trustees before commencement of the contract term and shall be evaluated based on this SLA.

## **7. General Information about the Bidder**

### **7.1 Name and Location of the Bidder**

7.1.1 Please provide the following information about your company:

- (a) Name of the bidder
- (b) Registered office
- (c) Postal Address
- (d) Telephone number
- (e) Fax number
- (f) Email address
- (g) Date of incorporation
- (h) Country of incorporation
- (i) International Affiliations-branches/dealing counterparties
- (j) Main company objectives and business areas

7.1.2 Please provide the following information for each of the members of your Board of Directors:

- (a) Name
- (b) Nationality
- (c) Date of Appointment
- (d) Academic and professional qualifications
- (e) Proportion held of company's shares

Also kindly provide information on any Asset transfer restrictions.

**KenGen Defined Contribution Scheme  
Invitation to Tender for Provision of Custodial Services, 2018 - 2020**

**8.0 Technical Evaluation**

<i>Area</i>	<i>Points</i>	<i>Cut off scores</i>
<p><b><u>8.1 Capacity</u></b></p> <p><b><i>Professional Qualifications:</i></b></p> <p>1) The Custodian(firm) shall be: Minimum experience of 10 years in Custodial.....5 marks</p> <p>Duly registered as Custodial service providers.....3 marks</p> <p>2) The Custodian shall provide evidence of Professional Indemnity Insurance Cover with a reputable insurance company. ....4 mark</p> <p>3) The Custodian shall submit curriculum vitae of at least one lead Custodian and three other key personnel proposed as part of the Custodial team.....2 marks for each CV</p> <p><b><i>Academic qualification (Economics, Finance, Banking or any other related areas)</i></b></p> <p><b>Lead Custodian (1):</b></p> <p>Masters.....4Marks</p> <p><i>Degree.....3 marks</i></p> <p><b>Associates (3):</b></p> <p>Degree.....2 marks each</p> <p><i>Diploma.....1 mark</i></p>	30	20
<p><b><u>8.2 Experience</u></b></p> <p>The Custodian must demonstrate experience in carrying out Custodial services for pension schemes with a fund value of Kshs. Five (5) billion</p>	30	20

**KenGen Defined Contribution Scheme  
Invitation to Tender for Provision of Custodial Services, 2018 - 2020**

<p>or more (Attach Written and certified References from at least three (3) existing clients complete with telephone &amp; email addresses.) .....5 Marks (for each)</p> <p>Relevant technical experience</p> <p><b>Lead Custodian (1):</b></p> <p>Over 10 years' experience.....6 marks</p> <p>5-10 years' experience.....5 marks</p> <p>3-5years' experience. ....4 marks</p> <p>1-2 years' experience. ....3 marks</p> <p><b>Associates (3):</b></p> <p>Over 5 years' experience.....3 marks each</p> <p>3-5 years' experience.....2 marks each</p> <p>1-3 years' experience. ....1 mark each</p> <p>(provide copies of CVs and Certificates for all proposed staff in this assignment)</p>		
<p>Adequacy of the proposed Methodology in responding to the Terms of Reference. The Custodian should capture in the proposal how the following will be handled;</p>	<i>40</i>	<i>30</i>
<p>Whether there is preparation of periodic alerts or newsletters on your investments to the clients. (provide evidence)</p>	<i>5</i>	
<p>Advising on legislative developments concerning income treatment received from investments.</p>	<i>3</i>	
<p>The Internal control systems in relation to custody of Scheme assets</p>	<i>5</i>	
<p>A copy of a sample client agreement.</p>	<i>2</i>	

**KenGen Defined Contribution Scheme  
Invitation to Tender for Provision of Custodial Services, 2018 - 2020**

Whether there is a specific software to maintain and update your portfolio information which can provide to the client -Monthly reconciliation of cash and book values, -Quarterly valuation/portfolio review and -Quarterly reconciliation of figures with those of the custodian on book and market value basis .....In an electronic format (Attach sample reports)	<i>10</i>	
The Turnaround time for providing reports after month and quarter end	<i>5</i>	
Excellent Client Relations (attach reference letter from client)	<i>5</i>	
Program for training and transfer of relevant skills	<i>5</i>	
<b>Total Points</b>	<i>100</i>	<i>70</i>

## 9.0 Standard Forms

### Financial Proposal

[Date]

To:

CEO & Trust Secretary  
KenGen Defined Contribution Scheme  
KenGen Pension Plaza 2  
11<sup>th</sup> Floor, Kolobot Rd  
P. O. Box 47936 - 00100  
NAIROBI

Dear Sir,

1. Having examined the Tender document the receipt of which is hereby duly acknowledged, we, the undersigned, offer to provide Scheme Custodial services in accordance with the said tender document for the total annual sum of *[Percentage/ Amount in words and figures]* inclusive of the taxes on the basis of the nature of the operations of the fund on the assumption(s) that *[state the assumptions, if any]*.

Indicate what the basis of your fee will be (e.g a certain stated percentage of the fund value, or a fixed fee etc).

Please also let us know:

- (a) Does your firm charge a minimum annual fee, and if yes, how much?
  - (b) Under what circumstances your fees negotiable?
  - (c) What is your billing frequency?
2. We undertake, if our proposal is accepted, to provide Custodial Services in accordance with the conditions of this tender.

**KenGen Defined Contribution Scheme  
Invitation to Tender for Provision of Custodial Services, 2018 - 2020**

3. We agree to abide by this tender for a period of **90 days** from the date fixed for tender opening, and it shall remain binding upon us and may be accepted at any time before the expiration of that period.
4. This t e n d e r , together w i t h your written acceptance thereof and your notification of award, shall constitute a basis signing of the contract by both parties.
5. We understand that the Board of Trustees is not bound to accept the lowest or any proposal they receive.

Yours faithfully,

*[Authorized Signature]*

*[Name and Title of Signatory]*