Harambee Avenue
P.O. Box 45983 - 00100 Nairobi Kenya
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Fax 2211122

Email: dpfb@centralbank.go.ke

DEPOSIT PROTECTON FUND BOARD

REQUEST FOR PROPOSAL FOR A STUDY TO ESTABLISH ADEQUATE COVER, OPTIMAL TARGET FUND AND RISK-BASED CONTRIBUTION FOR DEPOSIT INSURANCE

TENDER NO. DPFB/ 025/ 2013-2014

CLOSING DATE: 20th December, 2013

TIME: 10.30AM

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SECTION I: INVITATION TO TENDER

Tender Ref. DPFB/ 025/ 2013-2014

Tender name: Tender for a study to establish adequate cover, optimal target fund and risk-based contributions for deposit insurance

1.1 The **DEPOSIT PROTECTION FUND BOARD** invites sealed quotations from interested and eligible service providers for a study to establish adequate cover, optimal target fund and risk-based contributions for deposit insurance. This invitation is made through the CBK website.

1.2 Complete set of tender may be obtained from the office of the Director, DPFB on 1st Floor, CBK Pension House, Nairobi Monday to Friday, between 9.00 a.m. and 2.00 p.m. upon payment of a non-refundable fee of **Kshs 1,000.00 in** Cash or Bankers cheque OR be downloaded from the CBK website; www.centralbank.go.ke **AT NO COST** to those who choose to download from the website.

1.3 Completed Tender Documents in plain sealed envelopes **marked with the tender number and title** should be deposited in **the Green Tender Box No. 3** located at the Front **Entrance to the CBK Building** on Haile Selassie Avenue before the closing stated time on **20th December, 2013 at 10.30 a.m.** Late bids will not be accepted and will be returned unopened.

1.4 Tenders will be opened immediately thereafter in the presence of the tenderers representatives who may choose to attend the opening at the CENTRAL BANK OF KENYA **PRESENTATION ROOM ON 6TH FLOOR.**

1.5 Prices quoted should be 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.

1.6 Further information as pertains to this tender may be obtained from **the Office of the Director, Deposit Protection Fund Board (Tel: +254 20 2863800/2863841 Fax: +254 20 2211122),** CBK pension House Building, on 1st Floor between 9:00 am and 5:00 pm during working days.

SECTION II - LETTER OF INVITATION

TO: ----------------------- *Date* 27th November, 2013

Dear Sir/Madam,

RE: A STUDY TO ESTABLISH ADEQUATE COVER, OPTIMAL TARGET FUND AND RISK-BASED CONTRIBUTION FOR DEPOSIT INSURANCE

2.1 The Deposit Protection Fund Board invites proposals for the following consultancy Services: a study to establish adequate cover, optimal target fund and risk-based contribution for deposit insurance

2.2 The request for proposals (RFP) includes the following documents:

Section I	-	Letter of invitation
Section II	-	Information to consultants
		Appendix to Consultants information
Section III	-	Terms of Reference
Section IV	-	Technical proposals
Section V	-	Financial proposal
Section VI	-	Standard Contract Form

2.3 Upon receipt, please inform us

(a) that you have received the letter of invitation and,

(b) whether or not you will submit a proposal for the assignment

Yours sincerely

Director,
Deposit Protection Fund Board

SECTION III – INFORMATION TO CONSULTANTS (ITC)

Table of Contents

3.1 Introduction

3.1.1 The Deposit Protection Fund Board (DPFB) will select a firm among those invited to submit a proposal, in accordance with the method of selection detailed in the appendix.

3.1.2 The consultants are invited to submit a Technical Proposal and a Financial Proposal, as specified in the Appendix “ITC” for consulting services required for the assignment named in the said Appendix. The proposal will be the basis for contract negotiations and ultimately for a signed contract with the selected firm.

3.1.3 The consultants must familiarize themselves with local conditions and take them into account in preparing their proposals. To obtain firsthand information on the assignment and on the local conditions, consultants are encouraged to liaise with the Client regarding any information that they may require before submitting a proposal and to attend a pre-proposal conference where applicable. Consultants should contact the officials named in the Appendix “ITC” to arrange for any visit or to obtain additional information on the pre-proposal conference. Consultants should ensure that these officials are advised of the visit in adequate time to allow them to make appropriate arrangements.

3.1.4 The DPFB will provide the inputs specified in the Appendix “ITC”, assist the firm in obtaining licenses and permits needed to carry out the services and make available relevant project data and reports.

3.1.5 Please note that (i) the costs of preparing the proposal and of negotiating the Contract, including any visit to DPFB are not reimbursable as a direct cost of the assignment; and (ii) the Client is not bound to accept any of the proposals submitted.

3.1.6 DPFB’s employees, committee members, board members and their relatives (spouse and children) are not eligible to participate.

3.1.7 DPFB shall allow the tenderer to review the tender document free of charge before purchase.

3.2 Clarification and Amendment of RFP Documents

3.2.1 Consultants may request a clarification of any of the RFP documents only up to seven [7] days before the proposal submission date. Any request for clarification must be sent in writing by paper mail, cable, telex, facsimile or electronic mail to the DPFB’s address indicated in the Appendix “ITC”. The DPFB will respond by cable, telex, facsimile or electronic mail to such requests and will send written copies of the response (including an explanation of the query but without identifying the source of inquiry) to all invited consultants who intend to submit proposals.

3.2.2 At any time before the submission of proposals, DPFB may for any reason, whether at its own initiative or in response to a clarification requested by an invited consultant(s), amend the RFP. Any amendment shall be issued in writing through addenda. Addenda shall be sent by mail, cable, telex or facsimile to all invited consultants and will be binding on them. DPFB may at its discretion extend the deadline for the submission of proposals.

3.3 Preparation of Technical Proposal

3.3.1 The Consultants proposal shall be written in English language

3.3.2 In preparing the Technical Proposal, consultants are expected to examine the documents constituting this RFP in detail. Material deficiencies in providing the information requested shall result in rejection of a proposal.

3.3.3 While preparing the Technical Proposal, consultants must give particular attention to the following:

(i) If a firm considers that it does not have all the expertise for the assignment, it may obtain a full range of expertise by associating with individual consultant(s) and/or other firms or entities in a joint venture or sub-consultancy as appropriate. Consultants shall not associate with the other consultants invited for this assignment. Any firms associating in contravention of this requirement shall automatically be disqualified.

(ii) For assignments on a staff-time basis, the estimated number of professional staff-time is given in the Appendix. The proposal shall however be based on the number of professional staff-time estimated by the firm.

(iii) It is desirable that the majority of the key professional staff proposed be permanent employees of the firm or has an extended and stable working relationship with it.

(iv) Proposed professional staff must as a minimum, have the experience indicated in Appendix, preferably working under conditions similar to those prevailing in Kenya.

(v) Alternative professional staff shall not be proposed and only one Curriculum Vitae (CV) may be submitted for each position.

3.3.4 The Technical Proposal shall provide the following information using the attached Standard Forms;

(i) A brief description of the firm's organization and an outline of recent experience on assignments of a similar nature. For each assignment the outline should indicate *inter alia,* the profiles of the staff proposed, duration of the assignment, contract amount and firm's involvement.

(ii) Any comments or suggestions on the Terms of Reference, a list of services and facilities to be provided by DPFB.

(iii) A description of the methodology and work plan for performing the assignment.

(iv) The list of the proposed staff team by specialty, the tasks that would be assigned to each staff team member and their timing.

(v) CVs recently signed by the proposed professional staff and the authorized representative submitting the proposal. Key information should include number of years working for the firm/entity and degree of responsibility held in various assignments during the last five (5) years.

(vi) Estimates of the total staff input (professional and support staff staff-time) needed to carry out the assignment supported by bar chart diagrams showing the time proposed for each professional staff team member.

(vii) Any additional information requested in Appendix "A".

3.3.5 The Technical Proposal shall not include any financial information.

3.4 Preparation of Financial Proposal

3.4.1 In preparing the Financial Proposal, consultants are expected to take into account the requirements and conditions outlined in the RFP documents. The Financial Proposal should follow Standard Forms (Section D). It lists all costs associated with the assignment including; (a) remuneration for staff (in the field and at headquarters), and; (b) reimbursable expenses such as subsistence (per diem, housing), transportation (international and local, for mobilization and demobilization), services and equipment (vehicles, office equipment, furniture, and supplies), office rent, insurance, printing of documents, surveys, and training, if it is a major component of the assignment. If appropriate these costs should be broken down by activity.

3.4.2 The Financial Proposal should clearly identify as a separate amount, the local taxes, duties, fees, levies and other charges imposed under the law on the consultants, the sub-consultants and their personnel, unless Appendix "A" specifies otherwise.

3.4.3 Consultants shall express the price of their services in Kenya Shillings.

3.4.4 Commissions and gratuities, if any, paid or to be paid by consultants and related to the assignment will be listed in the Financial Proposal submission Form.

3.4.5 The Proposal must remain valid for 90 days after the submission date. During this period, the consultant is expected to keep available, at his own cost, the professional staff proposed for the assignment. DPFB will make its best effort to complete negotiations within this period.

3.5 **Submission, Receipt, and Opening of Proposals**

3.5.1 The original proposal (Technical Proposal and the Financial Proposal; see Para. 1.2) 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 initialed by the persons or person authorised to sign the proposals.

3.5.2 For each proposal, the consultants shall prepare the number of copies indicated in Appendix "A". Each Technical Proposal and Financial Proposal shall be marked **"ORIGINAL"** or **"COPY"** as appropriate. If there are any discrepancies between the original and the copies of the proposal, the original shall govern.

3.5.3 The original and all copies of the Technical Proposal shall be placed in a sealed envelope clearly marked "**TECHNICAL PROPOSAL**," and the original and all copies of the Financial Proposal in a sealed envelope clearly marked **"FINANCIAL PROPOSAL"** and warning: **"DO NOT OPEN WITH THE TECHNICAL PROPOSAL"**. Both envelopes shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address and other information indicated in the Appendix "ITC" and be clearly marked, **"DO NOT OPEN" before 20th December 2013** The inner envelope containing the Technical and Financial proposals will bear the address of the consultants submitting the proposal.

3.5.4 The completed Technical and Financial Proposals must be delivered at the submission address on or before the time and date stated in the Appendix "ITC". Any proposal received after the closing time for submission of proposals shall be returned to the respective consultant unopened.

3.5.5 After the deadline for submission of proposals, the outer envelope and the Technical Proposal shall be opened immediately by the opening committee. The Financial Proposal shall be marked with the consultant's number allocated at the time of opening of the outer envelope and the Technical proposals but shall remain sealed and in the custody of a responsible officer of DPFB up to the time set for opening it.

3.6 Proposal Evaluation General

3.6.1 From the time the bids are opened to the time the Contract is awarded, if any consultant wishes to contact DPFB on any matter related to his proposal, he should do so in writing at the address indicated in the Appendix "ITC". Any effort by the firm to influence DPFB in the proposal evaluation, proposal comparison or Contract award decisions may result in the rejection of the consultant's proposal.

3.6.2 Evaluators of Technical Proposals shall have no access to the Financial Proposals until the technical evaluation is concluded.

3.7 Evaluation of Technical Proposal

3.7.1 The evaluation committee appointed by DPFB shall evaluate the proposals on the basis of their responsiveness to the Terms of Reference, applying the evaluation criteria as follows:

a) Mandatory Requirements (MR)

No	Requirements	Tender's response
MR 1	provide documentary evidence of the company's certificate of incorporation	
MR 2	Provide copy of the company's valid tax compliance certificate issued by KRA	
MR 3	Provide audited accounts for the last two years	

(b) Technical evaluation Criteria

	Criteria	Points
(i)	Specific experience of the consultant related to the assignment	10
(ii)	Qualifications and competence of the key staff for the assignment	40
(iii)	Adequacy of the proposed work plan and methodology in responding to the terms of reference	30
(iv)	Suitability to the transfer of Technology Programme (Training)	10
(v)	Cost	10
	Total Points	**100**

Each responsive proposal will be given a technical score (St). A proposal shall be rejected at this stage if it does not respond to important aspects of the Terms of Reference, meet the mandatory requirements or if it fails to achieve the minimum technical score indicated in the Appendix "ITC".

The consultant may be asked as part of their evaluation to demonstrate their proposal or arrange a visit to an institution where similar services have been provided. This will be at the discretion of DPFB. A tenderer must score a minimum of 75% to qualify.

3.8 Public Opening and Evaluation of Financial Proposal

3.8.1 After Technical Proposal evaluation, DPFB shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the RFP and Terms of Reference, indicating that their Financial Proposals will be returned after completing the selection process. DPFB shall simultaneously notify the consultants who have secured the minimum qualifying mark, indicating the date and time set for opening the Financial Proposals and stating that the opening ceremony is open to those consultants who choose to attend. The opening date shall not be sooner than seven (7) days after the notification date. The notification may be sent by registered letter, cable, telex, facsimile or electronic mail.

3.8.2 The Financial Proposals shall be opened publicly in the presence of the consultants' representatives who choose to attend. The name of the consultant, the technical scores and the proposed prices shall be read aloud and recorded when the Financial Proposals are opened. DPFB shall prepare minutes of the public opening.

3.8.3 The evaluation committee will determine whether the financial proposals are complete (i.e. whether the consultant has costed all the items of the corresponding Technical Proposal and correct any computational errors. The cost of any unpriced items shall be assumed to be included in other costs in the proposal. In all cases, the total price of the Financial Proposal as submitted shall prevail.

3.8.4 The formulae for determining the Financial Score (Sf) shall, unless an alternative formulae is indicated in the Appendix "ITC", be as follows:- Sf = 100 X $^{FM}/_{F}$ 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* = I) indicated in the Appendix. 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.

3.8.5 The tender evaluation committee shall evaluate the tender within 30 days from the date of opening the tender.

3.8.6 Contract price variations shall not be allowed for contracts not exceeding one year (12 months).

3.8.7 Where contract price variation is allowed, the variation shall not exceed 10% of the original contract price

3.8.8 Price variation requests shall be processed by DPFB within 30 days of receiving the request.

3.9 Negotiations

3.9.1 Negotiations will be held at the same address as "address to send information to the Client" indicated in the Appendix "ITC". The aim is to reach agreement on all points and sign a contract.

3.9.2 Negotiations will include a discussion of the Technical Proposal, the proposed methodology (work plan), staffing and any suggestions made by the firm to improve the Terms of Reference. The DPFB and the firm will then work out final Terms of Reference, staffing and bar charts indicating activities, staff periods in the field and in the head office, staff-months, logistics and reporting. The agreed work plan and final Terms of Reference will then be incorporated in the "Description of Services" and form part of the Contract. Special attention will be paid to getting the most the firm can offer within the available budget and to clearly defining the inputs required from DPFB to ensure satisfactory implementation of the assignment.

3.9.3 Unless there are exceptional reasons, the financial negotiations will not involve the remuneration rates for staff (no breakdown of fees).

3.9.4 Having selected the firm on the basis of, among other things, an evaluation of proposed key professional staff, DPFB expects to negotiate a contract on the basis of the experts named in the proposal. Before contract negotiations, DPFB will require assurances that the experts will be actually available. DPFB 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.

3.9.5 The negotiations will conclude with a review of the draft form of the Contract. To complete negotiations DPFB and the selected firm will initial the agreed Contract. If negotiations fail, DPFB will invite the firm whose proposal received the second highest score to negotiate a contract.

3.9.6 DPFB shall appoint a team for the purpose of the negotiations.

3.10 Award of Contract

3.10.1 The Contract will be awarded following negotiations. After negotiations are completed, DPFB will promptly notify other consultants on the shortlist that they were unsuccessful and return the Financial Proposals of those consultants who did not pass the technical evaluation.

3.10.2 The selected firm is expected to commence the assignment on the date and at the location specified in Appendix "A".

3.10.3 The parties to the contract shall have it signed within 30 days from the date of notification of contract award unless there is an administrative review request.

3.10.4 DPFB may at any time terminate procurement proceedings before contract award and shall not be liable to any person for the termination.

3.10.5 DPFB shall give prompt notice of the termination to the tenderers and on request give its reasons for termination within 14 days of receiving the request from any tenderer.

3.10.6 To qualify for contract awards, the tenderer shall have the following:

(a) Necessary qualifications, capability experience, services, equipment and facilities to provide what is being procured.
(b) Legal capacity to enter into a contract for procurement
(c) Shall not be insolvent, in receivership, bankrupt or in the process of being wound up and is not the subject of legal proceedings relating to the foregoing.
(d) Shall not be debarred from participating in public procurement.

3.11 Confidentiality

3.11.1 Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the consultants who submitted the proposals or to other persons not officially concerned with the process, until the winning firm has been notified that it has been awarded the Contract.

3.12 Corrupt or fraudulent practices

3.12. DPFB requires that the consultants observe the highest standards of ethics during the selection and award of the consultancy contract and also during the performance of the assignment. The tenderer shall sign a declaration that he has not and will not be involved in corrupt or fraudulent practices.

3.12.2 The procuring entity will reject a proposal for award if it determines that the consultant recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question.

3.12.3 Further a consultant who is found to have indulged in corrupt or fraudulent practices risks being debarred from participating in public procurement in Kenya.

Appendix to Information to Consultants (ITC)

The following information for procurement of consultancy services and selection of consultants shall complement or amend the provisions of the information to consultants, wherever there is a conflict between the provisions of the information and to consultants and the provisions of the appendix, the provisions of the appendix herein shall prevail over those of the information to consultants.

Clause Reference

4.1 The name of the Client is: Deposit Protection Fund Board

4.1.1The method of selection is: Quality and Cost Based

4.1.2 Technical and Financial Proposals are requested: Yes

4.1.3 A pre-proposal conference will be held: Yes

The name address and telephone numbers of DPFB's official is:
Director,
Deposit protection Fund Board
P.O. Box 45983-00100
Nairobi
Telephone: 2863800
Email: dpfb@centralbank.go.ke

4.1.4 DPFB will provide the following inputs as per the terms of reference.

4.1.5 (i) The estimated number of professional staff months required for the assignment is 3
(ii) The minimum required experience of proposed professional staff is: *5 years*
(iii) Training is a specific component of this assignment: YES
(iv) The minimum technical score is 70%
(v) Information on the outer envelope should include the title of the consultancy
(vi) The weights given to the Technical proposal is 70 and financial proposal is 30

4.1.6 Taxes: the contractor will be responsible for all taxes

4.1.7 Consultants must submit an original and two additional copies of each proposal.

4.1.8 The proposal submission address is: Deposit Protection Fund Board, Harambee Avenue, CBK Pension House, 1st Floor, Tender box at the reception. Information on the outer envelope should also include: Tender Number, whether Technical or financial proposal.

4.1.9 Proposals must be submitted no later than the following date and time: 20th December, 2013

4.1.10 The address to send information to DPFB is: Director, DPFB, (Tel: +254 20 2863800/2863841 Fax: +254 20 2211122)

4.1.11 The assignment is expected to commence immediately after signing of contract

SECTION IV: - TERMS OF REFERENCE

1.0 BACKGROUND

The Deposit Protection Fund Board (DPFB) was established in 1985 through an amendment to The Banking Act, Chapter 488 of the laws of Kenya. The DPFB, which is a body corporate with perpetual succession and a common seal, commenced its operations in 1989 with the mandate of maintaining public confidence thereby contributing to the stability of the financial system in the country.

The principal objectives of DPFB are to contribute to the stability of the financial system and to protect small, less financially sophisticated depositors. The objectives include the following:

- Depositor Protection- to protect depositors (specifically those depositors with small accounts) by providing insurance coverage and defining a mechanism for the prompt payment of insured deposits in failed banks or the prompt transfer of such deposits to another sound bank.
- Financial Stability- to enhance public confidence in the banking system and prevent contagion effects (depositor runs on sound banks) in the event of a bank failure through prompt reimbursement of protected deposits.
- Stimulating Savings and Economic Growth as a result of enhanced depositor confidence and to provide a safe haven for depositors that will encourage increased savings, which can stimulate economic growth.
- Competition- to enable smaller institutions to raise deposits to a greater extent than would be possible without deposit insurance. This permits them to compete more effectively with larger, more established banks.

Currently the Fund has 53 member institutions comprising 43 commercial banks, 1 mortgage Finance Company and 9 Microfinance Institutions. As at 31st October 2013, the number of deposit accounts in the sector was 23,179,583 while the number of fully protected/covered accounts was

21,115,492, representing 95% of the total number of accounts in the sector. The current coverage limit is shs 100,000 per depositor.

Sound funding arrangements are critical to the effectiveness of DPFB and to the maintenance of public confidence in the banking system. Inadequate funding can lead to costly delays in resolving a failed institution and the loss of credibility of the insurance system. This may undermine financial stability. DPFB sources of funds are mainly the following:

- Seed funds/capital from the sponsor. The Government introduced the deposit insurance with the public policy objectives of promoting financial sector stability and protecting the assets of small depositors.
- Yearly contributions/premiums from member institutions. Member institutions are assessed at a flat-rate premium. Current contribution is a flat rate of 0.15% (15 basis points) of average end month deposits for the preceding 12 months.
- Income from investments in prescribed instruments, currently government securities. These are low-risk, highly liquid assets that ensures availability of funds when needed and guards against loss in value.

The fund balance as at 31st October 2013 was shs 44.5bn while total protected deposits were shs 207 bn. The coverage limit has never been reviewed since inception in 1989 while the premium rate was last reviewed in 1993 to 15 basis points from 10 basis points (0.15%) previously.

In order to broaden the mandate of DPFB in line with the best deposit insurance practice, the Kenya Deposit Insurance Act was enacted in May 2012 which provides for transitioning to Kenya Deposit Insurance Corporation (KDIC) to take over from DPFB. The broader mandates require the review of the key metrics in deposit insurance, namely coverage, funding and introduction of a risk based premium for the contributions.

DPFB is a member of IADI (International Association of Deposit Insurers) which guides members on best practices in Deposit Insurance through compliance with core principles of deposit insurance. The core principle on coverage provides for regular reviews while the core principle on funding provides for adequate funds with a mechanism for readily available back-up funding when necessary, with a transparent risk-adjusted differential premium approach to mitigate moral hazards.

SERVICES TO BE RENDERED

2.1 Objectives

The overall objective of the study is to review the current coverage level and funding in relation to the desired levels, based on the existing market dynamics, and recommend: (i) a sustainable and optimal level of target fund; (ii) differential (risk-adjusted) contribution; and (iii) adequate coverage level.

Coverage

The core principle on coverage requires that the level be limited but credible and capable of being quickly determined. It should be adequate to cover large majority of depositors to meet the public policy objective and be internally consistent with other deposit insurance design features. It should apply equally to all member institutions and be periodically reviewed to remain consistent and effective.

Target Fund

According to the guidelines issued by IADI on funding, the target fund should be based on four principles:

a) Address periodic and not systemic failures
b) Be adequate enough to cover net insurance losses in most adverse situations likely to be experienced by the deposit insurer
c) Its funding (contributions/premiums) should not be punitive to member institutions
d) It is best when it is a range instead of an absolute amount.

Parameters to be considered include the Probability of members' Default, Exposure at Default, Expected Loss given Occurrence of a Default and Time to reach the Target Fund.

Risk-Based (Differential Premium) Contribution

Contributions are made by member institutions and managed by the deposit insurer to provide sufficient funding in case of a member's failure. A differential (risk based) premium system (DPS) is an insurance pricing structure whereby an institution's contribution/premium reflects its risk profile. Risk is defined as the likelihood of failure as measured by a member institution's performance and condition. It rewards member institutions posing lower risk to the DIS with lower premiums, thus encouraging prudent risk management among members. For deposit insurance to be effective, most jurisdictions use a hybrid system, where flat rate contributions are combined with a risk based premium as described above. Parameters for determining a DPS include but not limited to:

a) Capital adequacy
b) Profitability of the member institution
c) Asset quality and concentration
d) Exposure index

2.2 Scope of the Work

The study involves determining adequate coverage level; optimal target fund or range; and appropriate flat rate contribution with risk-based (differential) contribution/premium for member institutions.

2.3 Outputs

The key deliverables from this assignment will be: -

- A report reviewing the current deposit insurance system, clearly identifying the strengths and its weaknesses.
- Recommended target fund, risk adjusted premiums rate and the coverage levels.
- A methodology of determining these parameters for future use by DPFB
- Stakeholder workshops/training

2.4 Timelines

The study will be completed within 60 days of the award.

3.0 EVALUATION OF THE SERVICE PROVIDER TO CARRY OUT THE STUDY

The study should be conducted by a service provider or consortium of service providers with practical experience in actuarial valuation, risk assessment and insurance value analysis and determination. The proposed evaluation criteria are indicated in the table below:-

Criterion	Description	Weight Factor (Total: 100)	Marks awarded
Specific Experience of the Consultant related to the Assignment	Related assignments from different clients undertaken in the last 5 years (list the assignments, respective clients and dates)	**10**	
Specific experience of the Consultant related to the assignment		**10**	
• General Education and Training	• Undergraduate qualification in actuarial science, business administration, economics, sociology, statistics and related fields.	1	
	• Post Graduate qualification.	3	
	• Doctoral Qualification	5	
• Length of experience	• Less than five years	1	
	• Over five years but less than ten years	3	
	• Over ten years	5	
Professional experience relevant to the assignment.		**40**	
• Relevant experience	• Experience in market research/consumer surveys particularly related to the banking sector.	10	
	• Current knowledge of the Kenyan Financial System.	10	
• Track record	• Recently completed market research/consumer survey assignments (relevant work in the Kenyan Banking Sector will be an added advantage).	5	
	• Exposure to training courses, seminars and conferences on marketing, market research, consumer behaviour/trends, sociology and communication.	5	
• Qualifications and skills of key staff	• Strong familiarity with current developments in market research, consumer behaviour/surveys and communication.	5	
	• Professional qualifications in marketing, research, sociology, communications and statistics and related fields.	5	
Study methodology	• Robustness of proposed methodology • Mechanisms for quality control • Effectiveness in communicating with consumers • Timeliness of production of results	**30**	
Transfer of technology (training)	Program for working with DPFB staff on the assignment	**10**	
Cost	• Overall cost of pilot study • Efficiency of approach and cost of replication	**10**	

4.0 CONDUCT OF THE WORK

In undertaking this work, the service provider will report to the Director, Deposit Protection Fund Board. DPFB as the client will only accept the work once satisfied with the quality of the output.

4.1 Terms of Payment

Payment will be made according to the following schedule:

i. On signing of the contract………………10 %**
ii. On submission of the draft report…… 40 % **
iii. On approval of the report……………… 50 %

Key:
** To be secured by Bank guarantee

SECTION V - TECHNICAL PROPOSAL

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1. TECHNICAL PROPOSAL SUBMISSION FORM

[_______________ *Date*]

To:Director, DPFB

Ladies/Gentlemen:

We, the undersigned, offer to provide the consulting services for ***A Study To Establish Optimal Coverage Level, Target Fund And Contribution With Risk Based Premiums For Deposit Insurance*** in accordance with your Request for Proposal dated ______________________and our Proposal. We are hereby submitting our Proposal, which includes this Technical Proposal, and a Financial Proposal sealed under a separate envelope

We understand you are not bound to accept any Proposal that you receive.

We remain,

Yours sincerely,

_______________________________ *[Authorized Signature]:*

________________________________ *[Name and Title of Signatory]*

_________________________________ *[Name of Firm]*

_________________________________ *[Address:]*

2. FIRM'S REFERENCES

Relevant Services Carried Out in the Last Five Years
That Best Illustrate Qualifications

Using the format below, provide information on each assignment for which your firm either individually, as a corporate entity or in association, was legally contracted.

<table>
<tr><td colspan="2">Assignment Name:</td><td>Country</td></tr>
<tr><td colspan="2">Location within Country:</td><td>Professional Staff provided by Your

Firm/Entity(profiles):</td></tr>
<tr><td colspan="2">Name of Client:</td><td>Clients contact person for the assignment.</td></tr>
<tr><td colspan="2">Address:</td><td>No of Staff-Months; Duration of Assignment:</td></tr>
<tr><td>Start Date (Month/Year):</td><td>Completion Date (Month/Year):</td><td>Approx. Value of Services (Kshs)</td></tr>
<tr><td colspan="2">Name of Associated Consultants. If any:</td><td>No of Months of Professional Staff provided by Associated Consultants:</td></tr>
<tr><td colspan="3">Name of Senior Staff (Project Director/Coordinator, Team Leader) Involved and Functions Performed:</td></tr>
<tr><td colspan="3">Narrative Description of project:</td></tr>
<tr><td colspan="3">Description of Actual Services Provided by Your Staff:</td></tr>
</table>

Firm's Name: ___________________________________

Name and title of signatory; ________________________

(May be amended as necessary)

3. COMMENTS AND SUGGESTIONS OF CONSULTANTS ON THE TERMS OF REFERENCE AND ON DATA, SERVICES AND FACILITIES TO BE PROVIDED BY THE DEPOSIT PROTECTION FUND BOARD.

On the Terms of Reference:

1.

2.

3.

4.

5.

On the data, services and facilities to be provided by the Client:

1.

2.

3.

4.

5.

4. Description of the Methodology and Work Plan for Performing the Assignment

5. TEAM COMPOSITION AND TASK ASSIGNMENTS

1. Technical/Managerial Staff

Name	Position	Task

2. Support Staff

Name	Position	Task

6. FORMAT OF CURRICULUM VITAE (CV) FOR PROPOSED PROFESSIONAL STAFF

Proposed Position: ____

Name of Firm: ____

Name of Staff: ____

Profession: ____

Date of Birth: ____

Years with Firm: ____________________ Nationality: ________________

Membership in Professional Societies: ______________________________

Detailed Tasks Assigned: ____

Key Qualifications:

[Give an outline of staff member's experience and training most pertinent to tasks on assignment. Describe degree of responsibility held by staff member on relevant previous assignments and give dates and locations].

Education:

[Summarize college/university and other specialized education of staff member, giving names of schools, dates attended and degree[s] obtained.]

Employment Record:

[Starting with present position, list in reverse order every employment held. List all positions held by staff member since graduation, giving dates, names of employing organizations, titles of positions held, and locations of assignments.]

Certification:

I, the undersigned, certify that these data correctly describe me, my qualifications, and my experience.

____ Date: _____________

[Signature of staff member]

____ *Date;* __________

[*Signature of authorised representative of the firm*]

Full name of staff member: ____

Full name of authorized representative: __________________________________

7. TIME SCHEDULE FOR PROFESSIONAL PERSONNEL

Name	Position	Reports Due/ Activities	Months (in the Form of a Bar Chart) 1	2	3	4	5	6	7	8	9	10	11	12	Number of months

Reports Due: _________

Activities Duration: _________

Signature: ________________________
(Authorized representative)

Full Name: ________________________

Title: ______________________________

Address: ___________________________

8. ACTIVITY (WORK) SCHEDULE

(a). Field Investigation and Study Items

[1^{st},2^{nd},etc, are months from the start of assignment)

	1^{st}	2^{nd}	3^{rd}	4^{th}	5^{th}	6^{th}	7^{th}	8^{th}	9^{th}	10^{th}	11^{th}	12^{th}	
Activity (Work)													
______________													
______________													
______________													
______________													

(b) Completion and Submission of Reports

Reports	Date
1. Inception Report	
4. Interim Progress Report (a) First Status Report (b) Second Status Report	
3. Draft Report	
4. Final Report	

SECTION VI: - FINANCIAL PROPOSAL

Notes on preparation of Financial Proposal

4.1 The Financial proposal prepared by the consultant should list the costs associated with the assignment. These costs normally cover remuneration for staff, subsistence, transportation, services and equipment, printing of documents, surveys etc as may be applicable. The costs should be broken done to be clearly understood by DPFB.

4.2 The financial proposal shall be in Kenya Shillings or any other currency allowed in the request for proposal and shall take into account the tax liability and cost of insurances specified in the request for proposal. Where another currency other than Kenya shillings is used, the applicable rate for conversion will be the CBK mean rate for the date of tender opening.

4.3 The financial proposal should be prepared using the Standard forms provided in this part

FINANCIAL PROPOSAL STANDARD FORMS

Table of Contents

1. FINANCIAL PROPOSAL SUBMISSION FORM

________________ *[Date]*

To: Director,
Deposit Protection Fund Board
P.O. Box 45983 - 00100
Nairobi, Kenya

Ladies/Gentlemen:

We, the undersigned, offer to provide the consulting services for *A Study To Establish Optimal Coverage Level, Target Fund And Contribution With Risk Based Premiums For Deposit Insurance* in accordance with your Request for Proposal dated …………and our Proposal. Our attached Financial Proposal is for the sum of Kenya shillings ____ *[Amount in words and figures]* inclusive of the taxes.

We remain,

Yours sincerely,

______________________________ *[Authorized Signature]*
:
______________________ *[Name and Title of Signatory]:*

________________________ *[Name of Firm]*

_______________________ *[Address]*

2. SUMMARY OF COSTS

Costs	Currency(ies)	Amount(s)
Subtotal Taxes Total Amount of Financial Proposal		________________

3. BREAKDOWN OF PRICE PER ACTIVITY

Activity NO.: ________________________	Description:__________________________
Price Component	Amount(s)
Remuneration Reimbursables Miscellaneous Expenses Subtotal	 ________________________________

4. BREAKDOWN OF REMUNERATION PER ACTIVITY

Activity No. ________________________________ Name:______________________

Names	Position	Input(Staff months, days or hours as appropriate.)	Remuneration Rate	Amount
Regular staff				
(i)				
(ii)				
Consultants				
Grand Total				______________

5. REIMBURSABLES PER ACTIVITY

Activity No: ______________________________ Name:_____________________

No.	Description	Unit	Quantity	Unit Price	Total Amount
1.	Air travel	Trip			
2	Road travel	Kms			
3.	Rail travel	Kms			
4.	Subsistence Allowance	Day			
	Grand Total				

6. MISCELLANEOUS EXPENSES

Activity No. ______________________________ Activity Name: _______________________

No.	Description	Unit	Quantity	Unit Price	Total Amount
1.	Communication costs (telephone, telegram, telex)				
2.	Drafting, reproduction of reports				
3.	Equipment: computers etc.				
4.	Software				
	Grand Total				______________

SECTION VII

SAMPLE CONTRACT FOR CONSULTING SERVICES
SMALL ASSIGNMENTS
LUMP-SUM PAYMENTS

CONTRACT

This Agreement, [hereinafter called “the Contract”) is entered into this ____________[by and between Deposit Protection Fund Board whose registered office is situated at CBK Pension House, Harambee Avenue (hereinafter called “the Client”) of the one part AND

____ of [or whose registered office is situated at]__________________________________ hereinafter called “the Consultant”) of the other part.

WHEREAS the Client wishes to have the Consultant perform the services [hereinafter referred to as “the Services”, and

WHEREAS the Consultant is willing to perform the said Services,

NOW THEREFORE THE PARTIES hereby agree as follows:

1. Services

(i) The Consultant shall perform the Services specified in Appendix A, “Terms of Reference and Scope of Services,” which is made an integral part of this Contract.

(ii) The Consultant shall provide the personnel listed in Appendix B, “Consultant’s Personnel,” to perform the Services.

(iii) The Consultant shall submit to the Client the reports in the form and within the time periods specified in Appendix C, “Consultant’s Reporting Obligations.”

2. Term

The Consultant shall perform the Services during the period commencing on____________ and continuing through to____________, or any other period(s) as may be subsequently agreed by the parties in writing.

3. Payment A. Ceiling

For Services rendered pursuant to Appendix A, the Client shall pay the Consultant an amount not to exceed___ ____________. This amount has been established based on the understanding that it includes all of the Consultant's costs and profits as well as any tax obligation that may be imposed on the Consultant.

B. Schedule of Payments

The schedule of payments is specified below (Modify in order to reflect the output required as described in Appendix C.)

Kshs………………….upon the Client's receipt of a copy of this Contract signed by the Consultant;

Kshs…………………. upon the Client's receipt of the draft report, acceptable to the Client; and

Kshs………………….upon the Client's receipt of the final report, acceptable to the Client.

Kshs____________________ Total

C. Payment Conditions

Payment shall be made in Kenya Shillings unless otherwise specified not later than thirty [30] days following submission by the Consultant of invoices in duplicate to the Coordinator designated in Clause 4 herebelow. If the Client has delayed payments beyond thirty (30) days after the due date hereof, simple interest shall be paid to the Consultant for each day of delay at a rate three percentage points above the prevailing Central Bank of Kenya's average rate for base lending.

4. Project Administration A. Coordinator.

The Client designates ________________ as Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for payment.

B. Reports.

The reports listed in Appendix C, "Consultant's Reporting Obligations," shall be submitted in the course of the

assignment and will constitute the basis for the payments to be made under paragraph 3.

5. Performance Standards

The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Consultant shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.

6. Confidentiality

The Consultant shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client.

7. Ownership of Material

Any studies, reports or other material, graphic, software or otherwise prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client. The Consultant may retain a copy of such documents and software.

8. Consultant Not to be Engaged in certain Activities

The Consultant agrees that during the term of this Contract and after its termination the Consultant and any entity affiliated with the Consultant shall be disqualified from providing goods, works or services (other than the Services and any continuation thereof) for any project resulting from or closely related to the Services.

9. Insurance

The Consultant will be responsible for taking out any appropriate insurance coverage.

10. Assignment

The Consultant shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.

11. Law Governing Contract and Language

The Contract shall be governed by the laws of Kenya and the language of the Contract shall be English Language.

12. Dispute Resolution

Any dispute arising out of the Contract which cannot be amicably settled between the parties shall be referred by either party to the arbitration and final decision of a person to be agreed between the parties. Failing agreement to concur in the appointment of an Arbitrator, the Arbitrator shall be appointed by the chairman of the Chartered Institute of Arbitrators, Kenya branch, on the request of the applying party.

FOR THE CLIENT	FOR THE CONSULTANT
Full name; ______________________	Full name; ______________________
Title: ______________________	Title: ______________________
Signature; ______________________	Signature; ______________________
Date; ______________________	Date; ______________________

LETTER OF NOTIFICATION OF AWARD

Deposit Protection Fund Board
P.O. Box 45983 - 00100
Nairobi, Kenya

To:____________________
____
____
____

RE: Tender No.____________________

Tender Name________________

This is to notify that the contract/s stated below under the above mentioned tender have been awarded to you.

____
____

1. Please acknowledge receipt of this letter of notification signifying your acceptance.

2. The contract/contracts shall be signed by the parties within 30 days of the date of this letter but not earlier than 14 days from the date of the letter.

3. You may contact the officer(s) whose particulars appear below on the subject matter of this letter of notification of award.

   *(FULL PARTICULARS)*____
   ____

SIGNED FOR ACCOUNTING OFFICER