

Invitation of Bids

The Ministry of Finance seeks Actuarial Services from qualified Actuarial Firms to assess and determine the Retirement Benefit Schemes liabilities of the Federal Government as on June 30th 2020. Interested parties may acquire the detailed bidding documents, upon payment of Rs.500/- (non-refundable), from the following address.

Muhammad Hayat
Section Officer (HR-IV)
Room No. 109, S-Block
Finance Division
Pak Secretariat
Islamabad

The bidding document can also be downloaded from the Ministry of Finance's website www.finance.gov.pk and PPRA website. In case the bidding documents are downloaded from the website, submission of the bid must accompany a pay order of Rs.500/- (non-refundable) as cost of bidding document.

Sealed Bids, (Both Technical & Financial) in accordance with requirements of instruction to bidders in the bidding document, must be dropped in the Tender Box at the Finance Division reception within 15 days of the publishing of the advertisement. Deadline for proposal submission is 25-01-2021 till 1400 hours.

The Finance Division reserves the right to accept or reject any or all the bids without assigning any reason.

(Dr. Umar Jawaid)
Section Officer
Ph: 051-9209930

**REQUEST FOR PROPOSAL (RFP) FOR ACTUARIAL
SERVICES**

TO

**DETERMINE RETIREMENT BENEFIT SCHEMES
LIABILITIES OF THE FEDERAL GOVERNMENT AT
JUNE 30, 2020**

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I. Letter of Invitation

Federal Government has a Defined Benefit (DB) Pension Scheme for all its civil servants. It also has a contributory Provident Fund Scheme. Post-retirement Medical benefit is also provided to retirees.

Pay & Pension Commission 2020 has recently been constituted by the Federal Government. Finance Division is seeking the services of a qualified Actuarial Firm to carry out Actuarial Valuation of the Pension and General Provident Fund liabilities of the Federal Government. Individuals and firms may collaborate for the purpose of this RFP. Qualified Actuarial Firm shall enter into a contract for provision of services detailed in Terms of Reference. Upon completion of the assignment the Qualified Actuarial Firm may be engaged for advise on any follow-up matter at a mutually agreed hourly/job rate or monthly retainer ship.

Qualified Actuarial firm(s) can obtain RFP document comprising of detailed TORs and Evaluation Criteria from under mentioned address during office hours or can download from Federal Finance Division's or from PPRA website.

Single stage two envelope procedure will be adopted and an individual or a firm shall be selected under Quality and Cost based selection method in accordance with Regulation 3(b)(i) of the Procurement of Consultancy Services Regulations, 2010 and instructions provided in the RFP.

Qualified Actuarial Firm(s) are invited to submit their sealed proposals at the address given below, according to the guidance given in the bidding document. Deadline for proposal submission is 25-01-2021 till 1400 hours.

Technical Proposals will be opened publicly at the address mentioned below, on the last date of submission at 14.30 hours in the presence of bidder's representatives who may choose to attend. Proposals received after the due date and time will not be accepted and will be returned to the bidders unopened. For opening of Financial Proposals the date, time and venue will be communicated separately.

RFP may be cancelled at any time by the Finance Division without assigning any reason and without any cost to the Sub-Committee. Bidders shall be informed accordingly in case bid is cancelled.

**Muhammad Hayat
Section Officer (HR-IV)
Room No. 109, S-Block
Finance Division
Pak Secretariat
Islamabad
Ph: 051-9209930**

II. Instructions to Consultants

2.1 Following documents must be included in the bid:

- a. Detailed profile of the Actuarial Firm showing experience of similar assignments in the public sector preferably with the Federal or Provincial Governments.
- b. Profile of Staff deployed including their qualification & experience.
- c. Evidence of membership of the relevant Actuarial Society/Body.
- d. Evidence of Registration with Income tax and Sales Tax Authorities.

2.2 FORM OF BID AND THE BIDDING PROCESS:

Bids will be evaluated in accordance with the requirements of PPRA on Consulting Services prescribed for Quality and Cost Based Selection in accordance with Regulation 3(b)(i) of procurement of Consultancy Services Regulation, 2010. The bidding process will be as under:

- a. The bid shall comprise separate sealed envelopes for the Technical Proposal and the Financial Proposal;
- b. The envelopes shall be marked as “TECHNICAL PROPOSAL” and “FINANCIAL PROPOSAL” in bold and legible letters and placed into an outer envelope and sealed. The outer envelope shall bear the submission address and the title of the Assignment;
- c. Bidders may request a clarification of any of the RFP documents not later than 7 days before submission date. Any request for clarification must be sent in writing or by standard electronic means to the address indicated in this RFP;
- d. The Financial Proposal shall be prepared using the attached Standard Form. It shall include all costs associated with the assignment including (a) fees for consultancy services (inclusive of all applicable taxes), and (b) out-of-pocket expenses relating to the consultancy services. It shall be deemed that the Financial Proposal includes price of all activities described in the Technical Proposal;
- e. In the first stage, only the envelope marked “TECHNICAL PROPOSAL” shall be opened and the envelope marked as “FINANCIAL PROPOSAL” shall be retained without being opened;

- f. The technical proposals of all the bidders shall be evaluated. The proposals which meet all the technical eligibility criteria laid down in this document and obtain at least a score of 70 shall qualify for opening of financial proposal;
- g. During technical evaluation no amendments in the technical proposal shall be permitted;
- h. The financial proposals of selected bidders shall be opened publicly at a time, date and venue announced and communicated to the bidders in advance. The financial proposals of the rejected bidders shall be returned un-opened;
- i. Both the proposals will be evaluated according to the evaluation criteria and the bidder scoring highest points shall be declared as successful and a written Contract Offer will be made to the successful bidder after a minimum of 15 working days of the opening of financial proposals. The Contract Offer will remain valid for 30 days from the date of its receipt by the successful bidder;
- j. If the Contract Offer is not accepted by the successful bidder within the validity period of 30 days, the Security deposit shall be forfeited. In such a case, Finance Division will either make the Contract Offer to the next highest scorer or re-initiate the procurement process through a fresh public advertisement; and
- k. The amount of the security deposit will be returned to the successful bidder six months after satisfactory completion /termination of the contract and after adjusting the dues, if any, payable by the bidder.

2.3 SCOPE OF WORK & COMPLETION SCHEDULE

- a. Scope of work include reports for Pension, General Provident Fund and medical schemes of the Federal Government separately for both civil servants and military service for all forms of pension systems applicable whether Contributory Pension Funds or gratuities paid to contract employees. Scope of work also includes policy options for a new Defined Contribution Pension Scheme for new hires in the Government.
- b. The assignment is required to be completed within six (6) months of issuance of notice to proceed by the Finance Division.
- c. The valuation methodology will conform to the requirements of the applicable professional standards including the disclosures required thereunder.

- d. Separate reports identifying actuarial valuation results for civil servants and military service shall be presented by the Actuary.

2.4 FORMAT OF ALL SECURITIES REQUIRED:

- a. Bidder shall submit as part of its bid, a bid security equal to Rs. 250,000/- in favor of Finance Secretary, Federal Finance Division in the form of Demand Draft / Pay Order (DD/PO). This security shall remain with the Finance Division till 12 months.
 - b. Bid security shall be submitted with the Technical Proposal.
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- c. The Actuary will also sign an undertaking in which confidentiality and completion of work will be ensured as per **Annex-A**.

III. Terms of Reference

3.1. BACKGROUND

The Federal Government at present employs some 1.36 Million individuals in a number of positions. These 1.36 million individuals are then further sub-divided between the civil government and the military. At present there are 1.8 million Federal Pensioners and the total pension bill is approximately Rs. 500 billion per year.

The Government employment is largely pensionable service in some form. The pension scheme for regular Civil Servants and Government servants is a defined benefit scheme. The Regular Pension system of the Federal Government is regulated through a number of Laws, Rules and Regulations such as the Civil Servant Act of 1973 and the Civil Service Regulations (CSR) as well other statutory instruments.

The Government of Pakistan has recently constituted a Pay and Pension Commission in the Ministry of Finance to review the existing compensation and Pension system of the Federal and Provincial Governments with a view to bring improvements therein by addressing any distortions and by aligning the systems with the international best practices. The Commission therefore needs Actuarial Services to assess viability of the current pension system as well as to evaluate possibilities of creating an alternative pension system.

The Ministry of Finance (Finance Division) requires the services of a qualified actuarial firm to carry out the actuarial work as detailed in the “Terms of Reference” section of this RFP.

3.2. DELIVERABLES:

The expected deliverables will be in the shape of reports as under:

1) Reports containing Actuarial Assessment of Pension liabilities at June 30, 2020 separately for civil servants and all employees of Armed Forces. The reports must determine:

- Present value of projected pension liabilities for at least 30 years at June 30, 2020.
- Contribution rate to fund existing DB pension scheme.
- Pension cash outflows including commutation for the next 30 years.
Sensitivity Analysis of PV of liabilities vis-à-vis key variables e.g. inflation, interest rates etc.
- Recommendations for changes in existing DB Pension Scheme policy parameters to enhance financial sustainability.
- Funding strategy to fund existing pension scheme liabilities.
Dilate on benefits of establishing in-house investment management function.
- Pension liabilities in line with International Public Sector Accounting Standard 39 (IPSAS-39).

2) Reports containing Actuarial Assessment of General Provident Fund liabilities at June 30, 2020 separately for civil servants and military service. The reports must determine:

- General provident fund liabilities at June 30, 2020.
- Projected cash flows & liabilities for the next 30 years.
- Funding strategy to fund general provident fund liabilities.
- General provident fund liabilities in line with IPSAS-39.

3) Reports on post-retirement medical benefit scheme separately for civil servants and military service. The reports must determine:

- the actuarial accrued liability of the Post-Retirement Medical Benefit Scheme arising from past service.
- cost (generally presented as contribution rate as % of eligible wages to fund future accrual of benefits) associated with future accrual of benefits.
- Sensitivity analysis for accrued post-retirement medical benefit scheme liabilities vis-à-vis key variables e.g. inflation, interest rates etc.
- benefit cash-flow projections over the next 30 years.
- accounting disclosures as per the requirements of IPSAS-39.

4) Report on policy options for a new Defined Contribution (DC) Pension Scheme for new hires in the Government. The report must:

- Assess the possibility of replacing the existing DB pension scheme with a new DC pension scheme.
- discuss trends seen in pension reforms around the world including a more detailed review of recent reforms observed in the regional countries.
- Propose a design and architecture of the new DC pension scheme.
- Investigate the potential to transfer the delivery of new DC pension scheme to the Voluntary Pension Scheme (VPS).

3.3. QUALIFICATION & EXPERIENCE OF THE ACTUARY:

The Consultant must:

1. be a qualified Actuary i.e. at least an Associate of Society of Actuaries, USA, UK or equivalent,
2. have at least 10 years' experience in handling actuarial analysis of employee benefit schemes; and
3. carry knowledge of public sector pension rules & regulations and prior experience of similar assignments in public sector preferably in Federal or Provincial Governments.

IV. Evaluation Criteria

4.1. METHOD OF SELECTION:

- a. Quality and Cost based Selection Method will be used.
- b. Technical Score will be determined on the following basis:

Criteria	Score	Total Score
Qualification of the Actuary (member of the Society of Actuaries, USA or the Institute of Actuaries, UK or any internationally recognized actuarial body)	10	
10 years' professional experience of carrying out actuarial valuations of public sector employee benefit schemes.	10	
Actuarial valuation assignments for the Governments in the last 10 years (attach evidence) – each assignment to carry 5 marks.	20	
Global national pension scheme assignments for the Governments and its institutions in the last 10 years (attach evidence) – each assignment to carry 5 marks.	20	
DC Pension Scheme assignments for the Governments in the last 10 years (attach evidence) – each assignment to carry 5 marks.	10	} 70
Approach and Methodology		20
Team Deployed – Provide CVs		10
Total Technical Score		100

c) Approach and methodology submitted by the bidder will be analyzed by the Sub-Committee and graded as under:

Quality	Grade	Weight
Excellent	A	100%
Good	B	75%
Average	C	50%
Below Average	D	25%
Approach & Methodology not provided	E	0%

d) The minimum Technical Score required to pass is: **70**

e) The formula for determining financial score is as under:

$$Sf = 100 * Fm / F$$

Sf = The financial score

Fm = The lowest price

F = The price of the proposal under consideration

V. Form of Contract & Payment Terms:

- 1) Finance Division shall enter into a lump sum contract with the successful bidder with payment to be made as under:

	Report	Time for Submission	% Payment
1	Inception Report	End of 1 st Month	10%
2	Submission of draft Pension Report and Invoice	End of 3 rd Month	25%
3	Submission of draft General Provident Fund Report and Invoice	End of 3 rd Month	20%
4	Submission of draft medical benefit scheme and Invoice	End of 3 rd Month	10%
5	Submission of draft policy option report for new DC Pension Scheme and Invoice	End of 4 th Month	15%
6	Submission of final reports and invoice	End of 6 th Month	20%

- 2) Payment will be made within 30 days of submission of the invoice.

- 3) Retention Money will be deducted @5% from each deliverable payment. Retention money will be paid after six months of completion of the Assignment.

VI. Oversight and Reporting

1. The Actuary will report to the Sub-Committee on Actuarial Study of the Pay & Pension Commission 2020.
2. The Sub-Committee will be responsible for overseeing day to day work of the Actuary.

3. Each deliverable submitted by the Actuary will be reviewed by the Sub-Committee.
4. Sub-Committees approval will be required for authorization of the payments as per agreed schedule of payments.

VII. Special Provisions

1. Proposals shall be addressed to the Section Officer (HR-IV), Room No. 109, S-Block, Finance Division, Pak Secretariat, Islamabad
2. Bidder shall submit one (1) original and two (2) copies of the Technical Proposal and the original of the Financial Proposal.
3. Proposals shall remain valid for ninety (90) days after the submission date.
4. Affidavit on Rs.100/- stamp paper to the effect that the individual or firm is not blacklisted and has no dispute with any Government Organization shall be furnished.
5. The bidder shall be subject to taxes as per laws of Pakistan on amounts payable by the Client under the Contract. The bidder shall provide his Sales and Income Tax Numbers for deduction and payment of sales and income tax on his behalf. It will be bidder's responsibility to include all applicable Federal, Provincial or city taxes, fees and levies in the Financial Proposal.
6. Financial Proposal shall be denominated in Pakistan Rupees.
7. All pages of proposal documents shall be signed by the bidder or his authorized representative, who has been given power of attorney (be enclosed with tender documents, if any), along with attested copy of his CNIC.
8. Offer shall not be considered if:
 - a. Received without security deposit.
 - b. Received after the time and date fixed for its receipt.
 - c. The tender is unsigned.
 - d. The offer is ambiguous.
 - e. The offer is conditional.
 - f. The offer is from an individual or firm which is blacklisted, suspended or removed from the approved list.

- 9) No incomplete, supplementary or revised offer shall be accepted after opening of the tender.
- 10) Canvassing in any form by the Tenderer will lead to summary rejection of his tender.
- 11) The bidder must quote his price only as per the bid price proforma of the bidding document (as per **Annex-B**) and place it with Technical Proposal. The price quoted should be inclusive of all kind of taxes and must be quoted in figure as well as in words.
- 12) All documents, reports, designs, research work, and all deliverables prepared by the consultant shall become and remain the property of the Finance Division.
- 13) Consultants shall bear all costs associated with the preparation and submission of their proposals and Contract negotiation. Finance Division is not bound to accept any proposal, and reserves the right to annul the selection process at any time prior to Contract award, without thereby incurring any liability to the Consultants.
- 14) Consultants shall provide professional and independent advice in the best interest of the Federal Government. Consultants have an obligation to disclose any actual or potential conflict of interest that impacts their capacity to serve the best interest of Federal Government, or that may reasonably be perceived as having this effect. Failure to disclose such situations, as soon as the Consultant becomes aware of these, may lead to disqualification of the Consultant or termination of the Contract.
- 15) Consultants shall maintain confidentiality of data received and reports prepared and shall not divulge any information to any person.

VIII. Facilities to be provided by the Client

The Finance Division, Government of Pakistan will be responsible for providing required information, data and support for conducting actuarial valuations.

CERTIFICATE

1. Proposal duly signed must be furnished along with the following certificate: -

i. I/We hereby confirm to have read carefully all the terms & conditions of your Request for Proposal, due for opening after 15 days of publishing of advertisement for provision of Actuarial Valuation of Retirement Benefit Schemes Liabilities of the Federal Government at June 30, 2020. In addition to the conditions we also agree to abide by all the special instructions mentioned in tender document. We also hereby categorically confirm that we/I are/am fully capable to provide services of actuary as laid down in the terms of reference.

ii. I/We accept that if the required Security Deposit is not furnished or my/our offer is found lacking in any of the requirements of the proposal, shall be liable to be ignored.

Signature: _____

Name & Address of Tenderer _____

Designation & CNIC No. _____

NTNGST No. _____

Date: _____

Official Stamp: _____

WITNESS No. 1

Signature: _____

Name _____

Full Address _____

CNIC No: Date: _____

WITNESS No. 2

Signature: _____

Name _____

Full Address _____

CNIC No: Date: _____

BID PRICE PROFORMA – FINANCIAL PROPOSAL

NAME OF CONTRACT:

Contract for provision of Actuarial Valuation of Retirement Benefit Schemes Liabilities of the Federal Government to be submitted to the Section Officer (HR-IV), Room No. 109, S-Block, Finance Division, Pak Secretariat, Islamabad.

Sr. No.	Detail of services	Price (In Digit & Words)
1.	Actuarial Valuation of Retirement Benefit Schemes Liabilities of the Federal Government	
	Total	

Note: The offer should be up to thousand.

Signature of the Bidder with stamp _____

Address: _____