



Procurement Number PPF/2023-24/004

REQUEST FOR PROPOSAL (RFP)

FOR

ACTUARIAL SERVICES

FOR

Government of Punjab's Pension & GP Fund Liability

**Quality and Cost Based Selection as provided under
Rule 45(3) of Punjab Procurement Rules, 2014**



Request for Proposal

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I. Letter of Invitation

Appointment of Actuary

The Punjab Pension Fund (PPF) is established under the Punjab Pension Fund Act 2007. The PPF's primary role is to manage the funds set aside by the Government of Punjab (GoPb) to meet the pension liabilities of its employees. The Government of Punjab has a pension scheme for its permanent employees, i.e., a Defined Benefit Pension Scheme. Further, it offers the General Provident Fund.

Punjab Pension Fund is seeking the services of an Actuarial Firm to carry out an Actuarial Valuation of the Government of Punjab's pension and general provident fund liabilities. The Actuarial Firm shall enter a contract for providing services detailed in the Terms of Reference. Upon completion of the assignment, the Actuarial Firm shall be engaged for advice on any follow-up matter in subsequent years at a mutually agreed hourly rate or a retainership basis.

Firms conducting actuarial analysis of the GoPb liabilities shall be engaged via the **"Quality and Cost Based Selection Method"** under the **"Single Stage Two Envelope Bidding Procedure"** as provided under the Punjab Procurement Rules, 2014. Professional Actuarial Firms are encouraged to apply in accordance with the terms and conditions outlined in RFP and PPRA Rule, 2014.

Bids/Proposals duly completed, signed, stamped, and sealed in conformity with the Bidding Documents and necessary documents must be submitted on or before **April 15, 2024, at 02:00 PM** at the following address. The bids shall comprise a single packet/envelope containing two separate sealed envelopes. Each envelope shall contain separately the Technical Proposal and Financial Proposal as per PPRA rules 2014. The application will be opened on the same day at 02:30 PM in the office of the Punjab Pension Fund in the presence of bidders or authorized representatives who wish to attend.

The bidders shall provide a Bid Security of Rs 200,000/- as a Demand Draft or pay Order favoring the Punjab Pension Fund-Expense Account. The Bid Security shall be part of the Technical Proposal.

Bids that are incomplete, not sealed, not signed, stamped, submitted after the stipulated date & time, or not in accordance with the specified mode will not be considered.

The RFP may be canceled at any time by the PPF without assigning any reason or cost to the PPF. Bidders shall be informed accordingly if the bid is canceled.

General Manager
Punjab Pension Fund
112-Tipu Block, New Garden Town, Lahore
Ph: 042-35882960-2



II. Instructions to Consultants

The following documents must be included in the bid:

- a) Evidence of actuarial services provided to public sector organizations.
- b) Profile of Staff Deployed, including their qualification & experience.
- c) Evidence of membership with the relevant Actuary Society/Body
- d) Evidence of Registration with Income Tax and Sales Tax Authorities

2.1. FORM OF BID AND THE BIDDING PROCESS:

Bids will be selected in accordance with the Punjab Procurement Rules (PPRA)-2014, on a Quality and Cost Based Selection. The bidding process will be as follows:

- 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, placed into an outer envelope, and sealed. The outer envelope shall bear the submission address and the assignment title.
- c) Bidders may request clarification of any of the RFP documents before the submission date. Any request for clarification must be sent in writing or by standard electronic means to the PPF's 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 the 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 "FINANCIAL PROPOSAL" shall be retained without being opened.
- f) All the bidders' technical proposals shall be evaluated. The proposals that meet all the technical eligibility criteria laid down in this document and obtain at least 65% marks shall be accepted for the second stage.
- g) During technical evaluation, no amendments to 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 unopened.
- i) Both proposals will be evaluated according to the evaluation criteria. The bidder scoring the highest points shall be declared successful. 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 successful bidder does not accept the Contract Offer within the validity period of 30 days, the Security deposit shall be forfeited, and PPF 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 security deposit amount will be returned to the successful bidder/contractor after satisfactory completion/ termination of the contract and after adjusting the dues, if any, payable by the contractor to PPF.

2.2. DELIVERY TIME / COMPLETION SCHEDULE:

Deliverables include two separate reports for the actuarial liability/analysis of pension & general provident fund of the Government of Punjab submitted within (three months) after getting all data from all relevant departments. The scope of work also includes an analysis of the DC Pension Scheme.

Draft Reports for each component may be submitted earlier for discussion with the Fund/Government. The assignment must be completed within the due time frame, complete, and presented as a written report. The Finance Department and the PPF's officials will review the draft report. Any shortcomings will be communicated to the actuary. After addressing concerns, the final report will be presented.

2.3. FORMAT OF ALL SECURITIES REQUIRED:

The bidder shall submit a bid security equal to Rs 200,000/- as a demand draft/pay order (DD/PO) in favor of the Punjab Pension Fund as part of its bid. This security shall remain with the fund until the completion of the task.

Bid security shall be submitted with the Technical Proposal.

The Actuary will also sign an undertaking with the Fund in which the completion of the work will be ensured as per **Annex-A**.

III. Terms of Reference

Terms of Reference are as follows:

Title of Consultancy	Actuarial Study of Pension & GP Fund Liability
Executing & Implementing Agency	Punjab Pension Fund

3.1. INTRODUCTION:

The Government of the Punjab, through the Punjab Pension Fund Act 2007, established the Punjab Pension Fund (the Fund). The Fund is established to generate revenues to discharge pension liabilities of the Government of Punjab.

3.2. BACKGROUND AND OBJECTIVES:

The Government of Punjab employs around 1 million under the Defined Benefit Pension Scheme. The present pension pool is around 550,000/-. The last actuarial assessment of the pension liabilities was June 30, 2019. The Government of Punjab has closed the Defined Benefit Pension Scheme by introducing the Defined Contributory Pension Scheme for newly hired/regularized employees. The cut-off date is 8th January 2024.



Punjab Pension Fund wants to engage an Actuarial Firm to conduct an actuarial assessment of the Government of Punjab's pension liabilities as of January 08, 2024. The exercise aims to evaluate the viability of the Defined Benefit Pension Scheme. Further, projected cash flows for the Defined Contribution Pension Scheme are also required. The Actuarial Firm must also identify reform contours to make the DB Scheme's contribution rate manageable. Furthermore, the actuarial liability of GP fund liability must also be assessed.

3.3. **DELIVERABLES:**

The Actuary will closely coordinate with the Punjab Pension Fund, the Finance Department, and the Office of the Accountant General, Punjab. The expected deliverables will be in the shape of reports as follows:

- 1) Report containing Actuarial Assessment of Pension liabilities as of January 08, 2024. The report must determine the following:
 - Present value on January 08, 2024, of projected pension liabilities, considering the scheme is closed.
 - Present value on January 08, 2024, of projected pension liabilities, considering the scheme is open.
 - Annual pension expenses for both scenarios, including commutation and medical expenses. Cash flows are required for the maximum period.
 - Impact of newly introduced DC pension scheme on liability and cash flows.
 - Contribution rate to fund DB pension scheme.
 - Sensitivity Analysis of PV of liabilities & cash flows vis-à-vis key variables, e.g., inflation, interest rates, etc.
- 2) Evaluate the structure of a new DC pension scheme for its effectiveness. The report must determine the following:
 - Present value on January 08, 2024, of projected pension liabilities.
 - Annual Pension Expenses.
 - The project's likely replacement rate is under the approved scheme.
 - Sensitivity Analysis of PV of liabilities, cash flows & replacement rate vis-à-vis key variables, e.g., inflation, interest rates, etc.
- 3) Detailed analysis of approved, proposed, and potential pension reforms under the DB pension scheme. The report must include the following:
 - Impact of each reform on the pension liability, cash flows, and contribution rate individually and collectively.
 - Conduct sensitivity analysis and evaluate fiscal sustainability under each reform option.
- 4) Report on Funding Strategy to Fund. The Report must include the following:
 - Review the existing Funding Strategy to validate its adequacy.
 - Impact of recently notified withdrawal of profits on the funding strategy.
 - Recommendations for future funding strategy for achieving a targeted funded status over the next twenty years.



- 5) Report regarding the composition of contractual workers in the civil service and the impact on pension liabilities upon their regularization under the Punjab Regularization of Service Act, 2018.
- 6) Report identifying reform contours to bring the contribution rate of the existing pension scheme to a manageable level for seeking opinion by the Fund/Government from legal experts for their acceptability under the current judicial paradigm.
- 7) Impact of any change in retirement age on pension expenses and liability.
- 8) Evaluate the impact of reforms implemented/considered under the Punjab Pension Reform Plan on pension liabilities and cash flows.
- 9) Report containing Actuarial Assessment of GP Fund liabilities as of December 31, 2023. The report must determine the following:
 - Present value on December 31, 2023, of projected GP Fund liabilities till its closure.
 - Sensitivity Analysis of PV of liabilities vis-à-vis key variables, e.g., inflation, interest rates, etc.

3.4. QUALIFICATION / COMPETENCE OF THE CONSULTANT:

The firm must:

- a) be a qualified Actuary, i.e., at least an Associate of the Society of Actuaries (ASA) or equivalent,
- b) have at least five years of experience in handling actuarial analysis of employee benefit schemes,
- c) Knowledge of public sector pension rules & regulations and prior experience with similar assignments in the public sector.

IV. EVALUATION CRITERIA

4.1. MINIMUM TECHNICAL ELIGIBILITY CRITERIA:

- 1) Bidder shall submit the requisite security as described above. The security deposit amount will be returned to the successful bidder after satisfactory completion/ termination of the contract and after adjusting the dues, if any, payable by the bidder to the PPF.
- 2) The firm must be capable of performing actuarial works as per the TOR and other government service plans.
- 3) The firm must be a qualified Actuary, i.e., at least an Associate of the Society of Actuaries (ASA) or equivalent. The actuary must have at least five years' experience.
- 4) The firm must have valid, current practicing membership in the Society of Actuaries or any other actuarial body of international/national standard.



4.2. METHOD OF SELECTION:

- 1) Quality and Cost-based Selection Methods will be used.
- 2) The Evaluation Criteria shall give 80% weight to Quality and 20% weight to Cost. 80% Quality weight will be assessed based on:

A. Actuary/Pension Expert Profile	Score	40
A1. Profile of the Firm and its affiliation with professional bodies with a minimum of 5 years experience. 5 Year Experience = 15 marks For every year of experience above 5 = 2 Marks	25	
A2. Profile of staff within the Firm 10 marks for an Associate Actuary 15 Marks for a Fellow Actuary	15	
B. In the last 10 years, I have demonstrated prior experience in actuarial valuation in the Federal and Provincial governments, including public sector entities locally and globally, with an employee strength of more than 100,000 (attach documentary proof). [Max. 40 marks for (B1+B2)]		40
B1. Actuarial Valuation of the Federal & Provincial Governments locally and globally in the last 10 years. Federal, provincial, and foreign governments are to be counted once the actuarial valuation is done repetitively.	10 for each Government	
B2. Experience in the public sector in the last 10 years. Each public sector entity will be counted once if the actuarial valuation is done repetitively during the last 10 years.	5 for each entity	
Total Quality		80

- 3) The formula for determining financial score is as follows:

$$FS = 20 * Fm/F$$

FS = Financial Score

Fm = The lowest price

Fp = Price of the proposal under consideration

V. Form of Contract & Payment Terms:

PPF shall enter a lump sum contract with the successful bidder, with payment to be made as follows:

	Stage	% Payment
1.	Mobilization Advance – at the start of the Assignment	20%
2.	Submission of Draft Report	60%
3.	Submission of Final Report	20%



VI. Special Provisions

- 1) Tenders should be addressed to the General Manager, Punjab Pension Fund, 112 Tipu Block, New Garden Town, Lahore.
- 2) Affidavit on Rs.100/- stamp paper to the effect that the firm is not blacklisted and has no dispute with any Government Organization shall be furnished.
- 3) The Consultant shall be subject to taxes, e.g., Sales Tax, Withholding Income Tax, etc., as per the laws of Pakistan on amounts payable by the Client under the Contract. The Consultant shall provide his Sales and Income Tax Numbers to the Punjab Pension Fund for deduction and payment of sales and income tax on his behalf.
- 4) The Financial Proposal shall be denominated in Pakistan Rupees.
- 5) All the pages of proposal documents must be appropriately signed by the authorized signatories, who have been given power of attorney on company letterhead (be enclosed with tender documents, if any), along with an attested copy of his CNIC.
- 6) The offer shall not be considered if:
 - a. Received without a 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 a firm that is blacklisted, suspended, or removed from the approved list.
 - g. No incomplete, supplementary, or revised offer shall be accepted after the opening of the tender.
 - h. Canvassing in any form by the Tenderer will lead to summary rejection of his tender.
- 9) The proposal shall be submitted in two separate envelopes as follows:

The envelope No.1 should contain the complete Technical Bid/ bidding documents, as per list mentioned under the heading "Instructions to Consultants.", herein the bidding documents, along with details of the constitution of the company/firm and all testimonials in proof of eligibility, other documents as mentioned in the list of documents and should be super scribed as "Tender Document" for provision of consultancy services for actuarial valuation to PPF. Envelop No.1 also includes the bid security. The envelope No. 2 will contain only the price bid.
- 10) The bidder must quote his price only as per the bid price proforma of the bidding document (as per **Annex-B**). The quoted rate (s) should include all kinds of taxes and be quoted in figures and words.
- 11) All documents, reports, designs, research work, and all deliverables prepared by the consultant, including the refined database, shall become and remain the property of the Punjab Pension Fund.
- 12) Consultants shall bear all costs associated with preparing and submitting their proposals and Contract negotiation. Punjab Pension Fund is not bound to accept any proposal and reserves the right to annul the selection process before the Contract award without incurring any liability to the Consultants.
- 13) Consultants shall provide professional and independent advice in the best interest of the Punjab Pension Fund. Consultants must disclose any actual or potential conflict of interest that impacts their capacity to serve the best interest of the Punjab Pension Fund, 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.



CERTIFICATE

The 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 on _____ for the provision of Actuarial Valuation of Government of Punjab's Pension Liability. In addition to the conditions, we agree to abide by all the remarkable instructions in the tender document. We also hereby categorically confirm that we/I are/are fully capable of providing the services of an actuary as laid down in 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 proposal's requirements, it shall be liable to be ignored.

Signature: _____

Name & Address of Tenderer _____

Designation & ID Card No. _____

NTN _____ GST No. _____

Date: _____ Official Seal: _____

i) WITNESS

ii) WITNESS

Signature: _____

Signature: _____

Designation _____

Designation _____

Full Address _____

Full Address _____

I.D. Card No: _____

I.D. Card No: _____



BID FOR ASSIGNMENT

NAME OF CONTRACT:

Contract for provision of Actuarial Valuation of Government of Punjab's Pension and GP Fund Liability to be submitted to General Manager, Punjab Pension Fund, 112-Tipu Block, New Garden Town, Lahore

SR.NO.	DETAIL OF SERVICES	RATE (IN DIGIT / WORDS)
1.	Government of Punjab's Pension & GP Fund Liability	
	Total	

Note: The offer should be up to a thousand.

Signature of the Bidder with seal

Address: _____

