



Development Bank of Kenya Ltd

Your solid financial partner

EXPRESSION OF INTEREST (EOI)

DBK/PROC/EOI/01/2022 - EXPRESSION OF INTEREST FOR PROVISION OF CONSULTANCY SERVICES TO DEVELOP AND VALIDATE A RISK BASED PRICING MODEL

1. Background:

Development Bank of Kenya Limited (DBK) is a company registered under the Company's Act Registration No.C.5635. It is licenced and regulated by the Central Bank of Kenya Ltd to conduct or carry on banking business in Kenya, pursuant to the Central Bank of Kenya Act, The Banking Act and Central Bank of Kenya Prudential Guidelines. The bank is owned by the Government of Kenya through Kenya Development Corporation (89.3%), a State Corporation, and TransCentury Ltd (10.7%), an investment company listed at Nairobi Securities Exchange. The registered office of the Bank is 16th floor, Finance House, Loita Street, Nairobi, Kenya. .

The bank is reviewing its pricing policy on loans and advances and is seeking the services of a consultant to assist in the development and implementation a risk based pricing model, and a pricing policy acceptable under the banking charter and banking sector regulations.

2. Purpose of the assignment:

The purpose of the consultancy is to develop a Loans and Advances Risk Based pricing model and a Pricing Policy acceptable under the Banking Charter and Central Bank of Kenya regulations.

3. Scope of Services:

The consultant will lead and guide the process working together with a management committee of the bank mandated to oversee the exercise. The scope of services will include:

- a. Situation analysis, including identification of constraints to the current pricing model and identifying opportunities for improvement; and
- b. Advise on the most appropriate pricing methodology, all the relevant variables and the model, acceptable under the Central Bank of Kenya regulations;
- c. Develop an economically sound methodology for determining the bank's local and foreign currency cost of funds;

- d. Develop a framework for determination of an economic rate of return to the shareholders of the bank
- e. Determination of all chargeable fees, commissions and charges applicable to various credit facilities.

4. Specific Tasks:

The Consultant will:

- a) Develop and submit an acceptable implementation plan and deliverables.
- b) Develop an understanding of the current situation of the bank's business with emphasis on matters of growth and sustainability of the business.
- c) Hold discussions with members of the Ad-hoc committee or any other staff to facilitate a common approach to the assignment.
- d) Hold consultations and facilitate interviews with relevant stakeholders including but not limited to Central Bank of Kenya, Government Ministries and agencies.

5. Deliverables:

- a) Inception Report

This report shall include:

- i. A comprehensive desk review of relevant documents to facilitate an understanding and execution of the assignment; and
- ii. An elaboration of a methodology/action plan, work plan and contacts of key stakeholders to be engaged.

- b) Advanced Draft Report

The Draft Report should be at an advanced stage of completion including all relevant sections outlined in section 3 above. The report will be availed to the Management Asset and Liability Committee for feedback and will also form the basis for the final report.

- c) Final Report

The final product of the **review process** will be a final report which shall be issued within a period of one month from the date of engagement and key features in the report amongst others will be:

- i) An executive summary
- ii) An overview of the mandate of the bank and the pricing implications in the market;
- iii) Determination of pricing methodology for loans and advances considering various aspects namely, funded, non-fund based, foreign or local currencies, term structures, economic sectors, SMEs both retail and corporate among others.
- iv) Determination of all the relevant variables.
- v) Determination of the Reference rate, for local and foreign currencies
- vi) Determination of the risk premium

- vii) Determination of the profit margin
- viii) Determination of operating costs applicable to the pricing of loans and advances.
- ix) Determination of required returns to the shareholders
- x) Determination of the Loans and Advances pricing model.
- xi) Determination of the Correlation with the IFRS9 model
- xii) Development of loans and advances pricing policy.
- xiii) Approval of the Loans and Advances pricing model by the Central Bank of Kenya.

6. Eligibility criteria

The Expression of Interest must be accompanied by the consultants' qualifications, professional capabilities and documentary evidence of having successfully completed assignment/ project of similar nature. Interested firms should provide specific information which will be the basis for shortlisting and further invite to respond to comprehensive terms of reference as indicated below:

a) Technical/Functional Skills

Team Leader: Postgraduate degree in Economics or Commerce or Statistics or Demography plus over ten years of practical experience in managing/leading the design and development of Research/Surveys/Polls. Other consultants will be expected to have at least 5 years of experience in undertaking research surveys

Other consultants: At least a bachelor's degree plus at least 5 years of experience in undertaking research surveys

b) Mandatory requirements

- i) Submit a copy of certificate of incorporation/business registration.
- ii) Submit a valid tax compliance/ Exemption certificate from Kenya Revenue Authority.
- iii) Provide Company profile of the firm indicating the contact details including physical address, telephone number, email and contact person on behalf of the bidder.
- iv) Confidential business questionnaire.
- v) Copy of CR 12 for Limited companies.
- vi) Copy of certificate of registration with relevant regulatory bodies.
- vii) Self-declaration letter that the consultant is not debarred in the matters of Public Procurement and Asset Disposal Act, 2015.
- viii) Self-declaration that the person or tenderer will not engage in any corrupt or fraudulent practice.
- ix) Access to Government Procurement Opportunities (AGPO) Certificate from National Treasury where applicable

7. Clarifications

DBK shall promptly respond to all request for any clarification relating to expression of interest where such request is received before the deadline for submission. Any request for clarification must be sent in writing by electronic mailed to: -

Development Bank of Kenya

Procurement Officer
Tel +254 724 253 980/1
Email procurement@devbank.com
P O Box 30483-00100 Nairobi
Loita Street, Finance House, 16th Floor

8. Submission

Completed EOI proposal shall be submitted in ONE (1) “ORIGINAL hard copy and the envelope and sealed bearing DBK address, EoI name and number and clearly marked “DO NOT OPEN before day, date and time of EOI closing/Opening date.

DBK/PROC/EOI/01/2022 - EXPRESSION OF INTEREST FOR PROVISION OF CONSULTANCY SERVICES TO DEVELOP AND VALIDATE A RISK BASED PRICING MODEL

The pre-qualification application must be delivered (by hand or registered mail) to:

Tender Box at Development Bank of Kenya Loita Street, Finance House, and 16th Floor or be addressed

to:

Ag. Chief Executive Officer
Development Bank of Kenya
Tel +254 724 253 980/1
Email dbk@devbank.com
P O Box 30483-00100 Nairobi
Loita Street, Finance House, 16th Floor

On or before: **7th March, 2022 at 11:00 a.m.** The EOI shall be opened immediately on **7th March, 2022 at 11:00 a.m.** and in the presence of tenderers’ representatives who choose to attend. in the presence of tenderers’ representatives who choose to attend strictly observing MOH protocols on Covid -19 Pandemic.

Only firms shortlisted under this procedure will be invited to submit their Technical and Financial proposals under the Request for Proposals (RFP).

Ag. CHIEF EXECUTIVE OFFICER

CONFIDENTIAL BUSINESS QUESTIONNAIRE FORM

You are requested to give the particulars indicated in Part 1 and either Part 2(a), 2(b) or 2(c) whichever applies to your type of business.

NB. Attach Company Registration Business Registration Certificate or Certificate of Incorporation, Valid Tax Compliance certificate from Kenya Revenue Authority (KRA), Access to Government Procurement Opportunities (AGPO) from the National Treasury (for firms owned by Youth, Women & persons with Disability)

Part 1 - General:

Business Name.....

(Attach Copy of Registration Certificate/Certificate Incorporation)

Location of Business Premises.....

Plot No. Street/Road.....

Postal Address.....Tel. No. (Landline).....

Mobile Phone(s)...

Website:..... E-mail:.....

Nature of Business.....

Single Business Permit (from a County Government)

No.

Expiring Date.....

(Attach Copy of Permit/Payment Receipt)

PIN Certificate No.....

(Attach Copy of PIN Certificate)

Tax Compliance Certificate No.....

Expiring Date.....

(Attach Copy of Valid Tax Compliance from Kenya Revenue Authority)

Maximum value of business which you can handle at any one time: K£.....

Name of your bankers..... Branch.....

Part 2 (a) Sole Proprietor:

Your name in full.....

Age.....

Nationality.....

Country of origin.....

Citizenship details.....

Part 2 (b) Partnership

Give details of partners as follows:

| | Name | Nationality | Citizenship Details | Shares |
|----|------|-------------|---------------------|--------|
| 1. | | | | |
| 2. | | | | |

Part 2 (c) Registered Company:

Private or Public.....

State the nominal and issued capital of the company: - Nominal

Kf.....

Issued Kf.....

Give details of all Directors as follows: -

| | Name | Nationality | Citizenship Details | Shares |
|----|------|-------------|---------------------|--------|
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |

Part 3 – Declaration

I / We, the undersigned state and declare that the above information is correct and that I / We give Bank to seek any other references concerning my / our company and application from whatever sources deemed relevant.

Full name.....

Signature.....

For and on behalf of M/s.....

In the capacity of.....

Dated thisday of2022.

Suppliers' / Company's Official Rubber Stamp

.....

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/Company 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 authorized representative of the firm]

Full name of staff member: _____

Full name of authorized representative: _____

SELF DECLARATION THAT THE PERSON/TENDERER WILL NOT ENGAGE IN ANY CORRUPT OR FRAUDULENT PRACTICE

I,of P. O. Box being a Resident of In the Republic of Do hereby Make a statement as follows: -

1. **THAT** I am the Chief Executive/Managing Director/Principal Officer/Director of (*insert name of the Company*) who is a Bidder in respect of **Tender No.**.....for(*insert tender title/description*) for(*insert name of the Procuring entity*) and duly authorized and competent to make this statement.
2. **THAT** the aforesaid Bidder, its servants and/or agents /subcontractors will not engage in any corrupt or fraudulent practice and has not been requested to pay any inducement to any member of the Board, Management, Staff and/or employees and/or agents of(*insert name of the Procuring entity*) which is the procuring entity.
3. **THAT** the aforesaid Bidder, its servants and/or agents /subcontractors have not offered any inducement to any member of the Board, Management, Staff and/or employees and/or agents of(*name of the procuring entity*)
4. **THAT** the aforesaid Bidder will not engage /has not engaged in any corruptive practice with other bidders participating in the subject tender
5. **THAT** what is deponed to hereinabove is true to the best of my knowledge information and belief.

Full name.....

Signature.....

Dated thisday of2022.

Suppliers' / Company's Official Rubber Stamp