



## **TERMS OF REFERENCE FOR THE PROVISION OF BANKING SERVICES FOR KENYA ROADS BOARD**

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### **1.0 BACKGROUND**

#### **1.1 INTRODUCTION**

Kenya Roads Board (KRB) is a state body corporate established under Chapter 408 of the Laws of Kenya 'Kenya Roads Board Act' which came into effect under Legal Notice No. 7 of 1999.

The object and purpose for which the Board is established is to oversee the road network in Kenya and coordinate the maintenance, rehabilitation and development funded by the fund and to advise the Minister responsible for matters pertaining to roads on all matters related thereto.

The Act provides for the establishment of the Kenya Roads Board (KRB), which has statutory powers to manage a fund whose proceeds come from the Road Maintenance Levy Fund (RMLF), Transit Toll collections and other funds and grants, to be used in development, rehabilitation and maintenance of the road network.

Kenya Roads Board is in the process of procuring banks to provide banking services for its transactions. In accordance with the Public Finance Management Act, 2012 and guidelines issued by The National Treasury, the Board will assess proposals that will be submitted by interested banks, rationalize and determine the optimal number of banks based on the nature of its operations. The Board will thereafter seek approval from the National Treasury, for opening and operating accounts with the shortlisted banks, in accordance with Section 28 of the PFM Act.

The approved banks will provide services to the Board for a period of three years subject to satisfactory performance of the bank. The performance of the banks will be evaluated on a monthly basis or at such intervals as the board may determine to ensure all risks are mitigated.

### **2.0 SERVICES REQUIRED**

The Board seeks to obtain banking services from sound commercial banks to manage its operations optimally. Specifically, the board requires banking services for its Corporate and Fund accounts for its transaction activities. Interested and competent licensed commercial banks are invited to apply for the prequalification. Existing bankers for the Board should apply afresh.

The Board receives funds from Road Maintenance Levy and Transit Tolls, which are deposited in the Board's account at the Central Bank of Kenya. These funds

are disbursed, on a monthly basis, to road agencies and County Governments for purposes of maintenance, rehabilitation and development of roads under their jurisdiction and in accordance with the approved work plans. A portion of the funds is allocated for the Board's operations.

Interested commercial banks should submit proposals for the following services:-

- 1.) Collection/current account into which funds will be paid at regular intervals throughout the year. The services required here are prompt payouts of large amounts on regular basis to various road agencies on short lead times Bidders should indicate conditions for operation of call/current accounts, conditions for withdrawal/transfer of funds and information on current account maintenance (*charges, interest and fees regime on current accounts*).
- 2.) Prudent treasury management of Board's funds including suggestions on short-term investment vehicles.
- 3.) Investment of funds on short term basis.
- 4.) Cash management including availability of bridging of finance i.e. ability to loan the Board within one month and interest rates applicable and how it will be calculated.
- 5.) Secure and robust online electronic/ internet banking platform for both its operations and agency accounts. NB the platform will be integrated with the Board's financial management system to carry out the Board transactions seamlessly.
- 6.) Safe, efficient and accountable system for the funds. Proof of the bank's compliance with the Central Bank's Guidance Note on Cybersecurity and Prudential Guideline on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Framework (CBK/PG/08).
- 7.) Other innovative products, services and facilities offered by the bank and the charges for each.

### **3.0 EVALUATION CRITERIA**

#### **3.1 MANDATORY REQUIREMENTS**

**Bidders must satisfy the following mandatory requirements failure to which their proposals shall be rejected.**

- (i) Copy of registration certificate from the registrar of companies.
- (ii) A copy of a valid tax compliance certificate from Kenya Revenue Authority should be submitted.
- (iii) Current banking license or proof of license to operate in Kenya.
- (iv) Proof of membership to the Kenya Bankers Association.
- (v) The proposal must remain valid for 120 days from the date of submission of tender.

### 3.2 BROAD TECHNICAL EVALUATION CRITERIA

The minimum technical score required to pass is at least 70%. Bidders who do not score at least 70% in the evaluation shall be rejected. The broad criteria for technical evaluation are as in table below:

Item	Description	Points %
1.)	General and specific experience of the bank in banking services and past performance	25
2.)	Adequacy of the proposed methodology in responding to the Terms of Reference	35
3.)	Financial strength and performance of the bank	40
	<b>Total</b>	<b>100%</b>

### 3.3 DETAILED EVALUATION CRITERIA

<b>Criterion (i) - General and Specific Experience in Banking Services</b>		<b>25</b>
<b>A</b>	<b>Firms organization and establishment</b>	
(i)	<b>Branch network:</b> 20 No .and above= 3 Mark; Below 20 to 10 No.. = 1 Mark; Below 10 to 5 No. = 0.5 Mark, Below 5 No. =0 mks	3
(ii)	<b>Nearest branch Location in Nairobi:</b> Upperhill and its environs = 1 Mark; Outside Upperhill and its environs = 0.5 Marks	1
(iii)	<b>Profile of Key Management Staff</b>	
	<b><u>Chief Executive Officer/Managing Director</u></b> Bachelor's Degree = 0.5 Mark Professional qualifications and membership to professional bodies (Chartered Institute of Bankers or equivalent) = 0.5 Marks Experience in banking: 10 years and above =1 Mark; Below 10 to 5 years = 0.5 Mark; below 5 years=0 Mark	2
	<b><u>Head of Corporate Banking</u></b> Bachelor's Degree = 0.5 Mark Professional qualifications and membership to professional bodies (Chartered Institute of Bankers or equivalent) = 0.5 Marks Experience in banking: 10 years and above =1 Mark; Below 10 to 5 years = 0.5 Mark; below 5 years=0 Mark	2

<b>Criterion (i) - General and Specific Experience in Banking Services</b>		<b>25</b>
(iv)	<b>Local and foreign shareholding:</b> [100% Kenyan - 2 mks, Below 100% to 80% Kenyan - 1.5 mks, Below 80% to 60% - 1 mks, Below 60% to 51%, 0.5 mks, below 51% - 0 mks]	2
<b>B</b>	<b>General and specific experience of the firm to the assignment</b>	
(i)	Letters of recommendations on Banking services from 5 No. Public and 5 No. Private Sector Customers over the last three (3) years= 0.5 Marks for each relevant recommendation.	5
(ii)	Evaluation of the banks past performance of existing banks based their past performance. <i>Exceeds expectations (90%-100%)=5 Marks; Satisfactory Performance(70%-89%)=3 Marks; Average performance (40%-69%= 1 Marks) ;Fair Performance (20%-39%)=0 Mark</i>	5
(iii)	Banks experience in handling infrastructure bonds: <i>At least 2 No.=2 Marks; 1 No=1 Marks</i>	2
(iv)	Banks experience in short, medium and long term financing methods ( <i>State at least 2 clients for each period of the financing methods and when the services were offered</i> ) <i>2 No. within last 3 years = 2 marks; 1 no within last 3 years =1</i>	2
(v)	Experience in handling other corporate facilities/services <i>At least 5 No. facilities/services = 1 Mark; At least 3 No. facilities/services = 0.5</i> <i>Account relationship manager, mortgage and car loan schemes (Please indicate the modalities and respective interest rate offered for staff schemes)</i>	1
<b>Sub-Total</b>		<b>25</b>

<b>Criterion (ii) Adequacy of the proposed methodology in responding to the Terms of Reference</b>		<b>35</b>
(i)	Collection/current account into which funds will be paid at regular intervals throughout the year. The services required here are prompt payouts of large amounts on regular basis to various road agencies on short lead times Bidders should indicate conditions for operation of call/current accounts, conditions for withdrawal/transfer of funds and information on current	6

<b>Criterion (ii) Adequacy of the proposed methodology in responding to the Terms of Reference</b>		<b>35</b>
	account maintenance (charges, interest and fees regime on current accounts).	
(ii)	Prudent treasury management of Board's funds (which are denominated in both local and foreign currency) including suggestions on short-term investment vehicles.	5
(iii)	Investment of funds on short term basis. Payment of interest on current account.	5
(iv)	Cash management including availability of bridging of finance i.e. ability to loan the Board within one month, the interest rates applicable and how it will be calculated.	3
(v)	Secure and robust online electronic/ internet banking platform/mobile for both its operations and agency accounts. The platform will be integrated with the Board's financial management system to carry out the Board transactions seamlessly. =3 Marks  <i>N.B The evaluation team will visit the premises of the client to evaluate the online banking platform and if it meets KRB requirements.=4 marks</i>	7
(vi)	Security, efficiency and accountability system for the funds. Proof of the bank's compliance with the Central Bank's Guidance Note on Cybersecurity and Prudential Guideline on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Framework (CBK/PG/08).	5
(vii)	Other innovative products, services and facilities offered by the bank terms and conditions, rates and repayment, and the charges for each.	4
<b>Sub-Total</b>		<b>35</b>

<b>Criterion (iii) Size and Financial strength of the bank</b>		<b>40%</b>
(i)	<p><b>(a) Size of the bank</b></p> <p>Weighted Composite Score (WCS) = (0.33* Total net assets market share)+ (0.33*Total deposits Market Share) + (0.33*Total shareholders' funds Market Share) + (0.005*Total No. Deposit accounts Market Share)+(0.005*No. of loan accounts Market Share) <i>(Based on latest CBK Data)</i></p> <p>WCS More than 10% = 8 Marks; (5%- 10%) - Large = 4 Marks, WCS (More than 1%-5%) - Medium= 2 Marks, WCS &lt;1% Small = 0.5 Marks</p> <p><b>(b) 3-year Average Customer Deposits</b></p> <p>Above KShs 200 billion = 4 Marks, Above KShs 100 billion – KShs 200 billion= 3 Marks; Above KShs 50 billion – 100 billion= 2 Marks, Above KShs 25 billion – KShs 50 billion = 1 Marks; Below KShs 25 billion =0.25 Marks</p>	12
(ii)	<p><b>Capital strength/Capital Adequacy (3-year average)</b></p> <p>(a) Core Capital/Total deposits (liabilities):</p> <p>Above 20% = 3 Marks; Above 15%-20%= 2 Marks; Above 8%-15% = 1 marks; Below 8%=0 Marks. <b><u>N.B</u> Statutory Minimum is 8%</b></p> <p>(b) Core Capital/Total Risk Weighted Assets:</p> <p>Above 15%= 3 Marks; Above 10.5%-15%= 2 Marks; Below 10.5% = 0 Marks; <b><u>N.B</u> Statutory Minimum is 10.5%</b></p> <p>(c) Total Capital/ Total Risk Weighted Assets:</p> <p>Above 25%= 2 Marks; Above 14.5%-25%= 1 Marks; Below 14.5% = 0 Marks <b><u>N.B</u> Statutory Minimum is 14.5%</b></p>	8
(iii)	<p><b>Liquidity ratio - Current Assets/Current liabilities,</b></p> <p>Above 60% = 3 Marks; Above 40%-60%= 2 Marks; Above 20%-40%= 2 Marks Below 20% = 0 Marks, <b><u>N.B</u> Statutory Minimum is 20%</b></p> <p><b>Loans and Advances (Net) to Customer deposit ratio (deposits cover)</b></p> <p>Above 0.8 = 3 Marks; Above 0.6 - 0.8 = 2 Marks Above 0.5- 0.6- = 1 Marks, Above 0.4-0.5 = 0.5 Marks, Below 0.4 = 0 Mark</p>	6

<b>Criterion (iii) Size and Financial strength of the bank</b>		<b>40%</b>
(iv)	<b>Performance (3-year average)</b> (a) Return on assets (Profit(Loss) before tax/Total assets) <i>Above 3.5% = 3 Marks; Above 2.5%-3.5% = 2 Marks; Above 1.5%-2.5% = 0.5 Marks; below 1.5%=0 marks</i> (b) Return on Equity (Profit(Loss) before tax/Shareholders funds) <i>Above 30% = 3 Marks; Above 20%-30% =1.5 Marks; Above 10%-20% =1 Marks, Below 10% = 0 marks</i> (c) Efficiency Ratio - Operating expense/Net Revenues <i>Above 30% = 2 Marks; Above 20%-30% =1.5 Marks; Above 10%-19% = 0.5 Marks; Below 10% = 0 marks</i>	8
(v)	<b>Asset Quality (3-year average)</b> (a) Gross Non performing loans/Gross Loans & advances <i>Below 5% = 2 Marks; Above 5%-10% = 1.5 Marks; Above 10%-15% = 1 Mark; above 15% = 0.5 Marks</i> (b) Gross Loans & Advances/Net Assets <i>Below 5% = 2 Marks; Above 5%-10% = 1.5 Marks; Above 10%-15% = 1 Mark; above 15% = 0.5 Marks</i> (c) Loan Loss Provisions accumulated /Gross Loans & advances <i>Below 5% = 2 Marks; Above 5%-10% = 1.5 Marks; Above 10%-15% = 1 Mark; above 15% = 0.5 Marks</i>	6
<b>Sub-Total</b>		<b>40</b>

1. Banks that score at least 70% in the evaluation will be registered for provision of banking services for a period of thirty-six (36) months. The prequalified candidates will be treated equally and will be invited to bid for banking services whenever an opportunity arises.
2. Kenya Roads Board can conduct due diligence on the prequalified candidates at the time of bids invitation to confirm the authenticity of information given by a bank.

### 3.4 OTHER REQUIREMENTS

Bidders will be expected to submit the following information to facilitate evaluation.

- 1.) Schedule of directors and key management staff employed by the bank (up to 10 Number). The schedule should indicate in a summarized tabular format the following information: Name, age, education, professional qualifications and years of banking experience.

- 2.) Dated and signed Curriculum Vitae of the Managing Director/CEO and Head of Corporate Banking as per the attached format. Each CV should be signed by the staff member or the bank's authorized representative. Attach copies of certificates to the CV. Use **APPENDIX I to provide the information.**
- 3.) Letters of recommendation from 5 No. corporate private sector customers and 5 No. Public Sector customers' indicating the nature of services provided and whether the services delivered were satisfactory. The services should have been provided in the last three years..
- 4.) Audited Financial Statements of the bank for the last 3 years - 2016, 2017 and 2018.
- 5.) Duly signed confidential business questionnaire in the provided format in **APPENDIX II.**
- 6.) The tenderer shall sign a declaration that he has not and will not be involved in corrupt or fraudulent practices. Anti-Corruption declaration pledge form is attached in **APPENDIX III.** Kenya Roads Board 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. Further any bank which is found to have indulged in corrupt or fraudulent practices risks being debarred from participating in public procurement in Kenya.
- 7.) Schedule of shareholding structure indicating the local and foreign holdings.
- 8.) Company profile which should indicate information on the bank's branch network, location, age, size, office equipment, mobile phone banking, internet banking and other Information Communication Technology services offered by the Bank including internet security etc;



**APPENDIX I:**

**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: \_\_\_\_\_

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Detailed Tasks Assigned: \_\_\_\_\_

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**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].*

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**Education:**

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

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**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.]*

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**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:  
\_\_\_\_\_

**(C.V'S NOT SIGNED BY OWNER OR AUTHORISED REPRESENTATIVE AND WITHOUT COPIES OF CERTIFICATES ATTACHED SHALL NOT BE EVALUATED)**

**APPENDIX II:  
CONFIDENTIAL BUSINESS QUESTIONNAIRE**

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

You are advised that it is a serious offence to give false information on this Form.

Part 1 – General

Business Name.....

Location of business premises.....

Plot No.....

Postal Address.....Tel No.....

Nature of business.....

Current Trade License No.....Expiring date.....

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

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

Part 2 (a) – Sole Proprietors

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.....	.....	.....	.....
3.....	.....	.....	.....
4.....	.....	.....	.....
5.....	.....	.....	.....

Part 2 (c) – Registered Company

Private or Public.....

State the nominal and issued capital of the company:

Nominal Kshs.....

Issued Kshs.....

Give details of all Directors as follows:

Name	Nationality	Citizenship details	Shares
1.....	.....	.....	.....
2.....	.....	.....	.....
3.....	.....	.....	.....
4.....	.....	.....	.....
5.....	.....	.....	.....

Date.....Signature of Tenderer.....

**\* If Kenyan Citizen, indicate under "Citizenship Details" whether by Birth, Naturalization or Registration.**

**APPENDIX III:  
ANTI CORRUPTION DECLARATION PLEDGE**

I/We (Name of Firm and Address) declare that I/We recognize that Public Procurement is based on a free and fair competitive tendering process which should not be open to abuse.

I/We..... declare that I/We will not offer or facilitate, directly or indirectly, any inducement or reward to any Public Officer , their relations or business associates, in connection with tender No.....for or in the subsequent performance of the contract if I/We are successful.

Signed by.....Authorized Representative

Name.....Designation.....Signature.....Date