



TERMS OF REFERENCE (TORs) FOR A CONSULTANT TO UNDERTAKE A REVIEW OF RETIREMENT BENEFITS ARRANGEMENT(S)

1.1 Background

In the Finance Act of 2006, changes were introduced in the legislation governing Retirement Benefits, which were later incorporated in the Retirement Benefits Act of 2006. The Act barred members of staff from withdrawing the portion of their employer's contribution before attaining the retirement age. It also legislated setting up of Individual Pension Plan as an alternative method through which staff members could eventually access their retirement benefits.

1.1.1 Member Sensitization

In 2007, members of *icipe* Staff Retirement Benefits Scheme (ISRBS) were sensitized through a series of lectures, general talks and discussions by speakers from the Pension Administrator, Eagle Africa Insurance Brokers Limited. Members were educated on how the new legislation affected their pension benefits withdrawal and the options that were available to them. The members were then asked to vote for or against the options. *icipe* staff members voted overwhelmingly in support of the following resolutions:

- (i) To wind up the existing Group Scheme (ISRBS) by end of the year 2007. The Scheme's fund manager was ICEA Investment Services Ltd and the custodian was NIC Bank.
- (ii) To set up Individual Pension Plans (IPP) to which all the future contributions would be channeled

1.1.2 Short-list of Providers

The Trustees instructed the Scheme Administrator Eagle Africa Insurance Brokers Limited to provide a shortlist of 5 leading and registered providers in the market. The following five (5) providers were shortlisted: Britam Kenya Insurance Limited, Jubilee Insurance, UAP Insurance, ICEA-Lion and Liberty Life Assurance Ltd. These providers were invited to present to staff about their pension-related products after which members were allowed to open IPP of their choices by January 2008.

1.1.3 The Liquidator

Kingsland Court was appointed the Liquidator following the Trustees resolution to wind up the Group Scheme in accordance with the provisions of the Retirement Benefits (Minimum Funding Level and Winding up of Scheme), regulation 2000. Upon finalization of the liquidation process of the Scheme in 2008, the funds were transferred to the new IPPs

1.1.4 Employer Contribution

icipe currently contributes 10% on behalf of its members of staff towards retirement. These monies are invested in any one of the individual pension plans available from the group of providers as chosen by each individual member.

1.1.5 *icipe*'s Pension Providers

The current group of *icipe*'s individual pension plan providers (approved issuers) that act as administrators and fund managers are:

- Britam Kenya Insurance Limited
- The Jubilee Insurance Company of Kenya
- UAP Insurance Company Limited
- ICEA-LION General Insurance Company
- Liberty Life Assurance Kenya Limited (formerly CFC Life)

Various banks act as custodians of the funds.

1.2 Objectives

icipe Staff Retirement Benefits Scheme (ISRBS) was under umbrella pension scheme managed by Alexander Forbes. The change of the new pension law barred the members from totally accessing their pension funds before attaining retirement age. The members were then given opportunity to remain either under umbrella pensions or go for Individual Pension Plan (IPP). The feedback was received from members and overwhelmingly in favour of IPP. Effective 1st January 2008, the members opened IPP accounts with various providers that were shortlisted by the Administrator, Eagle Africa Insurance Brokers Limited.

Subsequently, *icipe* would like to engage a consultant to carry out an assessment of the competitiveness of the current providers.

1.3 Terms of Reference for the Consultant:

- i. Undertaking an overview of individual and umbrella providers' market in Kenya zeroing in on the five (5) providers currently used by *icipe* and assessing their performance in the last 5-10 years in relation to investment classes and mix between equity, government bonds and corporate bonds, treasury bills and other portfolios.
- ii. For each individual *icipe* provider, establish who the administrator, fund manager and custodian are, and their registration status as stipulated in the Retirement Benefits Authority (RBA) Act.
- iii. Review and present an analysis of the current pension system in Kenya, providing a short-list of pension providers who are compliant with relevant regulatory provisions and certifications, dealing with quality assurance and identifying any key players that merit further attention.
- iv. Make recommendations to *icipe* on any specific strategies that may be deployed to ensure maximum returns for the next 5-10 years.
- v. Overall comment on any other matters of importance specific to the Kenyan market that *icipe* ought to be aware of, e.g. the governance, management and effectiveness of the existing pension's providers; occupational schemes vs. individual schemes.

1.4 Deliverables

- a) Inception report on preparatory tasks undertaken, and the progress made to review both umbrella and individual funds market.
- b) Draft report for *icipe*'s review and approval.
- c) Final report, upon approval of the draft report, with recommendations where applicable.

1.5 Time-Frame

The period to undertake the assignment will be 6 months with effect from the date of signing the contract.

1.6 Consultant's Qualifications

- i. Meets and provides proof of meeting all legal requirements including company certificate of registration, KRA certification and valid tax compliance certificate
- ii. Evidence of undertaking similar work during the last 3 years

1.7 Quotation Requirements

- i. Submission of technical and financial proposal including:
- ii. Technical knowledge and skills
- iii. Understanding of the TORs
- iv. Clear and detailed workplan
- v. Detailed outline of methodology
- vi. Details of consultancy team members including their CV(s)
- vii. Financial proposal including all fees chargeable and costs related to the proposed engagement.

Disclaimer: *icipe* may at any time terminate the request for this proposal proceedings before contract award and shall not be liable to any person for the termination.