

TENDER NOTICE

Actuarial Valuation for Financial Year 2020 For:

Frequent Flyer Program (FFP)& Post Retirement Benefit Scheme (PRBS)

As per the requirements of International Financial Reporting Standards (IFRS), PIAC intends to carry out actuarial valuation of the Frequent Flyer Program (FFP). Appointment will be for a period of three (03) years.

Only Firms with at least one 'Fellow' member of 'Institute of Actuaries' or at least one 'Fellow' member of 'Pakistan Society of Actuaries' will be eligible for appointment.

Tenders are invited on "Single Stage Two Envelopes" basis.

Prospective firms/companies are required to submit Tender Fee of **Rs. 3000** (non-refundable) in shape of a Pay Order along with 'Technical Proposal' and Earnest Money (refundable) equivalent of 2% of total bid value in shape of pay order along with 'Financial Proposal'. (Local Bidders).

Bids must reach at address given below on / before **02-12-20** by **1030 Hrs.** Technical Proposals will be opened on same date at **1100 Hrs.**

PIAC reserves right to reject any or all bids in line with PPRA rules.

For any query, please feel free to contact.

GM Procurement

Supply Chain Management Department

PIA Head Office, Karachi.

Ph: 021 9904 3081, 9904 4101

Email: contract.administration@piac.aero

REF:GM(P)Actuarial Valuation- FFP /2020

M/S _____

Sub:Actuarial Valuation for Financial Year 2020 For Frequent Flyer Program (FFP)& Post Retirement Benefit Scheme (PRBS)

DearSirs,

We are pleased to invite your sealed tenders for the item mentioned above. In case of more than one schedule separate tender for each schedule should be furnished. The terms & conditions of the tender/ supplies are given below:-

A) SUBMISSION OF TENDER

1. You are required to send your tenders addressed to General Manager Procurement, PIA Supply Chain Management Building JIAP Karachi latest by **02-12-2020 till 1030Hrs**. The tenders may be dropped in the tender box marked as “**Tender Box Commercial Purchases**” placed at the entrance of the PIA Supply Chain Management Building latest by 10:30 hours on the specified date. You may also send your tenders through registered A/D mail addressed to General Manager Procurement, which must reach before the closing date and time mentioned above. **Tenders will be opened at 11:00 hours** the same day in the presence of tenderers.

2. Tenders received after stipulated date & time shall not be considered. The Corporation will not be responsible for postal delays. The decision of General Manager Procurement in this respect shall be final and binding.

3. Bidders are required to submit a Pay Order of Rs.3000/- (Non-Refundable) as tender fees along with Technical Proposal (Local Bidders).

B) EARNEST MONEY (Local Bidders)

The Tender should be accompanied a Pay Order payable (valid for 90 days from the date of tender opening) equivalent to 2 % of total bid value in the name of M/SPAKISTAN INTERNATIONAL AIRLINES as interest free Earnest Money (Refundable). Earnest Money in any other shape shall not be accepted. Earnest/Security Money deposited against a running contract(s) purchase orders(s) shall not be transferable as earnest money for any other tender. All tenders without Earnest Money shall not be considered.

C) SECURITY DEPOSIT (Local Bidders)

The successful tenderer upon award of Contract/Purchase Order will be required to furnish security deposit (in shape of pay order/Bank Guarantee) in the amount equivalent to 5% of total tender value stated in the Letter of Acceptance as interest free Security deposit and to remain valid 3-months after the expiry period of the Contract. The Earnest Money already held can be converted into Security Deposit and balance amount if any shall be deposited as above.

D) PREPARATION OF TENDER “Single Stage Two Envelope Basis”

- The BID (Tender) submitted shall comprise of a single package containing two sealed envelopes, each envelope shall be marked and will contain “**TECHNICAL**” and “**FINANCIAL**” proposal.
- On the given tender opening date only “**Technical Proposal**” will be opened in the presence of tenderers available.

- The “Financial Proposal” shall be shown to the parties but will be retained with PIA without being opened.
- After Technical Evaluation of the received Technical Proposals, Financial Proposals will be opened publicly at the date, time & venue to be announced and will be communicated to the bidders in advance.
- PIA will open the “Financial Proposals” publicly of the parties whose Technical Proposals have been found acceptable.
- Financial Proposals of the technically not-acceptable bids shall be returned *un-opened* to the respective bidders.

E) PREPARATION OF TENDER - TECHNICAL PROPOSAL:

All mandatory requirements are given in Term of Reference.

Please give all the available details of the services offered by you, supported with the brochure, client list details and authorization certificates (if applicable) etc.

BIDS / Tenders / Technical Proposal received shall be evaluated in accordance with the given technical specifications.

PIA’s requirements with Technical Specifications are given.

Bidders **MUST:**

- Be a Firm with at least one ‘Fellow’ member of ‘Institute of Actuaries’ or at least one ‘Fellow’ member of ‘Pakistan Society of Actuaries’.
- Be registered with Sales Tax Authorities. (Please attach copy of Registration Certificate).
- Quote Rates, GST, and other taxes separately.
- Bid on Prescribed schedule issued by PIA.
- Affix the company seal on all tender documents.

Mention clearly Tender Reference on **TOP RIGHT CORNER OF PROPERLY SEALED ENVELOPE, BEARING COMPANY’S STAMP**

F) PREPARATION OF TENDER - FINANCIAL PROPOSAL

The tenders should be enclosed in double cover. The inner cover should be sealed having enclosed the following documents:

- a) Schedule “A” duly filled in, signed and sealed.
- b) Original Pay Order for Earnest Money. (Local Bidders)
- c) Undertaking on Rs. 100/= above non-judicial Stamp Paper duly signed and stamped by a Public Notary Oath Commissioner.
- d) The outer cover should bear address of the General Manager Procurement, PIA SCM Building, Karachi Airport and reference number of the tender with opening date of tender.
- e) All information about the services /material proposed to be supplied must be given as required in the schedule to tender.

G) PRICES

- a) The Prices mentioned in the tender will be treated as firm till the completion of Purchase Order/Contract.
- b) The Prices must be stated both in words and figures. Additional information, if any must be linked with entries on the Schedule to Tender.
- c) Offers must be valid for 120 days.

(H) Contract shall be awarded for a period of three (03) years.

GM Procurement

Enclosed: Schedule A
Term of Reference (ToR)
Evaluation Criteria
Integrity Pact
Undertaking to Execute the Contract

TENDER SCHEDULE "A"

S.#	Description	Rate/Month PKR	Annual Value PKR	Total Amount (03 Yrs) PKR
01	Actuarial Valuation for Financial Year 2020 For Frequent Flyer Program (FFP)& Post Retirement Benefit Scheme (PRBS)			
Applicable Tax (if any) _____ %				
Grand Total inclusive of taxes (if any)				

Attention:-

Non compliance to the conditions mentioned below at Serial No. 1 to 5 will render the quotation for rejection at the time of opening of tenders.

Broad Terms and Conditions of Tender:-

1. Rates must be quoted in words and figures both inclusive of all taxes, charges, duties, expenses to be borne by the bidder.
2. Offer must be firm and final and valid for 120 days.
3. Incomplete, mutilated offer or offers without/deficient earnest money are liable for rejection.
4. Copy of certificate of registration with Sales Tax collectorate must accompany the quotation.
5. PIA will have the right to visit the facility / premises of the tenderer or call for any further documents to establish the capability of firms to undertake this order/contract. PIA's decision in this regards shall be final will not be questioned in any court.

We/ I hereby confirmed having read and understood the terms and conditions of the tender and we / I expressly confirm and agree that our tender for the supply of above mentioned items are in terms of and subject to the terms and conditions of the tenders.

TENDERER'S SIGNATURE _____ DESIGNATION _____

ADDRESS _____

Tel No. _____ Fax No. _____ Email _____

GST No. _____ NTN NO. _____

SEAL _____

Term of Reference

ACTUARIAL VALUATION FOR FINANCIAL YEAR 2020

ACTUARIAL VALUATION RETIREMENT BENEFIT PLANS FOR FINANCIAL REPORTING.

As per the requirements of International Financial Reporting Standards (IFRS), PIACL intends to carry out actuarial valuation of the following:

- Pension Fund
- Post-Retirement Medical Facility
- Leave Encashment Scheme

The scope of work is as follows:

The Actuarial Valuation will be carried out on following basis:.

- Determination of actuarial liability as at the valuation date for the employees covered under each of the retirement benefit schemes.
- Determination of funding surplus/deficit.
- Determination of assets/liability to be recognized in the books of the PIACL.
- Determination of the charges to be booked for the current year and the next year following the valuation date.
- Disclosures as per the IAS 19.

Further we desire counsel on following issues from the prospective bidder.

- a) Investment of Pension and Provident Funds for the PIA employees.
 - Determination of return currently earned by the Pension Fund.
 - Determination of duration of assets and liabilities.
- b) Miscellaneous matters concerning pension and provident fund for the employees of PIA related to Actuarial Valuation.
- c) Actuarial calculation with respect to financial projects assignment related to pension scheme of PIA from time to time including determination of financial impact of pay revision and impact of pension increase on annual expenses of the scheme.
- d) Any other matter related to the Corporation Pension Scheme which require actuarial calculation and/or advise.
- e) Summarized base information as appearing in last year’s valuation report is being provided, just to facilitate the prospective valuation firm in assessing approximate value of the exercise.

<u>Particular</u>	<u>Total</u>
<u>Active Employee</u>	
Total Number of Active Employee	11,009
Total annual basic salaries (millions)	13,357
Average age of active employees	42.10
Average service of active employees	14.95

<u>Beneficiaries</u>	<u>Total</u>
Total Number of beneficiaries	19,114
<u>Total annual pension (million)</u>	127.49 million

Criteria for Evaluation of Bids:

Technical Criteria:

1. Relevant Valuation Experience:

Experience in years	1-5	6-10	11-15	15-20	20>
Points	4	8	12	16	20

2. Existing and past relationship with the Corporation:

Experience in years	1	2	3	4	5>
Points	4	8	12	16	20

3. Experience in Airline Industry:

Experience in years	1-5	6-10	11-15	15-20	20>
Points	6	12	18	24	30

4. Organization and Capability:

Firm’s proprietary tools	Fair	Good	V. Good	Excellent
Firm’s valuation methodology tools	Fair	Good	V. Good	Excellent
Key personnel and their experience	Fair	Good	V. Good	Excellent

Fair = 04Points
 Good = 06Points
 V. Good = 08Points
 Excellent = 10Points

Methodology for Assessing Lowest Evaluated Bid

- During technical evaluation those valuation firms obtaining a “zero” under any category in shall not be considered further.
- Subject to the condition above, the valuation firm obtaining at least 60% marks shall be further evaluated.
- After opening the financial offers as mentioned earlier, the valuation firms shall be assessed as per the below mentioned criteria:

Financial Evaluation Criteria: Lowest bidder will get 50 points. Other bidders will get marks proportionately reduced as per their bid (i.e. $\text{Lowest Bid/Bid value} \times 50$ marks)

Overall Evaluation: Technical evaluation, under this evaluation criteria, will have a weightage of 50% in total scoring, whereas, financial evaluation will also have a weightage of 50%. Total Score will be judged on the basis of aggregate scores on both technical and financial scores.

ACTUARIAL VALUATION OF FREQUENT FLYER PROGRAMME FOR FINANCIAL REPORTING

As per the requirements of International Financial Reporting Standards (IFRS), PIACL intend to carry out actuarial valuation of the Award Plus Program, also known as Frequent Flyer Programme, designed exclusively for PIACL travelers. Subscribers to the programme may utilize PIACL services as they earn A+ Plus miles and become eligible for a wide range of offers.

IFRIC14 specifies such schemes as “**The Limit on Defined Benefit Assets, Minimum Funding Requirement and their Interaction.**”

The scope of work is as follows:

Annual Actuarial Valuation of the above program as per the provisions of **IAS37 Provision, Contingent Liabilities and Contingent Assets**. This will include:

- Determination of Actuarial Liability as at the valuation date.
- Determination of the excess/under provision in the books of PIACL.
- Any other matter related to the Corporation which require actuarial calculation and/or advise with respect to the programme.

Summarized base information as appearing in last year’s valuation report is being provided, just to facilitate the prospective valuation firm in assessing approximate value of the exercise.

- The summary of the past 5 years data provided for the assignment is tabulated below:

Year	Member
2015	284,874
2016	295,636
2017	308,207
2018	447,311
2019	467,585

Criteria for Evaluation of Bids:

Technical Criteria:

1. Relevant Actuarial Experience:

Experience in years	1-5	6-10	11-15	15-20	20>
Points	4	8	12	16	20

2. Existing and past relationship with the Corporation:

Experience in years	1	2	3	4	5>
Points	4	8	12	16	20

3. Experience in Airline Industry:

Experience in years	1-5	6-10	11-15	15-20	20>
Points	6	12	18	24	30

4. Organization and Capability:

Firm’s proprietary tools	Fair	Good	V. Good	Excellent
Firm’s valuation methodology tools	Fair	Good	V. Good	Excellent
Key personnel and their experience	Fair	Good	V. Good	Excellent

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Overall Evaluation: Technical evaluation, under this evaluation criteria, will have a weightage of 50% in total scoring, whereas, financial evaluation will also have a weightage of 50%. Total Score will be judged on the basis of aggregate scores on both technical and financial scores.

INTEGRITY PACT / DISCLOSURE CLAUSE

(To be submitted on Company's Letterhead)

Declaration of Fees, Commissions and Brokerage Etc. Payable by the Suppliers, Vendors, Distributors, Manufacturers, Contractor & Service Providers of Goods, Services & Works_____ the Seller / Supplier / Contractor hereby declares its intention not to obtain the procurement of any Contract, right, interest, privilege or other obligation or benefit from Government of Pakistan or any administrative sub-division or agency thereof or any other entity owned or controlled by it (GOP) through any corrupt business practice.

Without limiting the generality of the forgoing the Seller / Supplier / Contractor represents and warrants that it has fully declared the brokerage, commission, fees etc., paid or payable to anyone and not given or agreed to give and shall not give or agree to give to anyone within or outside Pakistan either directly or indirectly through any natural or juridical person, including its affiliate, agent, associate, broker, consultant, director, promoter, shareholder sponsor or subsidiary, any commission, gratification, bribe, finder's fee or kickback whether described as consultation fee or otherwise, with the object of obtaining or including the procurement of a contract, right, interest, privilege or other obligation or benefit in whatsoever form from Government of Pakistan, except that which has been expressly declared pursuant hereto.

The Seller / Supplier / Contractor certifies that it has made and will make full disclosure of all agreements and arrangements with all persons in respect of or related to the transaction with Government of Pakistan and has not taken any action or will not take any action to circumvent the above declaration, representation or warranty.

The Seller / Supplier / Contractor accepts full responsibility and strict liability for making any false declaration, not making full disclosure, misrepresenting facts or taking any action likely to defeat the purpose of this declaration, representation and warranty. It agrees that any contract, right, interest, privilege or other obligation or benefit obtained or procured as aforesaid shall without prejudice to any other right and remedies available to Government of Pakistan under any law, contract or other instrument, be void-able at the option of Government of Pakistan.

Notwithstanding any rights and remedies exercised by Government of Pakistan in this regard, the Seller / Supplier / Contractor agrees to indemnify Government of Pakistan for any loss or damage incurred by it on account of its corrupt business practices and further pay compensation to Government of Pakistan in any amount equivalent to ten times the sum of any commission, gratification, bribe, finder's fee or kickback given by the Seller / Supplier / Contractor as aforesaid for the purpose of obtaining or inducing the procurement of any contract, right, interest, privilege or other obligation or benefit in whatsoever from Government of Pakistan.

(To be submitted on Rs. 100 Stamp Paper)

General Manager Procurement
Pakistan International Airlines,
Karachi.

Subject: Undertaking to Execute Contract

Dear Sir,

1. We/I, the undersigned tenderer do hereby confirm, agree and undertake to do following in the event our / my tender for supply of _____ to PIA is approved and accepted:
2. That we / I will into and execute the formal contract, a copy of which has been supplied to us / me, receipt whereof is hereby acknowledge and which has been studied and understood by me / us without any change, amendment, revision or addition thereto, within a period of seven days when required by PIA to do so.
3. That all expense in connection with the preparation and execution of the contract including stamp duty will be borne by us / me.
4. That we / I shall deposit with PIA the amount of security as specified in the contract which shall continue to be held by PIA until three months after expiry of the contract period.
5. That in event of our / my failure to execute the formal contract within the period of seven days specified by PIA the Earnest money held by PIA, shall be fortified and we / I shall not question the same.

Tenderer's Signature _____

Name in full _____
Designation _____
Address _____
Phone / Fax # _____
CNIC _____
Seal _____
Date _____