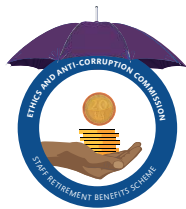


ETHICS AND ANTI-CORRUPTION COMMISSION
STAFF RETIREMENT BENEFITS SCHEME



Strategic Plan

2023 – 2027



**Ethics and Anti-Corruption Commission
Staff Retirement Benefits Scheme**

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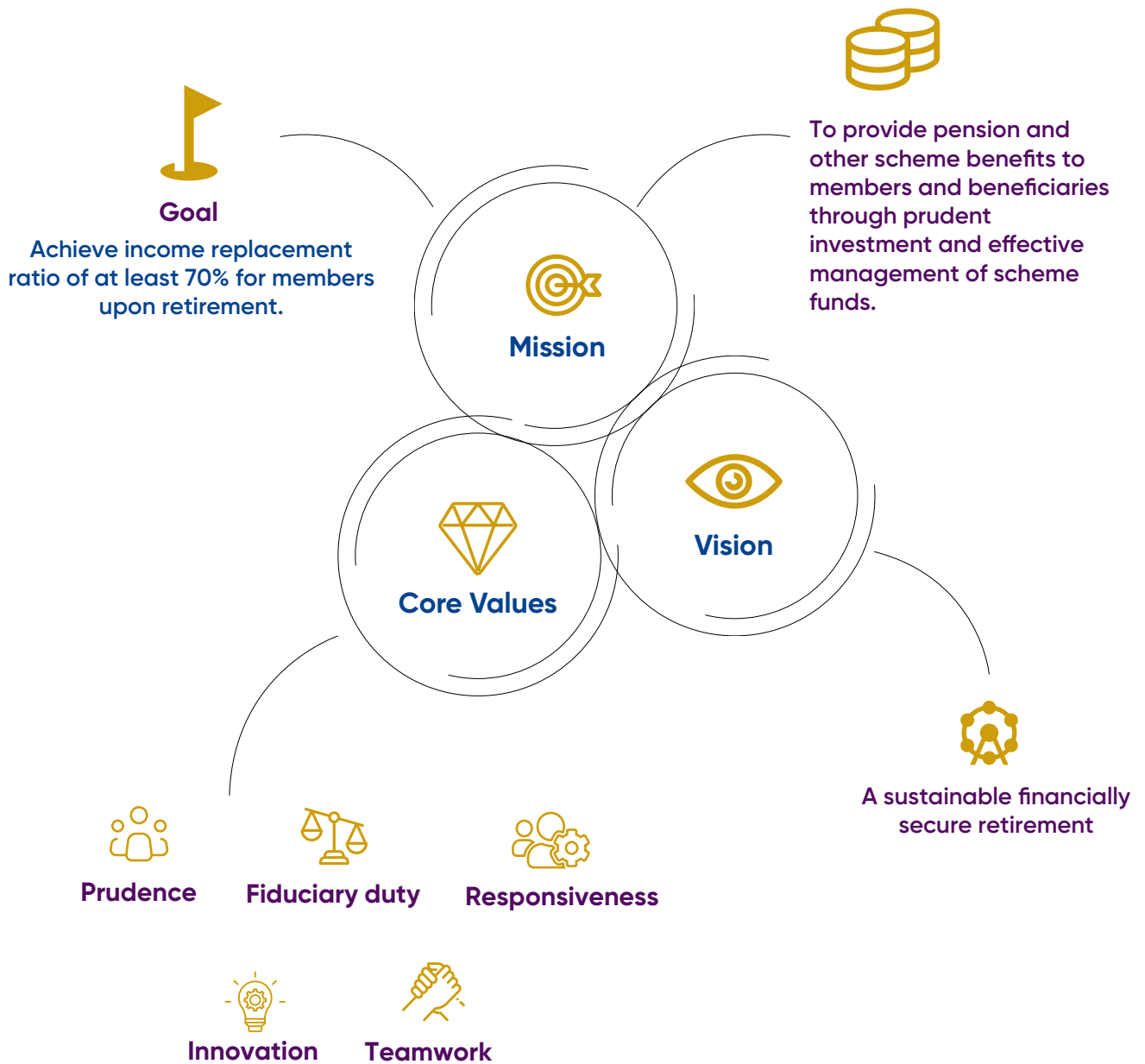
ETHICS AND ANTI-CORRUPTION COMMISSION STAFF RETIREMENT BENEFITS SCHEME



Strategic Plan 2023 – 2027



ORGANIZATIONAL STATEMENTS



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BOARD OF TRUSTEES



John Lolkoloi, OGW
Member - 01.01.2022



Joel I Mukumu, OGW
Chairperson - 01.08.2020



Ellyjoy Bundi, HSC
Secretary - 01.08.2020



Godfrey Oyugi
Member - 01.03.2022



Meshack Collins Aluda,
Member-06.05.2022



Christine Mweu
Member - 06.05.2022



Patricia Chebet
Member - 10.02.2023



Dorothy Wakesho
Member - 10.02.2023

FORMER BOARD OF TRUSTEES

INTERIM TRUSTEES (TRANSITION PERIOD FROM GRATUITY TO PENSION)

	Name	Date of Appointment	End Date
	Irene Cheptoo Keino	13 th February 2014	31 st July, 2014
	Halakhe Dida Waqo	13 th February 2014	31 st July, 2014
	David Kiplagat Too (Interim Chair)	13 th February 2014	31 st July, 2020
	Petronilla Katumbi Kyengo	13 th February 2014	31 st July, 2020
	Willis Ochar Wasala	13 th February 2014	31 st July, 2014
	David Nyaga Kaboro	13 th February 2014	31 st July, 2014
	Susan Kinyeki	13 th February 2014	1 st November 2014
	Edwin Mugo	13 th February 2014	1 st November 2014
	Elizabeth Ngigi	13 th February 2014	1 st November 2014

SPONSOR APPOINTED/MEMBER ELECTED TRUSTEES

	Name	Date of Appointment	End Date
	David Kiplagat Too (Chair)	1 st August, 2014	31 st July, 2020
	Petronilla Kyengo (Secretary)	1 st August, 2014	31 st July, 2020
	Willis Ochar Wasala	1 st August, 2014	31 st July, 2020
	David Nyaga Kaboro	1 st August, 2014	31 st July, 2020
	Jackson Kaunda Mue	1 st November, 2014	31 st October, 2020
	Edwin Kibuchi Mugo	1 st November, 2014	31 st October, 2020
	Carolyn Nancy Namenge (Resignation)	1 st November, 2014	31 st May 2016
	Elizabeth Wanjiku Ngigi (Resignation)	1 st November, 2014	13 th June 2016
	Benjamin Kubasu	5 th November 2016	4 th December, 2022
	Faith Ngethe	5 th November 2016	4 th November 2019
	Gloria Achieng	6 th December, 2019	5 th December, 2022
	Lucy Kinuthia (Retirement)	1 st August, 2020	31 st December, 2021
	Julius Muraya (Resignation)	1 st August, 2020	22 nd February, 2022



STATEMENT FROM THE CHAIRPERSON

The Ethics and Anti-Corruption Commission Staff Retirement Benefits Scheme was registered in June 2014 as a Defined Contribution Scheme. The first contribution to the Scheme was made in August 2014, when the Scheme had a membership of 210. Since then, the Scheme has grown to its current status of 787 members and approximate fund value of three billion Kenya Shillings. The Scheme can therefore be regarded as one of the fastest growing schemes.

The Scheme has sought to comply with legal and regulatory requirements. It has endeavored to adhere to the tenets of good corporate governance, while pursuing a robust investment of members' funds. This is in a bid to maximize returns in order to secure and guarantee members a positive return on their savings, as a means to ensure a comfortable life in retirement. The Scheme, through its Board of Trustees, has developed and issued various policy instruments to which it ensures maximum adherence by all members of the Board, and their appointees including service providers.

The Board of Trustees resolved to develop this Strategic Plan to guide the operations of the Scheme in the next five years, from 2023 to 2027. This Strategic Plan provides direction and action plan aimed at prioritizing and aligning activities, efforts and resources in pursuit of the strategic goals, taking into account the emerging issues in the retirement benefits sector. It defines accountabilities, communications and commitments required in achieving the Scheme goals and provides a framework for monitoring, evaluation, learning and reporting.

The Strategic Plan has adopted four carefully developed strategic objectives, which are expected to propel the Scheme to achieve its goal. The first objective is to ensure financial sustainability through prudent investment and management of scheme funds, enhancing member savings and strengthening collaborations. In the second objective, the Trustees seek to enhance engagement of members on Scheme matters through development of appropriate communication channels, continuous sensitization, education and training for members, preparing members for retirement and taking care of the interests of member retirees.

The third objective is on operational efficiency through formulation of a governance framework to enhance compliance with regulatory requirements, including development of relevant policy instruments, and an elaborate monitoring and evaluation framework.

“

This Strategic Plan provides direction and action plan aimed at prioritizing and aligning activities, efforts and resources in pursuit of the strategic goals, taking into account the emerging issues in the retirement benefits sector.”



Based on the growth of the Scheme, a fourth objective under the Plan is to guide on building capacity to deliver on member expectations through establishment of a proposed secretariat to manage day to day affairs of the Scheme. It also provides for integration of technology and putting in place business continuity and contingency plans, among other measures.

The process of developing this Strategic Plan was highly consultative, and the Board of Trustees is grateful to all persons and institutions that contributed in their various capacities to its development. I wish to sincerely thank the Sponsor, Ethics and Anti-Corruption Commission, for support rendered during the entire process of the formulation of this Strategic Plan. Secondly, I appreciate the stakeholders, including the service providers that were consulted and willingly rendered valuable advice on salient aspects during the strategic planning process. The service providers include: the Administrator, Zamara Actuaries, Administrators & Consultants Limited; the Fund Manager, Sanlam Investments (East Africa) Ltd; the Custodian, National Bank of Kenya Limited; and the Auditors, Maingi Jackson & Associates.

I cannot fail to mention the Retirement Benefits Authority for the invaluable information and advice on current status and future projections on the policy, legal, regulatory and institutional framework for the retirement benefits industry. We benefited through benchmarking on industry good practice and key lessons from Central Bank of Kenya Staff Retirement Benefits Scheme and the Kengen Staff Retirement Benefits Scheme. I also greatly appreciate members of the Scheme, including select former Trustees who were consulted at various stages contributed immensely to the development of the Strategic Plan.

Lastly, the Board unreservedly expresses gratitude to the Technical Committee that worked tirelessly to deliver this Strategic Plan under the direction of the Board of Trustees, for its dedication to the task, and observing strict deadlines making its development a success. The Technical Committee comprised of David Kaboro (Chair), Enoch Otiko, Meshack Collins Aluda, Misheck Waweru, Ellyjoy Bundi, Godfrey Oyugi, Nancy Namage, Patricia Chebet, Benjamin Kubasu and Christine Mweu.



TRUSTEE JOEL I. MUKUMU, OGW

CHAIRPERSON, BOARD OF TRUSTEES

EACC STAFF RETIREMENT BENEFITS SCHEME

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ABBREVIATIONS

AGM	Annual General Meeting
AVC	Additional Voluntary Contribution
BCP	Business Continuity Plans
BoT	Board of Trustees
CEO	Chief Executive Officer/ Sponsor
DB	Defined Benefits
DC	Defined Contribution
EACC	Ethics and Anti- Corruption Commission
ERM	Enterprise Risk Management
FM	Fund Manager
FS	Financial Sector
GLA	Group Life Assurance
GoK	Government of Kenya
ICT	Information and Communication Technology
IPP	Individual Pension Plan
IRR	Income Replacement Ratio
KES	Kenya Shillings
KPI	Key Performance Indicators
PESTLE	Political, Economic, Social, Technology, Legal and Environment
PIP	Prudent Investment Policy
RB	Retirement Benefits
RBA	Retirement Benefits Authority
RBPM	Risk-Based Performance Management
RFQ	Request for Quotation
SRBS	Staff Retirement Benefits Scheme
TDR	Trust Deed Rules
TS	Trust Secretary
SWOT	Strengths, Weaknesses, Opportunities and Threats





1. Background

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1. CHAPTER ONE: BACKGROUND



INTRODUCTION

This Chapter provides background information on the Ethics and Anti-Corruption Commission Staff Retirement Benefits Scheme (EACC SRBS), its establishment, governance structure, and the applicable policy, legal, regulatory and institutional framework governing retirement benefits schemes in Kenya. The chapter also outlines the purpose of the Strategic Plan (SP) and its development process.

1.1. ESTABLISHMENT

The EACC-SRBS was established and registered on 26th June 2014 under irrevocable trust, following the transitioning of staff from contract to permanent pensionable terms. The Scheme was established in line with the provisions of the Retirement Benefits Act, Cap 167 of laws of Kenya ("the RBA"). It is a Defined Contribution (DC) pension scheme, with 10% contribution from the employee and 20% from the employer. The overall objective of the scheme is to provide pension and other retirement benefits for employees of the EACC upon their retirement.

1.2. GOVERNANCE STRUCTURE

1.2.1. Board of Trustees and Committees

The Board of Trustees of the EACC SRBS consists of eight members, of whom four are appointed by the sponsor and four are elected by the members. The Scheme is managed in accordance with the registered Trust Deed and Rules (TDR), and the applicable policy, legislative and administrative regulatory framework applicable to retirement benefits management. As part of corporate governance and compliance with regulatory guidelines, the Board has established three Committees for effective management of the Scheme affairs. These are: the Finance and Investment Committee; Administration, Education and Communication Committee; and the Audit and Risk Management Committee. The governance structure is presented in Figure 1.



Board of Trustees:

Seated from Left- Ellyjoy G. Bundi (TS), Joel I. Mukumu (Chair), John Lolkoloi.

Standing from Left:

Godfrey Oyugi, Dorothy Kisombe, Christine Mweu, Meshack Collins Aluda, Patricia Chebet



The EACC Staff Retirement Benefit Scheme Governance Structure

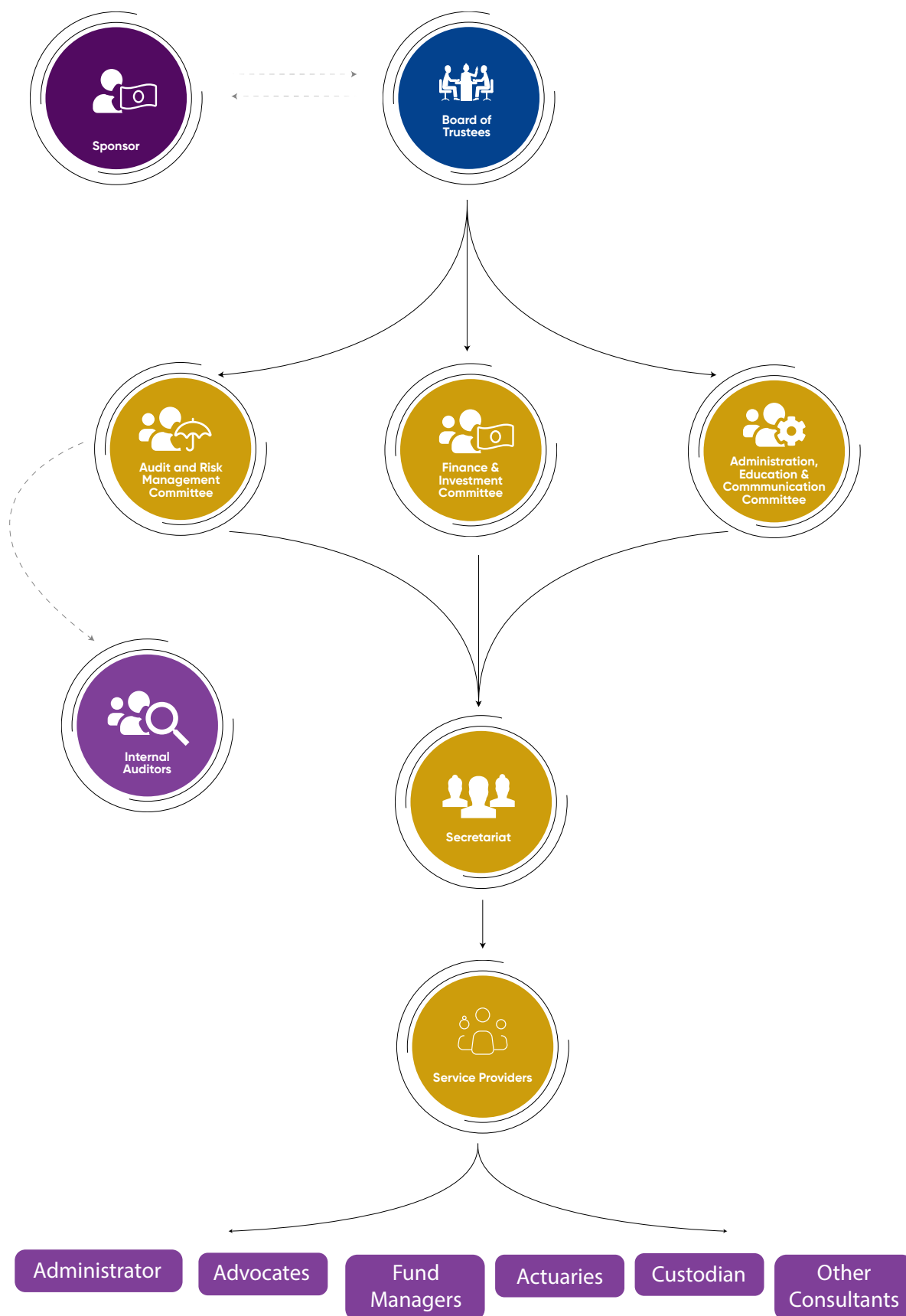


Figure 1: Governance Structure, EACC SRBS

1.2.2. Members

Members of the Scheme are central to its management and governance. Members participate in the governance of the scheme through the BOT where they elect member elected trustees; Annual General Meeting and special meetings; and input and approval of policy documents and other processes.

1.2.3. Service Providers

The Board of Trustee appoints service providers to undertake specific functions under the direction of the Board. Service providers include scheme administrator, fund manager, custodian, auditor, advocates, actuaries and other professional consultants on a need basis.

1.2.4. Meetings

Substantial business of the BOT is transacted through meetings, which are held by the fully constituted Board or through the Committees. The Board may also establish ad-hoc committee or sub-committee to deal with any matter, on a need basis. The Scheme holds an Annual General Meeting (AGM) for members, as required by law, but it may also hold other special meetings on need basis.

1.2.5. Board Policies

In order to enhance and embed corporate governance principles in its operations, the Scheme has developed and implemented several policies. Apart from the Investment Policy Statement (IPS) which is mandatory, the other Policies in place include Audit and Risk Management Policy, Conflicts of Interest Policy, Education and Communication Policy, Trustee Appointment and Resignation Policy, Trustee Induction, Training and Development Policy, and the Code of Conduct for Trustees. The Policies are periodically reviewed to ensure they keep abreast with developments in the regulatory framework and industry practices.

1.3. POLICY, LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORK

The Retirement Benefits sector in Kenya is covered under the Retirement Benefits Act No. 3 of 1997 but lacks a consolidated and overarching policy on retirement social security. Piece meal policy statements and developments that bear an impact on retirement social security are to be found in various laws and regulations; and the various administrative guidelines, practice notes and circulars issued from time to time by the regulators, notably the Retirement Benefits Authority and the National Treasury. In addition, policy statements can be found in some of the short term, medium term or long-term development plans and blue prints such as the Kenya Vision 2030. The legal, regulatory and institutional framework mainly consists of the following-

1.3.1. Retirement Benefits Act No.3 of 1997

The RBA is the principal legislation in Kenya that provides a comprehensive framework for management and regulation of the retirement benefits sector. It establishes the Retirement Benefits Authority (RBA) that is responsible for the overall regulation and supervision of the sector. It contains elaborate provisions on requirements and procedures for establishment and registration of retirement benefits schemes, as well as registration of service providers.

The Act also establishes the Appeals Tribunal to determine appeals by persons aggrieved by a decision of the Authority or its Chief Executive Officer in the exercise of their functions under the Act; or any dispute between any person and the Authority as to the exercise of the powers conferred upon the Authority under the Act.

Various Regulations have been developed under the Act. These include: Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations 2000; Retirement Benefits (Minimum Funding Level and Winding up of Schemes) Regulations 2000; Retirement Benefits (Forms and Fees) Regulations 2000; Retirement Benefits (Managers and Custodians) Regulations 2000; Retirement Benefits (Administrators) Regulations 2007; The Income Tax (Retirement Benefit) Rules 1994; and the Income Tax (National Social Security Fund) (Exemption) Rules 2002.

1.3.2. National Social Security Fund Act, No 45 of 2013

The National Social Security Fund (NSSF) is a mandatory, government controlled social security fund for all persons in formal employment. It was established in 1965 through an Act of Parliament, Cap 258 of the Laws of Kenya. The Fund initially operated as a Department of the Ministry of Labour until 1987 when the NSSF Act was amended transforming the Fund into a State Corporation under the Management of a Board of Trustees. The Fund was established as a mandatory national scheme whose main objective was to provide basic financial security benefits to Kenyans upon retirement. The Fund was set up as a Provident Fund providing benefits in the form of a lump sum.

In 2013, a new Act was enacted to establish the National Social Security Fund through the National Social Security Fund Act, No. 45 of 2013. It was assented to on 24th December 2013 and commenced on 10th January 2014. However, implementation of the Act was put in abeyance by an order of the Court, until 2022 when the stay order was vacated. Under the Act, every Kenyan with an income shall contribute a percentage of his/her gross earnings so as to be guaranteed basic compensation in case of permanent disability, basic assistance to needy dependants in case of death and a monthly life pension upon retirement.

The Act establishes two funds namely, the Pension Fund and the Provident Fund, to provide for contributions to and payment of benefits out of the Funds. The Act sets the per centum of statutory contributions which are divided into two tiers. Tier 1 contributions are based on pensionable earnings up to the lower earnings limit and tier 2 contributions are based on pensionable earnings above the lower earnings limit. The Act allows tier 2 contributions to be contracted out to other private retirement benefit schemes, and persons not in formal employment to make voluntary contributions towards the fund.

1.4. PURPOSE OF THE STRATEGIC PLAN

The Scheme has not developed a strategic plan since inception in 2014. The Board of Trustees appreciates the significant developments in the pensions industry in the country and therefore the urgent need to develop a plan to chart the direction of the scheme in the next five-year period 2023-2027.

The Strategic Plan 2023–2027 for the EACC SRBS is expected to guide on the following:

- a. Create a long-term vision taking cognizance of the market realities and dynamics for improved Scheme performance;
- b. Increase Scheme effectiveness and efficiency arising from the development of a clear strategic direction with goals and objectives;
- c. Provide a framework for evaluating alternative strategies with the aim of harnessing key success factors and operational issues;
- d. Provide direction and action plans aimed at prioritizing and aligning activities with an elaborate framework for monitoring, evaluation, learning and reporting;
- e. Effectively allocate resources to ensure goals are backed by data and sound reasoning; and
- f. Take cognizance of emerging issues in the retirement sector especially policy, legal, regulatory and institutional changes while focusing on the returns on investments of the members.

1.5. PROCESS OF DEVELOPING THE STRATEGIC PLAN

- a. The EACC SRBS development process was inclusive, participatory and consultative at every stage of the following key activities; -
- b. Review of documents including Trust Deed and Rules, Investment Policy Statement among other policies, Scheme performance reports, service providers reports and other relevant publications;
- c. Analysis of Strength, Weaknesses, Opportunities and Threats (SWOT), Political, Economic, Social, Technological, Environment and Legal (PESTEL), stake holder mapping and risk management;
- d. Formulation of the Vision, Mission, Core Values and Goal(s) for the scheme;
- e. Development of key areas of strategic focus, and Strategies for each area;
- f. Development of a robust risk matrix to ensure that all the material risks that could impact the implementation of this plan have been identified and mitigations put in place; and,
- g. Consulting with the Sponsor and the membership, and all the other key stakeholders at every stage of the process with the view to considering the feedback received.

1.6. ORGANIZATION OF THE STRATEGIC PLAN

The Strategic Plan is organized into 5 chapters. Chapter one, the background, gives an introduction of the plan including the establishment, governance, policy & legal framework, purpose of the plan and development process. Chapter two details the performance of the scheme from inception with a review of financial, non-financial, areas of improvement, key lessons learnt and mitigation measures. Chapter three presents the strategic focus with Chapter four on resourcing, Chapter five presents the resourcing, monitoring, evaluation, learning and reporting structure, as well as a risk assessment, evaluation and management framework. An implementation matrix is appended to the Plan.





2. Performance of the Scheme



2. CHAPTER TWO: PERFORMANCE OF THE SCHEME



INTRODUCTION

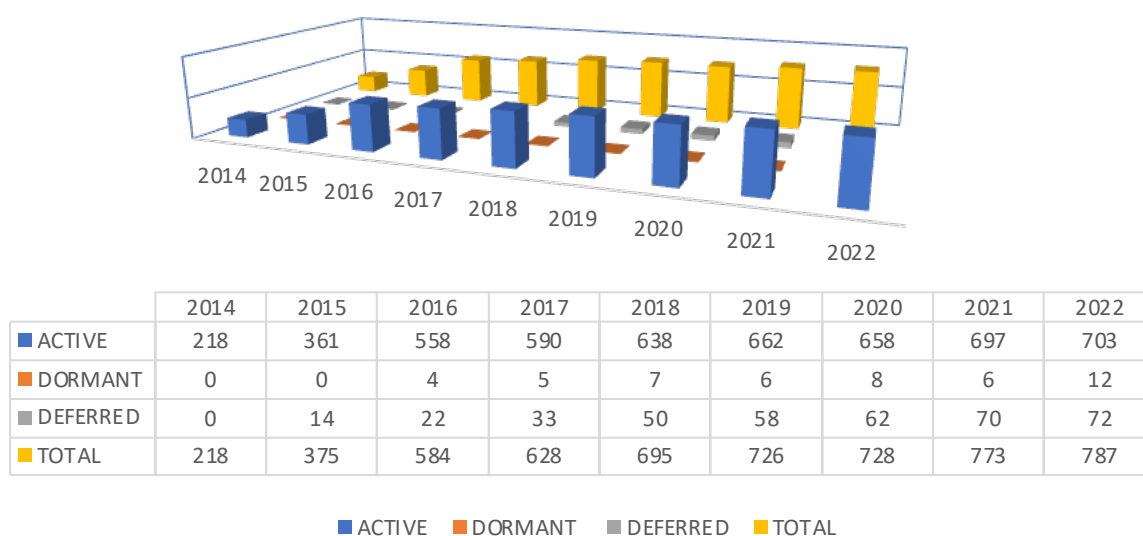
Since its registration in June, 2014, the Scheme has made significant steps towards achieving its goals and objectives. This chapter presents a review of the Scheme performance focusing on non-financial and financial growth within the period. It also provides the challenges experienced, lessons learnt, and the various mitigation measures put in place to address gaps.

2.1. NON -FINANCIAL PERFORMANCE

The non-financial performance analysis of the Scheme is as follows;

2.1.1. Membership

The active membership to the EACC SRBS has consistently increased from 218 in 2014 when the scheme commenced to stand at 703 in December 2022. The total dormant and deferred members in December 2022 is 12 and 72 respectively, see Figure 2. The scheme has a membership of 787 active, dormant and deferred combined.

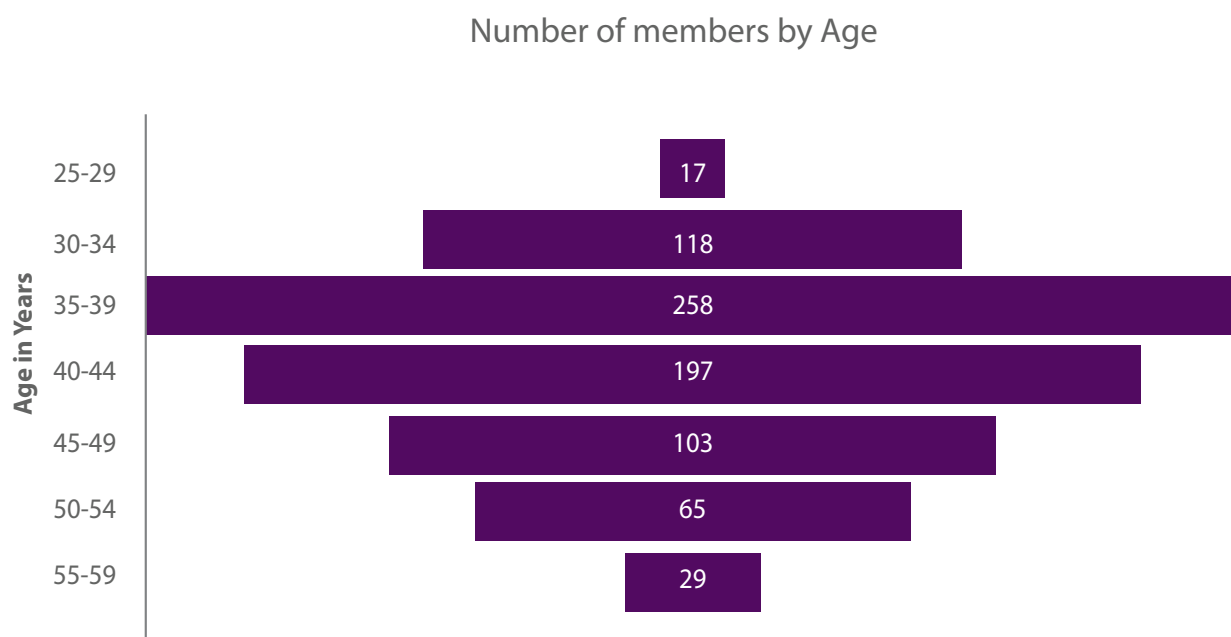


Source: EACC HRM Records

Figure 2: Scheme membership

Consideration of membership by age shows that members aged between 55-59 years are 29; those aged 50 – 54 are 65; those aged 45 – 49 years are 103; 40-44 years are 197. Majority of the members are aged 35 – 39 years numbering 258. Members aged between 30 – 34 years are 118. Lastly members aged between 25-29 are 17. This is represented in Figure 3.





Source: EACC HRM Records as at December 2022.

Figure 3: Scheme Membership Composition by Age

Further analysis indicates members below 40 years comprise approximately 50 percent (393) followed by 38 percent (300) aged 40–50 years and 12 percent (94) aged above 50 years.

2.1.2. Board Succession

The Scheme has had three transitions over its existence period starting with the interim Board that spearheaded the registration process followed by the first transition of BoT duly constituted with sponsor nominated and member elected Trustees. The Second and Third transition was duly constituted with four sponsor appointed and four member elected Trustees. In total the Scheme has had 14 Trustees serving at different periods with only three resignations.

2.1.3. TDR amendments

Since establishment of the Scheme, the BoT has amended the Trust Deed and Rules twice. The first amendment in 2014 was necessitated by the need to change the trustee composition and the second amendment was in 2022 necessitated by the need to align the TDR to the 40% mortgage requirement in the RBA Act and to introduce post-retirement medical benefits scheme guidelines.

2.1.4. Compliance

The scheme compliance status with RBA Act is presented Table 1.

Table 1: Analysis of the Scheme Compliance with RBA Act and Regulations

Compliance Requirement	Means of Verification	Compliance Status
RBA Registration	Certificate No. 01501	Compliant
KRA Tax Exemption	Certificate No. P/20150309/147	Compliant
KRA PIN	PIN Certificate No. P051519062N	Compliant
Levies	Receipts/ Invoices	compliant
Taxes	Tax Compliance Certificate	Compliant
TDPK Training of Trustees	TDPK Certificates	Six members compliant while two are scheduled for August 2023
Approval of Trustee Appointment	Deed of Appointment	Submitted to RBA for approval
The Retirement Benefits (Good Governance practices) Guidelines, 2019)– Key governance instruments	Trust Deed and Rules,	Compliant
	Prudent Investment Policy	Under review
	Board Charter & Code of Conduct	Compliant
	Trustee Resignation and Appointment Policy	Compliant
	Trustee Induction Policy	Compliant
	Conflict of Interest Policy	Compliant
	Communication Policy	Compliant
	Trustee Training Policy	Compliant
	Risk Management Policy	Compliant
	Trustee Remuneration Policy	Compliant
	Board Committees and their Terms of Reference	Compliant
	Strategic Plan	Compliant
Annual Financial Reports	Audited Books	Compliant
Annual General Meeting (AGM)	Confirmed Minutes of the AGM	Compliant
Member education	Reports	Complaint
Investment Portfolio	Table G	Compliant
Trustee Indemnity Cover	Indemnity cover	Consultation with Sponsor to implement
The Retirement Benefits (Treating Customers Fairly–TCF) Guidelines, 2019	Completed TCF Toolkit	Compliant
Service Provider Agreements (SPA)	Executed SPA	Compliant

2.1.5. Meetings

The Scheme has held five (5) Annual General Meetings since 2014. To date, the Scheme has not held any Special General Meeting. The BOT also holds quarterly meetings with service providers.

2.1.6. Member Education

The Scheme has endeavored to keep the members informed. To do so the Scheme has tailor made informational, educational and communicational materials issued during AGMs and through email communication. Since inception, the Scheme has sensitized members through four (4) AGMs and one (1) exclusive member sensitization meeting.



2.2. FINANCIAL PERFORMANCE

The financial performance analysis of the Scheme is as follows;

2.2.1. Growth in Contributions

The scheme began its operation in 2014 with a membership of 210 and a contribution of 29.9 million. The scheme is now valued at 2.9 billion as at 31st December, 2022, see Table 2. This growth has been propelled through timely and consistent contribution by members and the Sponsor and investment decisions by the Board of Trustees.

Table 2: Scheme contributions, withdrawals, administration expenses and Fund value by Year

Year	Contributions (Kes.)	Withdrawals (Kes.)	Administration Expenses (Kes.)	Fund Value (Kes.)
2014	29,920,467.00	-	-	29,920,467
2015	183,899,444.70	1,323,841	2,006,098	217,219,828
2016	200,327,054.55	5,568,416	3,769,498	433,182,217
2017	259,984,947.90	10,278,605	7,715,243	754,691,071
2018	286,183,048.37	17,649,650	9,954,389	1,055,084,941
2019	313,829,454.54	16,637,396	12,298,911	1,544,325,117
2020	340,456,434.14	11,821,436	16,624,776	1,968,367,030
2021	376,190,391.89	17,868,879	18,450,657	2,542,248,065
2022	402,884,556.13	25,681,838	21,780,709	2,929,310,533
Total	2,393,675,799.22			

(The contributions for 2014 Ksh. 29,920,467 was not invested as the Scheme was being established)

Source: Custodian Report, December 2022

2.2.2. Additional Voluntary Contributions

The Scheme encourages and provides for additional voluntary contributions through the payroll system in accordance to RBA regulations. Consequently, the uptake has been slow with 4 members contributing Kes. 879,875 in 2021 and 9 members contributing 2,244,343.10 in 2022.

2.2.3. Investment portfolio Profile

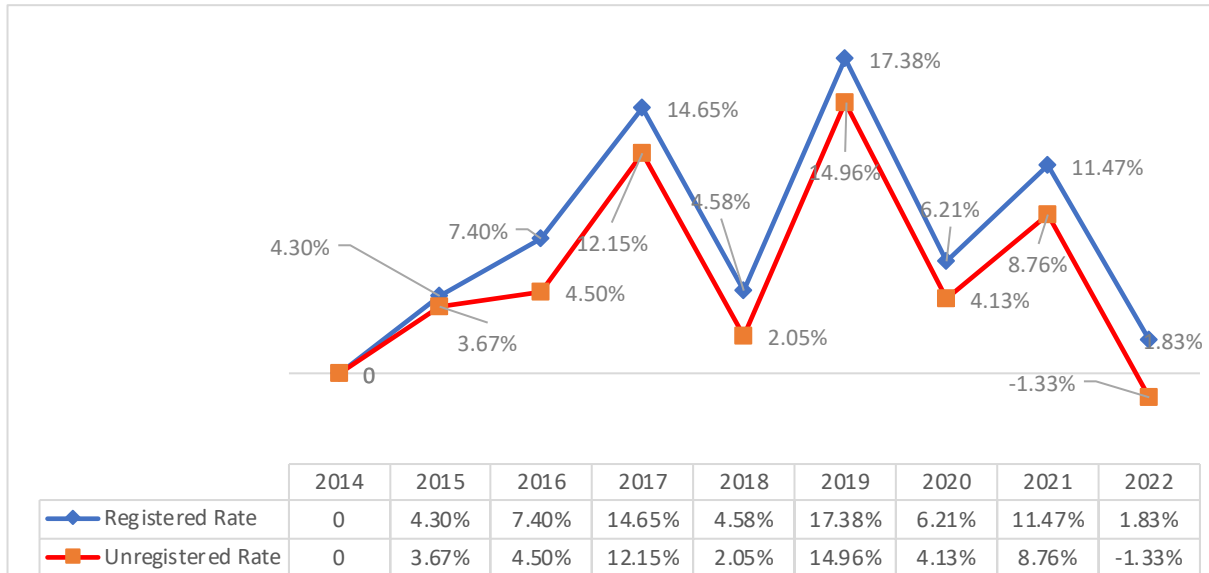
Table 3: Analysis of Portfolio

Asset	Market Value as of 31 December 2022	Weight as of 31 December 2022	RBA limits
Cash	292,136.79	0.010%	5%
Call Deposits	3,708,676.57	0.125%	30%
Fixed Corporate Bonds	25,835,797.80	0.873%	20%
Fixed Time Deposits	182,681,054.79	6.173%	30%
Fixed Treasury Bonds	1,923,670,545.79	65.001%	90%
Listed Equities – Ordinary	600,186,369.17	20.280%	70%
Treasury Bills	223,081,547.58	7.538%	90%
Unlisted Equity–Ordinary	0.00	0.007%	
Total	2,959,456,127.50	100.00%	

Source: Custodian Report, December 2022

2.2.4. Annual Returns on Investment

Figure 4 presents annual rate of return for the scheme fund from 2015 to 2022. The highest registered rate of return was recorded in 2019 at 17.38 percent followed by 14.65 percent in 2017. The lowest return in this category was recorded in 2022 at 1.83 percent followed by 4.3 percent in 2015. On the unregistered rate of return, 2022 recorded a negative growth of 0.51 percent while the highest ever was 14.96 in 2019.



Source: Administrators Report, December 2022

Figure 4: Annual Rate of Return on Investment

2.2.5. Income Replacement Ratio

The income replacement ratio is the percentage of a person's working monthly income that they need to receive during their retirement years in order to retain a steady standard of living. A Replacement Ratio helps a person understand whether they are saving enough for retirement. This ratio is usually recommended to be between 70 to 90 percent. Table 4 indicates that 70.64 percent of the members have a good IRR rating of over 70 percent followed by 17.02 percent with IRR of between 50 to 70 percent while 12.34 percent have a low IRR of less than 50 percent.

Table 4: Income Replacement Ratio Analysis

Type of Replacement Ratio	Range of Replacement Ratio	Number of Members	Proportion of Members
Low	Less than 50%	87	12.34
Okay	Between 50% and 70%	120	17.02
Good	Over 70%	498	70.64

Source: Administrator Report, December 2022



2.3. CHALLENGES

- a. Administrative – mainly, lack of a Secretariat to assist the BoT in the day to day management of the affairs of the Scheme.
- b. Policy, Legal, Regulatory – Unpredictable changes.
- c. Low uptake of additional voluntary contributions.
- d. The scheme did not have an approved Strategic Plan to guide its long-term strategic focus.

2.4. KEY LESSONS LEARNT

- a. There is need to review the existing PIP to allow for diversification of investments
- b. There is need to amend the Trust Deed and Rules to facilitate the recent ruling on NSSF tier II pension administration.
- c. To keep up with the pace of the fund growth, the scheme should consider employing dedicated staff who will keep touch with administrators, custodian and fund manager on a daily basis.
- d. To complement the PIP, the Board of trustees should endeavor to formulate and review the Strategic Plan that will inform review of PIP.

2.5. MITIGATION MEASURES

- a. The Board of trustee has developed the first Strategic Plan for scheme, covering the five-year period 2023 – 2027.
- b. The BoT has developed and approved Communication Policy to facilitate dissemination of information to stakeholders.
- c. The BoT to review the TDR to allow Tier II contributions be remitted in the Scheme in compliance to NSSF Act, 2013.



Some Statistics

2.9B

Value of the EACC SRBC as
at 31st Dec 2022

2.9B

Value of the EACC SRBC as
at 31st Dec 2022

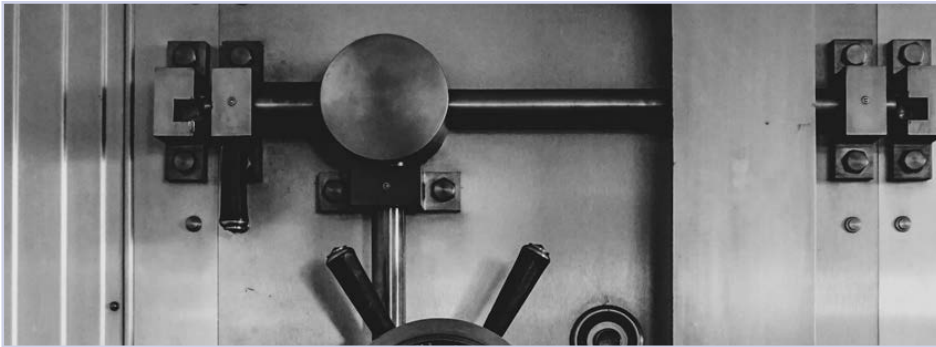


258

Majority of the members are aged 35 – 39 years

258

Majority of the members are aged 35 – 39 years



703

The active membership
to the EACC SRBS

703

The active membership
to the EACC SRBS



 2014

Year when EACC-SRBS
was established and
registered


 2014

Year when EACC-SRBS
was established and
registered



0.51%

Negative growth recorded in 2022



0.51%

Negative growth recorded in 2022





3. Situational Analysis



3. CHAPTER THREE: SITUATIONAL ANALYSIS

INTRODUCTION

This Chapter presents analytical information and issues on strengths, weaknesses, opportunities, threats, political, economic, social, technological, legal, environmental, stakeholder mapping and the risk evaluation and assessment in tabular format.

3.1. SWOT

Table 5 provides a summarized representation of the EACC SRBS analysis on its strengths, weaknesses, opportunities and threats.

Table 5: Strength, Weaknesses, Opportunities and Threats of EACC SRBS



- Consistent and timely remittance of contributions
- Financial support by the Sponsor for particular scheme expenses
- Maximum contribution rates
- 75% of Scheme members are below 40 years
- Informed membership for Constructive engagement with BoT
- Adopted moderate risk appetite investment model
- Low administration expenses
- Effective management and coordination of service providers
- Fair and transparent Election of trustees
- Compliance with regulatory requirements
- High integrity of members of the Board of Trustees
- Professional diversity in the Board of trustees
- Staggered appointment of Trustees



- Ability for long term investments
- Wide portfolio for investments
- Additional contribution on Tier II of NSSF fund to the scheme
- Well regulated industry
- Government interest in sourcing funding from pension funds for investment.
- Growing global economy
- Leverage on technology to improve operational efficiency and effectiveness
- Establishment of Post-Retirement Medical Scheme for retirees
- Inclusion of GLA under the Scheme
- Growth of scheme value through Additional Voluntary Contribution (AVC)



- 12% of the scheme membership hold 24.02% of scheme fund value
- Lack of secretariat to run day-to-day operations of the scheme
- Dynamic policy environment
- Inadequate member education
- Early access of benefits by exiting members
- Inadequate integrated monitoring and Evaluation framework
- Inadequate BoT capacity on pension matters



- Volatility in the investment environment
- Frequent changes in policy and regulatory framework
- Loss of investments due to collapse of market segments.
- Depressed economic performance leading to low returns
- Sub-optimal investment decisions
- Adverse actions by the regulator for non-compliance
- Delays in remittance by the Sponsor due to overreliance on the exchequer
- Uncertainty on the continuity by service providers
- Litigation by members and beneficiaries of the scheme
- Data integrity and safety



3.2. PESTEL

Table 6 presents an analysis of the Political, Economic, Social, Technological, Legal and Environmental (PESTLE) issues impacting the Strategic Plan. These are issues that may arise during the Strategic Plan implementation period. They have been analyzed according to their effects and an attempt to suggest mitigation measures in general terms.

Table 6 Political, Economic, Social, Technological, Legal and Environmental issues of EACC SRBS

Factor	Issues	Effects	Mitigation
Political	Volatility in Markets during elections and transitions	<ul style="list-style-type: none"> Market instability 	<ul style="list-style-type: none"> Moderate investment strategy
	Vested interests affecting decision making	<ul style="list-style-type: none"> Sub optimal decision making 	<ul style="list-style-type: none"> Compliance to governance instruments
Economic	Possibility of irregular remittance due to sponsor over-reliance on the Exchequer	<ul style="list-style-type: none"> Non-compliance to RBA requirements 	<ul style="list-style-type: none"> Report non-compliance by sponsor to RBA
		<ul style="list-style-type: none"> Loss of investment opportunities Inability to meet obligations when they fall due 	<ul style="list-style-type: none"> Adopt short term investments options
	Inflation	<ul style="list-style-type: none"> Depressed markets Reduction in fund value 	<ul style="list-style-type: none"> Market research and diversification of investment
	Forex rates fluctuations	<ul style="list-style-type: none"> Market uncertainty Unpredictable levels of returns 	<ul style="list-style-type: none"> Market research and diversification of investment
	Volatility in interest Rate	<ul style="list-style-type: none"> Uncertainty on interest rates on investments 	<ul style="list-style-type: none"> investments in fixed income options Diversification of investment
	Taxation regime in the re-tirement benefits sector	<ul style="list-style-type: none"> Possible reduction in benefits payable Tax advantage applicable in various investment options Applicable tax vis a vis options for access to benefits 	<ul style="list-style-type: none"> Targeted Member Sensitization
Social	Poor saving culture	<ul style="list-style-type: none"> Low Income replacement ratio 	<ul style="list-style-type: none"> Member Sensitization
	Family disputes during benefits payment	<ul style="list-style-type: none"> Delayed payment 	<ul style="list-style-type: none"> Develop rules on dispute resolution Due diligence
	Cultural and religious beliefs	<ul style="list-style-type: none"> Investment choices Nomination of beneficiaries Participation in scheme activities 	<ul style="list-style-type: none"> Member Sensitization and vetting Adaptability to diverse cultures

Factor	Issues	Effects	Mitigation
Technological	Rapid Technological changes	<ul style="list-style-type: none"> • Cost of adapting to new technologies • Exposure to data insecurity • High cost of automation of services 	<ul style="list-style-type: none"> • Leverage on existing ICT infrastructure • Compliance to Data Protection Act
		<ul style="list-style-type: none"> • Information explosion 	<ul style="list-style-type: none"> • Use of data mining and artificial intelligence to increase access to financial markets and other investments • Leverage on the information for member training
Legal	Lack of national policy on retirement social security	<ul style="list-style-type: none"> • Uncoordinated strategic focus • Abuse of discretion 	<ul style="list-style-type: none"> • Participate in finalization of the Policy
	Complexity of the legal framework	<ul style="list-style-type: none"> • Contested legislations and adverse Court orders • Unpredictability of the law 	<ul style="list-style-type: none"> • Participate in consolidation of various laws and regulations
Environment	Geographical location	<ul style="list-style-type: none"> • Difficulty to access Members 	<ul style="list-style-type: none"> • Adopt technology and risk management approach
	Climatic Changes	<ul style="list-style-type: none"> • High cost of living and Investment 	<ul style="list-style-type: none"> • Adaptability
	Natural Disasters	<ul style="list-style-type: none"> • Loss of income 	<ul style="list-style-type: none"> • Insurance
	– pandemics Insecurity	<ul style="list-style-type: none"> • Loss of data and records 	<ul style="list-style-type: none"> • Business Continuity plans • Adoption of contingency plans



3.3. STAKEHOLDER MAPPING

The analysis presented in Table 7 enables EACC SRBS to understand its stakeholders, their needs and develop strategies to meet stakeholder expectations. The Scheme requires strong linkages, partnerships and collaborations with other institutions to anchor it to success.

Table 7: EACC SRBS Stakeholder Mapping

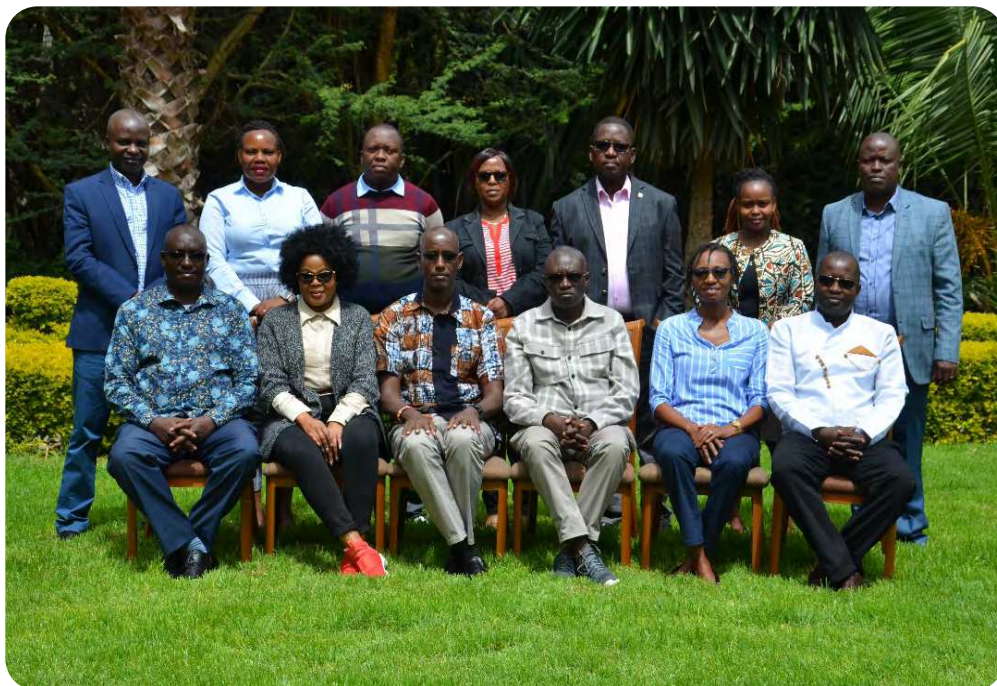
Stakeholder	Role/Responsibility	What they can do for the Scheme	What the Scheme can do for them
Scheme Members	<ul style="list-style-type: none"> • Make contributions to the Scheme; • Give necessary approvals 	<ul style="list-style-type: none"> • Evaluation of trustees • Participation in election of trustees • Approval of Scheme annual budget • Participation in scheme activities-member education, • Provision of updated data on beneficiaries 	<ul style="list-style-type: none"> • Prudent management of scheme assets • Member education • Periodic provision of service providers reports • Protection of members data • Timely payment of retirement benefits • Holding requisite general meeting
Sponsor	<ul style="list-style-type: none"> • Designs the Scheme (set contribution rates), • Nominates at most 50% of Trustees, • Funding monthly contributions 	<ul style="list-style-type: none"> • Support of scheme activities • Timely remittance of contributions • Provide members data • Nominates at most 50% of Trustees, 	<ul style="list-style-type: none"> • Provision of quarterly reports • Seek concurrence where appropriate
Trustees	<ul style="list-style-type: none"> • Management of the Scheme for the benefit of the members and beneficiaries. 	<ul style="list-style-type: none"> • Provide necessary data • Procure, coordinate and evaluate service providers • Prudent management of scheme funds by developing requisite policies and documentation • Holding requisite general meetings, • Ensure compliance with all legal requirements • Ensure engagement with members • Timely processing of members benefits • Timely verification and processing of service providers fees 	<ul style="list-style-type: none"> • Training • Payment of remunerations • Administrative facilitation

Stakeholder	Role/Responsibility	What they can do for the Scheme	What the Scheme can do for them
Retirement Benefits Authority	<p>Main regulator in the retirement benefits sector by : -</p> <ul style="list-style-type: none"> • Registration of Schemes; • Protection of members interests and sponsors; • Promotion of development of retirement benefits sector; • Approval of trustee remuneration • Facilitates co-operation on areas of information sharing, financial sector stability, consumer protection, trustee development programs, and members' education 	<ul style="list-style-type: none"> • Approve elected or sponsor nominated trustees • Check on compliance • Issue Advisories • Training and capacity building • Public participation engagement • Sensitization on emerging legislations 	<ul style="list-style-type: none"> • Provide timely compliance reports • Participate in training programmes and sensitization forums • Timely payments of levies
Fund Manager	<ul style="list-style-type: none"> • Analysis and research on potential investments • Advisories on investment and • Management of investment portfolios for the Scheme 	<ul style="list-style-type: none"> • Prudent investment of scheme assets • Advice on investment opportunities • Periodic reporting on the performance of investments • Seeking approval on critical investments 	<ul style="list-style-type: none"> • Authorizing investments • Timely payment of fees • Periodic evaluation • Performance appraisal
Administrator	<ul style="list-style-type: none"> • Management of day-to-day activities of the Scheme; • Record keeping of members data • Book keeping and preparation of the audit • Advice and ensuring compliance with statutory requirements • Facilitate election of member trustees and member education • Facilitation of members benefits and payments to service providers 	<ul style="list-style-type: none"> • Timely facilitation of payments • Ensuring the scheme's compliance status • Continuous update of members' data • Coordinating scheme AGM; • Facilitating the audit of the scheme • Facilitating Trustees training and induction, member education 	<ul style="list-style-type: none"> • Timely issuance of appropriate approvals • Timely payment of applicable fees • Attendance of meetings • Timely provision of member data • Timely processing of members claims • Performance appraisal



Stakeholder	Role/Responsibility	What they can do for the Scheme	What the Scheme can do for them
Custodian	<ul style="list-style-type: none"> Safe keeping of Scheme funds, securities, financial instruments or documents of title 	<ul style="list-style-type: none"> Timely compliance with Scheme instructions Safekeeping of scheme assets Issuance of periodic reports on financial assets Ensuring timely remittance of benefits and investment funds 	<ul style="list-style-type: none"> Timely payment of applicable fees Provisions of requisite information Evaluation of service
Auditors	<ul style="list-style-type: none"> Audits the Scheme books of accounts 	<ul style="list-style-type: none"> Timely audit and presentation of reports Flag out any anomaly in the books of accounts 	<ul style="list-style-type: none"> Provision of books of accounts and any other relevant audit evidence Timely payment of applicable fees Evaluation of service
National Treasury	<ul style="list-style-type: none"> Provide oversight over Retirement Benefits Authority and the pension industry 	<ul style="list-style-type: none"> Support the industry through various circular Propose policy, legal and regulatory changes 	<ul style="list-style-type: none"> Provision of relevant information Compliance with the law and regulations Stakeholder participation
Parliament	<ul style="list-style-type: none"> Legislating: statutes and regulations 	<ul style="list-style-type: none"> Initiating Public participation Oversight 	<ul style="list-style-type: none"> Participate in legislation process Compliance with the laws enacted
NSSF	<ul style="list-style-type: none"> Fund manager of the statutory 2nd tier contributions from members 	<ul style="list-style-type: none"> Prudent management of statutory 2nd tier contributions 	<ul style="list-style-type: none"> Timely remittance of contributions Timely provision of requisite data Compliance of requirements
Financial sectors such as Central Bank of Kenya, Capital Markets Authority	<ul style="list-style-type: none"> Regulation 	<ul style="list-style-type: none"> Regulate service providers Regulate the investment markets Stability in the industry Ensure compliance from stakeholders 	<ul style="list-style-type: none"> Compliance with requisite regulations Prudent investment Timely provision of necessary data Compliance with the law and regulations
Association of Retirement Benefits Schemes	<ul style="list-style-type: none"> Plays the industry lobby role for all retirement benefits schemes in Kenya 	<ul style="list-style-type: none"> Defend the interests of the industry Lobby for favorable legislation 	<ul style="list-style-type: none"> Provision of necessary information Offer requisite cooperation

Stakeholder	Role/Responsibility	What they can do for the Scheme	What the Scheme can do for them
Consultants	<ul style="list-style-type: none"> Provide expertise in specific areas of specialization. 	<ul style="list-style-type: none"> Provide necessary advice Provision of reports 	<ul style="list-style-type: none"> Timely payment of fees Provision of data/information Implementing the advisories submitted Procuring of service Providers



BOT and Technical Committee: Seated from Left: David Kaboro, Nancy Namenge, John Lolkoloi, Joel I. Mukumu, Ellyjoy G. Bundi, Meshack Collins Aluda. Standing from Left: Godfrey Oyugi, Christine Mweu, Misheck Waweru, Dorothy Kisombe, Benjamin Kubasu, Patricia Chebet, and Enock Otiko



3. Strategic Focus



4. CHAPTER FOUR: STRATEGIC FOCUS



INTRODUCTION

This chapter provides the vision, mission, core values, clarion call and strategic goal, themes and issues, objective and strategies.



Vision

A sustainable financially secure retirement



Mission

To provide pension and other scheme benefits to members and beneficiaries through prudent investment and effective management of scheme funds.



Clarion Call

Securing my future today



Goal

Achieve income replacement ratio of at least 70% for members upon retirement.



Prudence

Actions and decisions will be taken with due care and regard for the present and future welfare of members and beneficiaries



Teamwork

Collaborate and synergize with stakeholders to achieve Scheme goal in the most effective and efficient manner



Fiduciary duty

Actions and decisions in the best interest of members and beneficiaries



Our Values



Innovation

Continually adopt creative thinking and new ideas to benefit of members and beneficiaries



Responsiveness

React expeditiously and positively to the concerns of members and beneficiaries



4.5. STRATEGIC ISSUES AND THEMES



Theme 1: Financial sustainability

Strategic Issues

- Reduction in fund value upon exit of members
- Volatility in the investment environment
- Depressed economic performance
- Sub-optimal investment decisions
- Delay in approving investment decisions
- Loss of investments due to collapse of segments of markets
- Inadequate market research
- Possibility of delays in remittance by the Sponsor



Theme 3: Operational efficiency

Strategic Issues

- Irregular update of members records
- Inadequate policy instruments
- Lack of a service charter
- Adverse actions by the regulator due to non-compliance
- Possibility of business discontinuity of service providers
- Litigation by members and beneficiaries of the scheme
- Conflict of interest
- Inadequate technology in operations
- Noncompliance with statutory requirements
- Delay in payment of retirement benefits
- Inadequate integrated Monitoring and Evaluation Framework



Theme 2: Member Engagement

Strategic Issues

- Insufficient information on members beneficiaries
- Inconsistent member data in the master database
- Low member sensitization, training and education
- Low member participation in scheme activities
- Inadequate communication channels to members
- Lack of Post-Retirement Medical Scheme fund
- Low uptake of AVC option
- Lack of Group Life Assurance under the Scheme
- Inadequate engagement with retirees



Theme 4: Scheme Capacity

Strategic Issues

- Lack of an in-house secretariat
- Inadequate market research
- Inadequate technology for data mining and artificial intelligence
- Lack of business continuity plan
- Lack of contingency plan
- Lack of insurance
- Inadequate infrastructure to support Scheme work



4.6. STRATEGIC THEMES AND OBJECTIVES

Table 8: Strategic Themes and Objectives of EACC SRBS

Strategic Theme	Strategic Objective
Financial sustainability	To enhance financial sustainability of the Scheme
Member engagement	To enhance member engagement on scheme matters
Scheme operational efficiency	To improve operational efficiency of the Scheme
Scheme capacity	To build Scheme capacity to support its operations

4.7. STRATEGIC OBJECTIVE, STRATEGY AND KEY ACTIVITY

Table 9: Strategic Objective, Strategy and Key Activity of EACC SRBS

Strategic Objective	Strategy	Key Activity
To enhance financial sustainability of the Scheme	Prudent investment of Scheme funds	Diversification of fund investments and management
	Strengthen collaborations	Stakeholder engagements
To enhance member engagement on scheme matters	Enhance training and awareness on scheme matters	Provide communication channels
		Conduct continuous sensitization
		Training and education for members
		Prepare members for retirement
		Create engagement channels for retirees
To improve operational efficiency of the scheme	Develop a policy and regulatory framework	Formulate and review governance policies
		Support the development of the Legal and regulatory framework in the pension sector.
	Develop and implement an M&E framework	Develop performance management plan
To Build scheme capacity to support its operations	Establish Scheme Secretariat	Recruit members of the secretariat
		Enhance the learning and development experience for staff
	Enhance Board capacity	Build the Board capacity
	Integrate technology in operations	Develop member information management, network and communication infrastructure
	Establish business continuity and risk management framework	Develop Enterprise Risk Management (ERM)
		Development of a business continuity plan





5. Resources, M&E and Risk Management



5. CHAPTER FIVE: RESOURCING, MONITORING AND EVALUATION AND RISK MANAGEMENT



INTRODUCTION

This Chapter presents the resourcing to facilitate the implementation of the Strategic plan as well as monitoring, evaluation, learning, reporting framework and risk management.

5.1. RESOURCING

The Board will provide an enabling environment for achievement of results to meet and exceed members' expectations. Implementation responsibilities of this Strategic Plan will be cascaded to all levels of governance as follows.

5.1.1. Role of the Board of Trustees in strategy implementation

- a. Provide strategic leadership and formulate policies;
- b. Oversight implementation of the strategic plan;
- c. Establish a productivity management system;
- d. Empower and provide necessary resources implementation to the secretariat; and
- e. Determine the scheme structure and levels of staffing.

5.1.2. Role of the Board Committees

The three Board Committees will be in charge of ensuring the overall coordination, implementation, monitoring, and evaluation of the Strategic Plan in their core mandate and pursuant to their respective terms of reference. The Committees specifically shall;

- a. Implement the enterprise risk management framework;
- b. Provide technical advisories on risk mitigation measures and strategies;
- c. Review asset portfolio and guide on appropriate risk management tools;
- d. Manage the selection criteria of service providers;
- e. Review annual budget to ensure linkages with the identified strategic activities;
- f. Review compliance of scheme expenditures;
- g. Resource mobilization to facilitate seamless implementation of the Strategic Plan;
- h. Manage member's communication;
- i. Prepare Board reports on Monitoring and Implementation of the Strategic Plan;
- j. Organize members days and general meetings;
- k. Conduct annual performance review and Board evaluations; and
- l. Any other role assigned by the Board of Trustees

“

Implementation responsibilities of this Strategic Plan will be cascaded to all levels of governance...”



5.1.3. Role of the Secretariat

- a. Responsible for the day-to-day implementation, monitoring, and evaluation of the plan;
- b. Develop and implement work plans in line with the Strategic Plan;
- c. Implement productivity management system; and
- d. Coordination and supervision of data collection, analysis and reporting to the Board on the implementation status of the Plan;

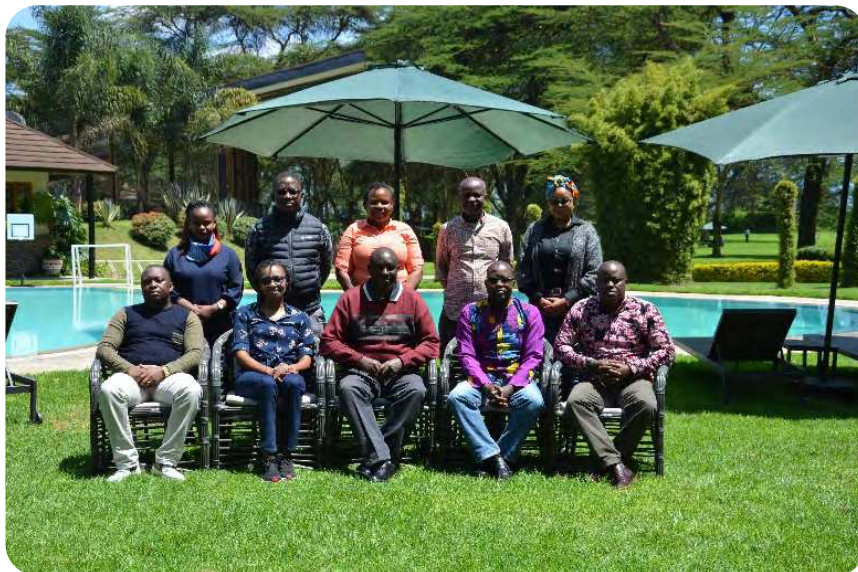
5.1.4. Resource Mobilization

The overall goal of resource mobilization is to strengthen the Boards funding. In this regard, the Board will continue to lobby and mobilize financial resources for its activities through:

- a. Remittance from the Sponsor;
- b. Returns from investment; and
- c. Sponsor support.

5.1.5. Resource requirement

Table 8 presents the financial breakdown per year for the implementation of the proposed strategic objectives. The total cost is estimated at Kshs. 164,810,035 over the five-year period.



Technical Committee:

Seated from Left:

Misheck Waweru, Ellyjoy G. Bundi, David Kaboro (Chairperson), Meshack Collins Aluda (Secretary), and Enock Otiko.

Standing from Left:

Patricia Chebet, Benjamin Kubasu, Christine Mweu, Godfrey Oyugi, Nancy Namenge,

Table 9: Resource requirement

Strategic Objective:	Strategies	2,023	2,024	2,025	2,026	2,027
1. To achieve financial sustainability of the Scheme	Prudent investment of Scheme funds	-	300,000	150,000	150,000	150,000
	Strengthen collaborations	500,000	800,000	500,000	500,000	500,000
Subtotal		500,000	1,100,000	650,000	650,000	650,000
2. To enhance member engagement on scheme matters	Enhance training and awareness on scheme matters	250,000	2,270,000	2,415,000	2,540,500	2,677,550
Subtotal		250,000	2,270,000	2,415,000	2,540,500	2,677,550
3. To improve operational efficiency of the scheme	Develop a policy and regulatory framework	1,474,000	928,000	1,188,100	928,000	1,198,608
	Develop M&E framework	3,000,000	-	1,000,000	-	4,300,000
Subtotal		4,474,000	928,000	2,188,100	928,000	5,498,608
4. To Build scheme capacity to support its operations	Establish Scheme Secretariat	800,000	-	8,889,597	8,712,297	8,737,812
	Enhance Board Capacity	18,352,745	18,607,632	20,330,264	20,712,527	21,586,403
	Integrate technology in operations	-	832,500	832,500	5,832,500	832,500
	Establish business continuity and risk management framework	-	-	1,196,600	834,400	-
Subtotal		19,152,745	19,440,132	31,248,961	36,091,724	31,156,715
Grand Total		24,376,745	23,738,132	36,502,061	40,210,224	39,982,873

5.1.6. Measures to eliminate wastage and losses

The Board will put in place measures to ensure prudent management of resources. These will include implementation of efficient and effective systems, processes and procedures such as:

- Activity-based costing as a tool for activity planning and financial control. This will ensure that the Board allocates costs of inputs based on each planned and prioritized activity as depicted in the implementation matrix (Appendix I);
- Robust monitoring, evaluation and reporting of the performance of funded projects;
- Budget rationalization of the available resources in order to realize the stated objectives;
- Strengthen management and administration policies, procedures and practices; and
- Internal auditing.



5.2. MONITORING, EVALUATION, REPORTING AND LEARNING FRAMEWORK

5.2.1. Monitoring and Evaluation

The EACC SRBS will undertake monitoring and evaluation of the implementation of its 2023–2027 Strategic Plan. While doing so, the Scheme will also be cognizant of Section 34 (2) of the Retirement Benefits Act, which provides for the preparation of: statement of assets and liabilities; a statement of income and expenditure; a statement of the assets and liabilities of the scheme as on the last day of that year; and such other documents as may be prescribed. The key activities identified in this Strategic Plan will be evaluated against the set output targets in order to measure profitability, growth and efficiency of the Fund.

Investment and growth status of the Fund will be reported on a quarterly basis and will include the following Statutory Performance Reports:

- i. Investment Performance Report
- ii. Administrators Report
- iii. Custodians Report
- iv. Progress Report to the Sponsor

In addition, the BoT will monitor and evaluate the implementation of the Strategic Plan in order to establish the impact of its programs on; member knowledge, awareness levels on Pension Fund matters, and satisfaction levels on performance of the Fund. Key Performance Indicators (KPIs) to be reported over the Plan period include:

- i. Level of compliance to regulatory requirements and best practice
- ii. Level of implementation of the Strategic Plan
- iii. Increased transparency and accountability
- iv. Level of member satisfaction

Qualitative and quantitative data on the outputs and the outcomes will be collated and analyzed. The primary and secondary data analyzed will inform strategy, policy and immediate programme implementation through:

- i. Market research reports
- ii. Member survey reports
- iii. Administrative data
- iv. Mid-term Review Report, and
- v. End-term Review Report of the Strategic Plan

5.2.2. Reporting and Learning

Progress reports will be prepared by respective Service Providers on a quarterly and annual basis. In addition, a final End-Term Evaluation Report will be prepared to inform the next planning cycle. Reports will be communicated and disseminated through print and electronic media and meetings. Other channels of communication will include e-mail, social sites, and websites. It is expected that the monitoring and evaluation will generate information and data that will inform investment decisions, operational and policy changes.

“

It is expected that the monitoring and evaluation will generate information and data that will inform investment decisions, operational and policy changes..”

5.3. RISK ASSESSMENT, EVALUATION AND MANAGEMENT

The implementation of the Strategic Plan faces potential risks that have to be mitigated if strategic objectives are to be achieved. This requires that, possible risks be analyzed to take precautionary measures in good time and prevent failure of the Plan's implementation. Table 7 gives a list of the risks to which BoT may be particularly exposed in its operations and suggested mitigation strategies.

Table 10: Risk analysis Matrix

Strategic Objectives	Strategies	Risks	Level of Risk	Mitigation Measures
To achieve financial sustainability of the Scheme	Prudent investment of Scheme funds	Failure to meet pension payables	●	Investment in short term markets
		Failure to take Market opportunities on time	●	Review the PIP to exploit emerging investment opportunities
		Increasing Scheme Expenditure	●	Constantly review and rationalize expenditure and BoT budget
		Volatility in interest rates	●	Diversification of Investment portfolio
		Low returns on Investments	●	Diversification of Investment portfolio Monitor performance Sanctions for failure to meet target
		Erosion of Members Contributions	●	Diversification of Investment portfolio
	Strengthen collaborations	Collusion by stakeholders	●	Management of conflict of interest, sanctions, Market intelligence
		Adverse judicial decisions	●	Contest the decisions, Take indemnity cover
To enhance member engagement on scheme matters	Enhance training and awareness on scheme matters	Failure to develop and review requisite policies	●	Set annual timelines and review performance
		Members indifference to participate in the trainings	●	Sensitization of members, Targeted training, Incentivise members
To improve operational efficiency of the scheme	Develop a policy and regulatory framework	Frequent changes in pension laws and regulations	●	Implement Business continuity strategies and remain flexible, Adopt operational flexibility
		Non-Compliance to legal regulatory requirements	●	Compliance with the regulatory requirements
		Board dynamics	●	Periodical Board evaluation, Training, induction, bonding and team building sessions

Strategic Objectives	Strategies	Risks	Level of Risk	Mitigation Measures
To Build scheme capacity to support its operations		Board succession	●	Institutionalize succession planning
		Poor performance by Service providers	●	Regular monitoring of service providers
	Integrate technology in operations	Technology failure	●	Updating of technologies adopted
		Compromised Cyber Security	●	Implement Cyber security software and infrastructure, Offsite backup
		Compromised and loss of Member data	●	
	Establish Scheme Secretariat	Non-performance by officers of the secretariat	●	A robust Performance management system

KEY

Color	Meaning
●	High
●	Moderate
●	Low
●	Very low



IMPLEMENTATION MATRIX

Strategic Objective 1: To achieve financial sustainability of the Scheme															
Strategy	Key Activity	Activity	Key Performance indicators	Target Output					Responsibility	Expected Outcome	Budget estimates in Kshs.				
				2023	2024	2025	2026	2027			2023	2024	2025	2026	2027
Prudent investment of Scheme funds	Diversification of fund investments	Conduct market research and intelligence	Number of market survey reports	-	4	4	4	4	BoT Secretariat/FIC	Maximum returns	-	300,000	150,000	150,000	150,000
			Number of additional investment opportunities	2	4	4	4	4	BoT Secretariat/FIC		-	-	-	-	-
		Monitor and evaluate Investment decisions	Number of investment decisions approved	2	4	4	4	4	BoT Secretariat/FIC		-	-	-	-	-
Subtotal											-	300,000	150,000	150,000	150,000
Strengthen collaborations	Stakeholder engagements	Conduct quarterly engagement forums	Number of fora	2	4	4	4	4	FIC	Increased fund growth	500,000	500,000	500,000	500,000	500,000
			Number of engagement reports	2	4	4	4	4			-	-	-	-	-
		Incentivize members on AVC.	Proportion of Members on AVCs	5%	8%	10%	12%	15%			-	-	-	-	-
		Lobby for incorporation of GLA cover, establish PRMSF and NSSF tier two remittance	GLA cover incorporated		100%	100%	100%	100%	BoT	Ease of Payment of benefits	-	-	-	-	-
			Approved Post-retirement Medical Scheme fund	1	100%	100%	100%	100%	Secretariat Sponsor		-	-	-	-	-
Subtotal			Approved remittance of NSSF Tier two	1	100%	100%	100%	100%	Members		-	300,000	-	-	-
											500,000	800,000	500,000	500,000	500,000



Strategic Objective 2: To enhance member engagement on scheme matters

Strategy	Key Activity	Activity	Performance indicator	Output Target					Resp.	Expected Outcome	Budget estimates in Kshs.				
				2023	2024	2025	2026	2027			2023	2024	2025	2026	2027
Improve member's experience	Provide communication channels	Conduct Annual Member Day	Member's Day	0	1	1	1	1	BoT	Increased transparency and accountability	-	750,000	1,000,000	1,000,000	1,000,000
			% of members reached	0	100%	100%	100%	100%	BoT		-	-	-	-	-
			Member Satisfaction Survey	0	1	1	1	1	BoT		-	-	-	-	-
	Hold Annual General Meeting AGM		AGM held - No. of reports and governance instruments approved	1	1	1	1	1	BoT		-	1,050,000	1,155,000	1,270,500	1,397,550
			Website	-	1	-	-	-	BoT		-	80,000	20,000	20,000	20,000
			No. of push Bulk SMS	0	2	4	4	4	BoT		-	50,000	50,000	50,000	50,000
			Social media pages	3	3	3	3	3	BoT		-	-	-	-	-
	Develop a customer service charter.		Webinars on topical subjects	1	4	4	4	4	BoT		250,000	100,000	100,000	100,000	100,000
			Service charter developed	0	1	0	0	0	BoT		-	160,000	-	-	-
			Digital members handbook approved	1	0	0	1	0	BoT		-	-	-	-	-
	Conduct continuous sensitization, Training and education for members.	Develop IEC materials	IEC materials developed	0	800	800	800	800	BoT		-	80,000	90,000	100,000	110,000
			Notification cards developed and issued	100%	100%	100%	100%	100%	BoT		-	-	-	-	-
	Prepare members for retirement.	Develop retirement notification e-cards at 50,55 and 59 years	Forum created	1	0	0	0	0	BoT		-	-	-	-	-
			Number of retirees	100%	100%	100%	100%	100%	BoT		-	-	-	-	-
			No. of trainings and sanitizations conducted	-	-	-	1	1	BoT		-	-	-	-	-
Subtotal											250,000	2,270,000	2,415,000	2,540,500	2,677,550

Strategic Objective 3: To improve operational efficiency of the scheme															
Strategy	Key Activity	Activity	Performance indicator	Output Target					Resp	Expected Outcome	Budget estimates in Kes				
				2023	2024	2025	2026	2027			2023	2024	2025	2026	2027
Develop a policy and regulatory framework	Formulate a governance framework	Review the Trust Deed and Rules	Trust Deed and Rules reviewed	1	0	1	0	1	BoT		250,000	-	260,100	-	270,608
	Support the development of the Legal and regulatory framework in the pension sector.	Develop, review and implement policies	Number of policies developed ,reviewed and implemented	12	-	-	-	-	BoT	Level of compliance to regulatory requirements and best practice	760,000				
		Participate in stakeholder Fora	Number of fora participated	2	4	4	4	4	4	BoT		464,000	928,000	928,000	928,000
Subtotal											1,474,000	928,000	1,188,100	928,000	1,198,608
Develop an M & E framework	Develop performance management plan	Implement the 2023-2027 SP	Quarterly monitoring reports	4	4	4	4	4	BoT	Level of implementation of the Strategic Plan	3,000,000	-	-	-	-
			Mid - Term Review Report	-	-	1	-	-	BoT		-	-	1,000,000		
			End –term Review Report	-	-	-	-	1	BoT		-	-	-	-	-
			Develop Strategic Plan (Strategic Plan 2028-2032) Developed	Strategic Plan (Strategic Plan 2028-2032) De-	-	-	-	-	1	BoT	Level of implementation of the Strategic Plan	-	-	-	-
SUB TOTAL											3,000,000	0	1,000,000	0	4,300,000



Strategic Objective 4: To Build scheme capacity to support its operations

Strategy	Key Activity	Activity	Key Performance Indicators	Target Output					Res.	Expected Outcome	Projected Budget Estimates				
				2023	2024	2025	2026	2027			2023	2024	2025	2026	2027
Establish Scheme Secretariat	Recruit the secretariat	Develop staff establishment	Approved staff establishment	1	-	-	-	-	BoT	Improved service delivery	400,000	-	-	-	-
		Develop policies and procedures manual	Number of staff recruited	-	-	3	-	-	BoT		-	-	7,740,000	7,740,000	7,740,000
	Enhance learning and development experience		Number of policies developed and operationalized	1	-	-	-	-	BoT		400,000	-	-	-	-
		Conduct Training for officers	Approved training needs assessment (TNA)	1	1	1	1	1	BoT	Increased productivity	-	-	-	-	-
Subtotal Enhance Board Capacity	Build BoT capacity	Provide staff welfare	Number of officers trained	-	-	3	3	3	BoT	Increased productivity	-	-	663,600	462,000	462,000
		Performance management	Medical, GLA, & GPA & WIBA cover for staff	-	-	3	3	3	BoT	Employee staff wellness	-	-	485,997	510,297	535,812
			Number of Appraisals	-	-	2	2	2	BoT	Improved service delivery	-	-	-	-	-
											800,000	0	8,889,597	8,712,297	8,737,812
		Conduct Training for BoT	Number of Trustees trained	8	8	8	8	8	BoT	Increased productivity	1,295,000	1,295,000	1,745,000	1,295,000	1,295,000
	Performance management for BoT	Board evaluation report		1	1	1	1	1	BoT	Improved service delivery		-	-	-	-
		Number of BoT Meetings		6	6	6	6	6			960,000	960,000	1,440,000	1,440,000	1,440,000
		Procure Service Providers & Consultants	Number of Service Providers procured	4	4	4	4	4	BoT	Improved service delivery	15,597,745	16,352,632	17,145,264	17,977,527	18,851,403
			Actuary procured	1	0	0	0	0	BoT		500,000	-	-	-	-
		Performance Management for service providers & consultants	performance evaluation tool developed	4	-	-	-	-	BoT		-	-	-	-	-
			Number of performance evaluations reports	8	8	8	8	8	BoT		-	-	-	-	-

Strategic Objective 4: To Build scheme capacity to support its operations

Strategy	Key Activity	Activity	Key Performance indicators	Target Output					Res.	Expected Outcome	Projected Budget Estimates				
				2023	2024	2025	2026	2027			2023	2024	2025	2026	2027
Integrate technology in operations	Develop information management system, network and communication infrastructure	Establish and equip work stations	Number of work stations	-	3	-	-	-	BoT	A conducive work environment	18,352,745	18,607,632	20,330,264	20,712,527	21,586,403
		Automate business processes	Number of ICT solutions operationalized (Record Management System, data analytics and financial management systems and Email)	3	4	4	4	4	BoT		-	832,500	832,500	832,500	832,500
Subtotal											-	832,500	832,500	5,832,500	832,500
Establish business continuity and risk management framework	Develop Enterprise Risk Management (ERM)	Formulate and implement a Risk Management Framework and Register	Approved ERM	-	-	1	-	-	BoT	Reduced exposure to loss	-	-	1,196,600	-	-
			Approved risk register	-	-	1	1	1	BoT		-	-	-	-	-
	Develop of a business continuity plan	Develop and implement a business continuity Plan	Approved business continuity plan	-	-	1	-	1	BoT		-	-	-	834,400	-
Subtotal											-	-	1,196,600	834,400	-



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**Ethics and Anti-Corruption Commission
Staff Retirement Benefits Scheme**

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