

September 1, 2009



**STRATEGIC PLAN
JULY 2009 -
- JUNE 2014
(SUMMARY VERSION)**

Safeguarding your retirement benefits

www.rba.go.ke



WELCOME TO THE THIRD STRATEGIC PLAN 2009-2014

I am delighted to present the third strategic plan of the Retirement Benefits Authority and the first five year term plan for the period 1st July 2009 to 30th June 2014. The RBA increased its plan period term to give the organization a longer term outlook and drive. The plan details the Political, Economic, Social, Technological, Legal and Ethical (PESTLE) an important background for developing the long term strategic objectives.

To match the new five term, the board of directors together with members of staff have developed a new vision, mission, strategic objectives and strategic actions necessary to achieve these objectives. These actions translate into the day to day activities of the Authority assigned to individual staff members.

The end result of the second corporate plan can be attested by the industry asset growth rate from Kshs 195 Billion at the start of the plan period to Ksh 300 Billion at the end of the period. This represents a significant 53 % growth rate and equates to 20% of the Kenya's GDP. Under Vision 2030, Kenya aims to increase annual GDP growth rates to an average of 10% over the vision horizon. Retirement Benefits Sector will definitely play a big role in the achievement of this growth as we continue to ensure prudent investment of funds and wider coverage of members.

Going forward, the Authority will continue to make great strides in increasing coverage, harmonizing and streamlining the industry, increasing awareness levels and improvement of average benefit replacement rates in the next five years.



EDWARD ODUNDO
CHIEF EXECUTIVE OFFICER
JULY 2009

1.0 INTRODUCTION AND BACKGROUND

The Retirement Benefits Authority is a statutory body established in 1997 under the Retirement Benefits Act. The Act itemizes five mandates of the Authority; this formed the basis for the preparation of the strategic plan. The five mandates are:

- 1) Regulate and supervise the establishment and management of retirement benefits schemes;
- 2) Protect the interest of members and sponsors of retirement benefits schemes;
- 3) Promote the development of the retirement benefits sector;
- 4) Advise the Minister for Finance on the national policy to be followed with regard to the retirement benefits sector;
- 5) To implement all government policies relating thereto.

2.0 STRUCTURE OF RETIREMENT BENEFITS INDUSTRY IN KENYA

The structure of the retirement benefits industry in Kenya is divided into four categories as follows:

National Social Security Fund (NSSF) - This is a mandatory scheme where all private sector employers and employees in establishments with five and more staff are mandated to make joint contributions on a monthly basis. It is a funded provident fund and benefits remain preserved until retirement age.

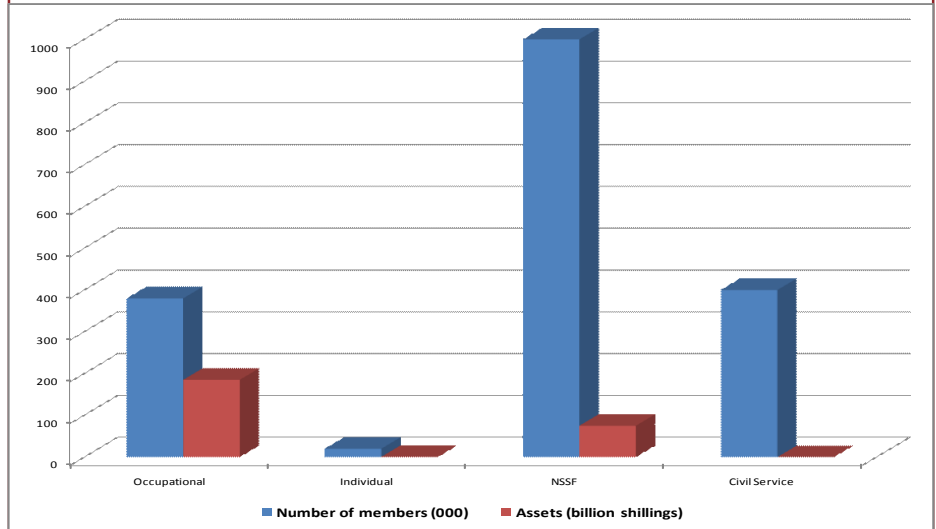
Occupational Retirement Benefits Schemes - These are schemes voluntarily established by employers for the benefit of their employees. Occupational schemes are funded through contributions from employers and employees. The scheme can either be a pension fund or provident fund and the design can either be a defined contribution scheme or a defined benefit scheme.

Individual Retirement Benefits Schemes - These are established by corporate institutions and are open to the general public and are convenient channels of retirement benefits savings for those in employment but whose employers have not established occupational schemes for them, those in self employment and those who wish to make additional voluntary contributions.

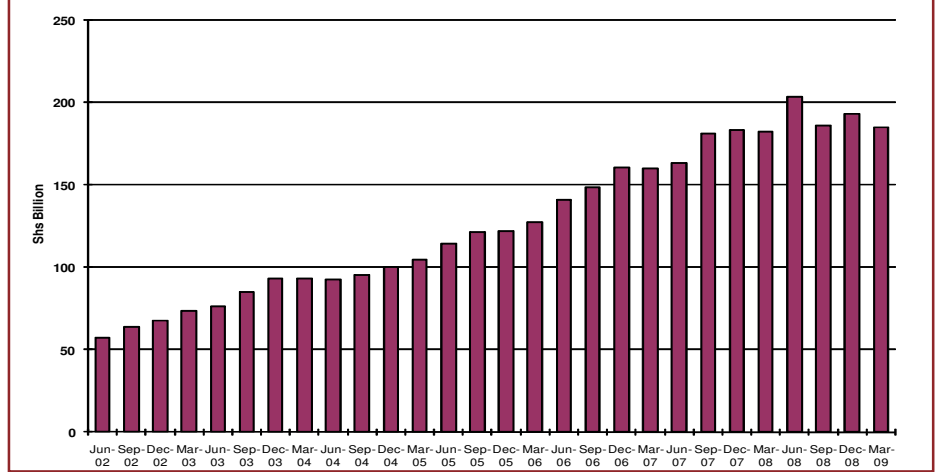
Civil service pension scheme - This is a scheme established for all civil servants employed by the government. It was established by an Act of parliament which regulates it. It is a Pay as you go non funded and non contributory scheme. The scheme liabilities are funded from government revenue collections.

The assets, membership and growth of these four sectors are summarised in the charts below:

MEMBERSHIP AND ASSETS OF RETIREMENT BENEFITS INDUSTRY, MAR 2009



TOTAL ASSETS OF OCCUPATIONAL AND INDIVIDUAL RETIREMENT SCHEMES



3.0 METHODOLOGY

The methodology used in developing the strategic plan was Top – Bottom – Top approach. Both the board and the entire staff participated. The Authority began the process by first reviewing the strategic plan ending June 30, 2009. A series of workshops were then organized, the board of directors first met to refine the vision and mission statement and the key values of the Authority; they also refined the broad strategic objectives and goals.

Members of staff then had a workshop to discuss and critique the vision, mission and the set objectives. They also discussed the following in the second workshop:

- Strategies for reaching the strategic objectives
- Type of activities the Authority would engage in, in order to realize the Strategic objectives
- An estimated budget for the activities;
- responsible persons and departments for all activities that were proposed;
- Monitoring and evaluation system for each Strategic Objective.

Strategic planning consultants Ms. Selwood Consultants then collated the results of the discussions into a first Draft of the Strategic Plan which was then circulated to the technical committee for their inputs before the final submission to the board for approval.

4.0 THE RBA OPERATING ENVIRONMENT

A situational analysis was undertaken through scanning of the Authority's macro environment to ascertain the current challenges and opportunities that are likely to impact on the operations of the Authority .This was done through a PESTLE (Political, Economic, Social-cultural, Technological, Legal and Ethical) analysis.

For the Authority to develop realistic strategic objectives as a roadmap for the third strategic plan covering the next five years, an assessment of its internal environment based on the SWOT (Strengths, Weaknesses, Opportunities and Threats) model was undertaken. This assessment was aimed at scanning both the environmental and organizational factors that influences the Authority's ability to operate effectively. The main Strengths, Weaknesses, Opportunities and Threats were identified and considered during the development of the plan.

5.0 STAKEHOLDERS ANALYSIS

An analysis of stakeholders is important because stakeholders influence activities of an organization either positively or negatively. Happy stakeholders imply goodwill to the Authority. The Authority analyzed its stakeholders in order to tie the strategic objectives to their needs.

6.0 OUR VISION STATEMENT:

**“TO BE A WORLD CLASS RETIREMENT BENEFITS
REGULATOR”**

This vision focuses on the future and defines the scope of Retirement Benefits Authority’s strategic purpose as effective in ensuring that the Retirement Industry is well managed through proactive supervision.

7.0 OUR MISSION STATEMENT:

**“DEVELOPING AND SAFEGUARDING THE KENYAN
RETIREMENT BENEFITS SECTOR THROUGH
COMMITMENT TO CONTINUED EXCELLENCE IN SERVICE
DELIVERY”**

The mission statement is derived from its very broad and futuristic vision statement. It gives a clear direction of the intention of the Authority.

8.0 OUR CORE VALUES

RBA upholds the following core values that clearly define who we are and how we work to enable us maintain public confidence as well as making us distinctive in carrying our work. Our core values are as follows:

- 1) Firm and Fair
- 2) Integrity
- 3) Transparency and accountability
- 4) Proficiency in quality service delivery
- 5) Innovation and Dynamism

9.0 OUR SUPPORTING VALUES

- 1) Equal opportunity
- 2) Exercising good judgment
- 3) Flexibility
- 4) Team work
- 5) Sensitivity to views and opinions of stakeholders
- 6) Environmental consciousness

10.0 OUR STRATEGIC OBJECTIVES

In our effort to achieve the vision and the mission, the Authority has identified eight strategic objectives for the plan period which are closely linked to the five mandates spelt out in the Retirement Benefits Act. They are as follows:

- 1) **HARMONIZE AND STREAMLINE THE RETIREMENT BENEFITS SECTOR THROUGH IMPLEMENTATION OF THE NATIONAL PENSIONS POLICY.**
- 2) **INCREASE TOTAL MEMBERSHIP OF RETIREMENT BENEFITS ARRANGEMENTS BY 5%.**
- 3) **INCREASE SCHEME COMPLIANCE LEVELS TO 100%.**
- 4) **ENHANCE GOVERNANCE OF THE AUTHORITY AND REGULATED ENTITIES TO BEST INTERNATIONAL PRACTICE.**
- 5) **SUSTAIN OPTIMAL INSTITUTIONAL CAPACITY TO EFFICIENTLY DELIVER QUALITY SERVICES TO STAKEHOLDERS.**
- 6) **LEVERAGE ON ICT DEVELOPMENT TO ENHANCE EFFICIENCY IN THE RETIREMENT BENEFITS SECTOR.**
- 7) **ENGAGE AT LEAST 5 MILLION ADULT KENYANS IN AWARENESS ACTIVITIES ON RETIREMENT BENEFITS BY 30 JUNE 2014,**
- 8) **INCREASE AVERAGE BENEFITS REPLACEMENT RATES TO 32%.**

Actionable strategies have been developed for each of the above objectives and a monitoring and evaluation programme put in place to periodically monitor progress towards achievement of the objectives over the plan period.

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