In the beginning...
Dear customer,

The Retirement Benefits Authority is a customer-focused organization and prides itself in its service delivery. This charter tells you about the range and level of services that you can expect to receive from us and how long it takes to deliver various services.

i. SERVICE AND STANDARDS:

Our service, we aim to:

• Ensure that all economically active people are aware of and have access to our services.
• Educate the public, trustees, members and sponsors on their rights and responsibilities.
• Protect the interests of members and sponsors of retirement benefit schemes.
• Supervise the retirement industry in accordance with the Retirement Benefits Act.
• Development of the retirement benefits industry.
• Promote and support the welfare of people in retirement.

Our standards:

• Whenever you contact us, the person you deal with shall identify themselves.
• We aim to answer calls and enquiry lines within 20 seconds.
• When you visit the office without an appointment, we will see you within 15 minutes of the appointed time.
• When you contact us by letter, fax or e-mail, we will reply within 7 working days from the date we receive your communication.

ii. COMPLAINTS AND FEEDBACK

You can forward complaints relating to the our services, decision making, pension schemes and service providers, and we shall:

• Acknowledge your complaint within two (2) working days.
• Aim to reply within ten (10) working days.
• Try to learn from your complaint to improve our service.

We welcome your comments and suggestions to help us improve the quality of our information, products and services.

Retirement Benefits Authority Service Charter

Hati ya huduma ya halmashauri ya malipo ya uzeeni

Kwa mtaja,

Halmashauri ya Hazina ya Wanaostaifu ni shirika linalovunja maslahi ya vatajea na linapowezza katika utaaji huduma. Hali hi ya huduma inakukata kuhusu ama ya huduma na vinango vyake ambayo unaweza kutanajaji kupata kutoa kwetu na muda inasachukua katika kutoa huduma mbili mbili.

i. HUDUMA NA VINUANGO:

Katika huduma zetu, tunalenga:

• Kuhakikisha kwamba vivali vostece wanaachangacha katika kuhusa uchumi, ama katika seki zaidi au ikiyo zaidi wanana habari na kwamba wanamalaika na huduma zetu.
• Kuelimisha umma, wadhamini, wanachama na waalldhili kuhusu k halii za na majukumu yao.
• Kulinda maslahi ya wanachama na waalldhili vya halmashauri za Hazina za vanaanza na vanaanza.
• Kuom标ma seki ya hazina za liofa za wanaostaifu lugingana na sheria ya Malipo ya Uzeeni.
• Maendeleo ya seki ya hazina ya vanaanza.
• Kuomendelea na kuoenga mikono maslahi ya weste vanaanza.

Vinaango vyetu:

• Eka unaurahisika kwa nini, mtu mtakayezungumza naye naye aliptamibu za hali.
• Tunatafuta kijitaji katika kipindi cha sekunde 20.
• Unapotebelea olifirini zetu bila kusafiri, tutahidihihi hiyo baada ya dakika 15.
• Tunavarisha kuwahitaji kutoka kwa hati za hali na muda utakachagga.
• Unaurahisika kwa nini baada, kipepesi saa baada, tutahidihihihihi katika seki kwa nime saba za kazi, kuanzia tarehe ambapo tutahidihihihihi hata kwa kazi.

ii. MALALAMIKO NA MAJIBU

Unaweza kutoa malalamiko ya kuhusu huduma zetu, maamuzi, hazina za malipo ya uzeeni, na vato huduma, na tutazungumza:

• Siku baada ya malalamiko yako katika huduma wewe ni siku mbili(2) za kufanya.
• Lenga kijitaji kipepesi cha siku 10 za kufanya.
• Jeni kupata furaha kutoka na malalamiko yako ni kuboreba huduma zetu.

Tunakaribisha maoni yako na mapendekezo kutoka huko kuboreba vinango yente vya habari, bidhia na huduma.
Joining the RBA board in 2003 was a highlight in Mr Manyara’s career in corporate Kenya.

With a background heavily anchored in the private sector, the drive at the Authority was certainly going to take the same route. In what might be a case in point of a private-public partnership, the blend of the two worlds have resulted into marked success for the Authority.

“I knew I was going to steer the process of putting a private sector touch in a public institution. This was a first in many ways,” he says of the board that has steered the institution for seven years under his leadership.

The management that worked tirelessly to achieve it fast took up the desire for results from the board. After all in private business success is measured by profits, while in public service it is benchmarked on service delivery.

Indeed during the last government’s performance awards, the Authority emerged fourth overall and first among the financial regulators.

“That is a testimony that as an institution we are the best regulator in the land,” says the chairman.

Having joined when the foundation block for the RBA had been laid, his task and that of the board was to be at hand in the building of the pillars. This was demanding duty that needed a more consultative approach to keep up with the pace of industry dynamics. The team hit the road running immediately to build on the momentum that had been created by the initial teams.

However, with the diversity that was inherent in the board and has been carried to date, significant steps have been achieved in the history of Authority.

“As a board we have never taken a vote on any decision that we have come up with in the last seven years. We take all views on board and deliberate upon them conclusively,” says Mr Manyara.

Not a mean fete for a board of any public institution, but this has been achieved by embracing cohesion and diversity of opinion. The board boasts of experts in legal, financial, investments, economics and management backgrounds. A lot of support for the board has also come from the parent ministry (Finance) that has given them a free hand to operate.

According to Mr Manyara the efficiency in service delivery by the RBA can be attested to by the industry marked growth in asset base over the years. The industry has seen the figures grow from Sh40 billion to the current estimated Sh313 billion in a decade. “That would be a perfect measure of what we have done over the years apart from just creating normalcy in the industry,” says the Chairman.

Not devoid of turbulence, the board has also been critical in creating the structures within and outside the Authority. This has seen them win more friends and convert foes into admirers in the same breath.

“Whenever I’m introduced as the chairman of the RBA, I feel very proud when people appreciate the work we are doing. We have gained the recognition and that shows how we have impacted positively,” he says.

But still more needs to be done in an industry especially in the increase of coverage for saving for retirement. This, the chairman underscores would be at the core of the Authority’s activities going forward.

“We have to work hard as a team to ensure that we alleviate poverty at old age. Its possible we can do it,” he notes. The chairman and his team are not tiring, they are keeping up with the pace, adds Mr Manyara.

“This is not a static industry, we have to match up with the changes and deliver prudently to the people of Kenya,” he opines. I worked with gallant men and women of this country…Mr John Simba (First Chairman)

Like every other building worth its status, a strong foundation is needed to hold on to its pillars. As a new institution in the country, a strong foundation was needed to steer the pensions industry in the less chartered waters of regulation. This required that a team be put in place to take this process forward.
An able Board drawn from Government and the private sector administrate the RBA. Below are the members of the Board:

▲ Joseph Kinyua CBS (Permanent Secretary Ministry of Finance)
Appointed July 29, 2004, is a career economist having served in various capacities in the Treasury and Central Bank. He has also been involved in several projects with the International Monetary Fund both within Kenya and abroad. He holds BA and MA degrees in Economics.

▲ Justus Mwaura M'Igwe (Chairman), 2002 - Present
He joined the Board on December 18, 2003. He is an accountant and holds ACCA qualifications. He is also a successful insurance broker and has interests in farming and other businesses in various Kenyan towns.

▲ Edward Odundo MBS (Chief Executive Officer RBA)
Appointed on May 2, 2002 is a former Commissioner of Value Added Tax and Financial Controller of the Kenya Revenue Authority. He has also served in senior positions in the insurance and re-insurance industries. He is a well-accomplished accountant, holding an FCA as well as a BSc. and MBS in Strategic Management.

▲ Thamuda Omar Hassan (Member)

▲ Mwai Kibaki, Member
Joined the Board on March 9, 2009. He holds a BSc degree and Post Graduate diploma in Actuarial Science. He is an Actuarial Officer with one of the leading insurance companies in the country and has vast experience in Kenya’s pensions industry.

▲ Sammy Makove (CEO, Insurance Regulatory Authority)
Appointed May 1, 2001, has worked in the Insurance Department since 1987 having previously worked at Phoenix East Africa Insurance Company. Holds a BCom degree in insurance and an ACII.

▲ Francis Mwaia Mwaiageyi
Appointed to the RBA Board on 18th September 2007. He holds BEd 1976 MSc Econ 1987, Seasoned researcher with over 20 years experience in Central Bank, retired. Now engaged in teaching Econ & Finance and community service in Kajiado district.

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▲ Stella Kidero MBS (Chief Executive, Capital Markets Authority)
Joined the Board as CEO, CMA in December 2007. She holds a B.A Commerce, Accounting major-(First Class Honours), MBA, Finance and Operations Management, CPA (USA) and 10 years dynamic experience in securities markets operations and products, risk management and financial reporting.

▲ Joseph Kinyua CBS (Permanent Secretary Ministry of Finance)
Inception

Early in the 1980’s, the Kenyan government started a wide range of reforms that would see the country align itself as part of the global list of emerging economies.

These reforms were to ensure that the country achieved higher heights of economic independence and prosperity for the citizens.

As fate would have it, not much was achieved as the constant political wranglings and changes at core institutions charged with the reforms could not allow progress. Almost twelve years later, similar attempts were again revived but with a more focused team that was keen on accessing these reforms.

In these endeavors, Mr. Ondo explains the Authority has taken it upon itself to ensure that every year there are incentives towards the industry.

We have seen the tax exempt, mortgage regulations that had the effect of making the public, employed or not, engaged in a financial activity. Josiah edwards ltd Savanna Business Park dube trading centre

CEO’s Say

I over saw the establishment of the Retirement Benefits Authority...

Mr. Njoru Kiriru former Director of Fiscal and Monetary Policies

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We played the role of facilitators to help the schemes come up to speed with some of the requirements of the law. We started on a platform of meetings with trustees to appraise them on what was required of them," explains Mr. Odundo.

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Mr John Simba (First Chairman)

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tion was needed to steer the pension industry in the less chartered waters of regulation. This required that a team be put in place to take this process forward.

“Our role was to ensure that there was a segregation of the pension funds and the employers. As usual many felt that we were out to run them out of busi-
tess,” he says.

With the employers safe in the armpits, the next ob-
tacle came from the insurance industry that had in the years played the big brother role for pensions scheme.

To them the RBA was out to destroy what they had spent time creating and natured. They were not go-
ing to sit back and watch as this happened. But with the same men, the builders of the RBA foundations,” he says.

“We were basically reassuring them and creating the confidence that our role was basically going to be a regulator of the industry. It was essential that we break from the past,” he explains.

Even as he stepped out of the board, Mr Simba recalls with pride the foundation he helped lay and the pillars that have been built on it. However he still feels that a lot more needs to be done to increase the coverage of the pensions in the country.

I worked with gallant men and women of this coun-
try... Mr John Simba (First Chairman)

Amb. H. Mutuma Kathurima EBS.

I was appointed as the second Chairman of the Retirement Benefits Authority after Mr. John Simba, in the year 2000. Since this time, the Authority was very new, my tenure marked its transition from its nascent stage towards full maturity. I was honoured to launch the Retirement Benefits Act, and Regulations 2000 that gazetted by the Minister of Finance on 8th October 2000. This was the final phase of the legisla-
tive process thus allowing the Authority to begin its full operations.

The year 2000/2001 was a benchmark year for retirement benefits schemes and the Authority as well. During this period, the in-
dustry underwent major transformation in or-
der to comply with the new legislation. Some of the major industry reforms which occurred during this time included: the appointment of member nominated trustees to the Board of Trustees, thus providing scheme members with an avenue to channel their issues and views to Trustees and ensure that their rights were not subjugated when decisions were made. Additionally, self - managed schemes commenced the appointment of registered

Man John Simba (First Chairman)
Nobody wants to be regulated and this was the case with the owners of the schemes that we had then," says Mr. Sammy Makove. He was a member of the task force that was formed by Treasury to look into the possibilities of creating a regulatory framework for the pensions industry.

Bringing in a wealth of experience from the insurance industry, Mr. Makove was later to be critical in making peace with the sector players. Previously, a number of schemes were tied to the operations of insurance firms.

With the coming in of a new regulatory environment, the insurance industry had a feeling that their area was being encroached. It therefore called for a number of meetings to assure them that the eventual creation of the Retirement Benefits Authority would not run them out business.

"We held meeting with stakeholders to reassure them that this new outfit was not going to be a threat to them. It took sometime but we managed to get a compromise with insurance firms," he explains.

However, before this could take place, a lot of rules had to be harmonised to create a uniform playing ground for anyone who was to be involved in the running of schemes.

Coupled with lessons learnt from other countries like Chile and Argentina that the task force visited, a more fair and balanced ground was crafted. Even with the difficulties that appeared within the way, the goal of protecting the schemes and contributors was never forgotten.

According to Mr. Makove, among the groundbreaking achievements that they managed was redefining the mode of defined contributions.

"Some of these funds were outright open to abuse but we managed to bring in controls to ensure that the contributions were only put to use for the benefit of the contributors," he notes.

Looking back at the 10 years the Authority has matured, the Chief Executive Officer of the Insurance Regulatory Authority has admiration for the institution. Being the premier organisation of its kind in the region, Mr. Makove says the unit is revered across the lengths and widths of the continent.

However, there are some areas that he feels the Authority needs to lay its hands on more firmly to ensure that its vision of eliminating poverty at retirement is achieved. At the centre of this is the National Social Security Fund that he says should be held in trust with the RBA.

"The Authority has the public ear. This should help it in consolidating its grip on the NSSF. It must go along with current times in its operations," says Mr. Makove.

But it is not only social security that Mr. Makove hopes the Authority should rope in its arms. Public officers that today are largely under the auspices of specialised hiring agencies too, need to be brought within the RBA fold.

"If this happens, then the RBA will be able to guarantee a proper retirement for all our people," he concludes.

Our aim was to protect the schemes and contributors...
Extending RBA reforms to the Public Service

The retirement benefits sector has evolved from the days when the insurance companies dominated it, with manually kept records and large “Com-Pay” forms that occupied the whole desk, maintained for each scheme. The regulatory framework was then lumped together by these organisations. My pensions career path took a significant turn in 1997, when the Government set up the Kenya Revenue Authority (KRA) to work out the modalities of the Authority, to be later to be known as Retirements Benefits Superannuation (RBS) and (DC) Schemes in July 2009.

The following achievements would not have been possible without the implementation of the Pensions Management Information System (PMIS) that has received positive reviews from various independent IT consultants. PMIS has helped improve service delivery and accountability. As the head of the finance department, I was always cautious in spending the Treasury’s money. With an acting chief executive in place, recruitment of more employees became a central role in establishment of R.B.A. Going about his duties as efficiently and effectively as possible was inevitable and the first of many changes that were to follow. But to Mr. Kiptim, having been at the Central Bank of Kenya, he did “not feel uncomfortable” and was looking forward to account for it to the last coin. Chris Okemo, had read the 1997/1998 financial year report with much interest. But to the Department of accounting that would leave no doubt as to our prudence. We did it and we are glad some of the instruments of accountability that would rival that of the current state of the Authority are only to be attribute to their dedication.

We learnt the hard way but it was all for good. We were given heaps of files that had documents that contained all material relating to the Act. We were even given the Hansard to approach the issues. We were literally groping in the dark. Backed with only his background in finance, he was determined to make a mark — grow up an institution that he would look back and be proud of.

Looking back…

At around 10AM in the morning, I got a call that sounded to me like a dismissal from the C.B.K. bank. I was to report to the next day to Treasury and await further instructions from there,” says Mr. Jesse Kiptim.

It was only three days after the Finance minister, Mr. Chris Okemo, had read the 1997/1998 financial year budget proposals that a call from the government was received, asking me to report to the Treasury to work out the modalities of the Authority, Mr. Kiptim reflects. Apart from drafting subsidiary legislation for the new outfit that was later to be known as Retirement Benefits Authority, the team was also to come up with structures.

These structures would also be their guiding principles as they moved on to greater heights. However as a fledgling institution, change was inevitable and the first of many changes that were to follow. But to Mr. Kiptim, having been at the Central Bank of Kenya, he did “not feel uncomfortable” and was looking forward to account for it to the last coin. Chris Okemo, had read the 1997/1998 financial year report with much interest. But to the Department of accounting that would leave no doubt as to our prudence. We did it and we are glad some of the instruments of accountability that would rival that of the current state of the Authority are only to be attribute to their dedication.

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Like a jungle, where survival is for the fittest, a number of challenges are faced that required that which kept on a path that involved a lot of engagements with players in the industry.

As a new outfit, players both in the public and private sectors felt that there were gray areas in the structuring of regulatory framework. Some felt that the system was complex and benchmarked by conditions that were sufficiently confusing and benchmarks that were established. Embedded in its wake to try and clarify as well as create an understanding amongst all, the authority embarked on trainings and public education. This was geared towards encouraging more Kenyans to save up for their retirement.

Ten years later, there is no looking back. The company has witnessed a major in the industry. This, the authority was to achieve through the establishment and management of pension schemes. While this did not emerge as its motive the development of the retirement benefits industry. This, the authority was to achieve through managing the contributor’s funds.

Today, it is the best performing financial sector regulator, the fourth best government institution, has ISO certification and is a reference centre for the region’s pensions industry.

It is the story that Mr. Charles Machira, Assistant Manager Supervision at the Retirement Benefits Authority in 2000, protection of contributions, structural changes and coverage was in the offing. Upon establishment, the RBA had a clear mandate by law to regulate and supervise the establishment and management of pension schemes. However, as part of the process and not being a destination, it also had the responsibility to promote the development of the retirement benefits industry. This, the authority was to achieve through the enactment of regulations for schemes to use in managing the contributor’s funds.

As part of the calling, the RBA was also to protect the interests of members who contribute to the licensed schemes. While this did not emerge as its core, it was important, going by the past similar schemes had faced, which bordered on the plunder of the public’s savings.

Like any new venture, the inception stages of the RBA were not entirely as smooth as expected. A number of challenges are faced that required important experiences, skills and a great deal of determination and resilience. The RBA embarked on trainings and public education. This, the authority was to achieve through managing the contributor’s funds.

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Ten years later, there is no looking back. The company has witnessed a major in the industry. This, the authority was to achieve through the establishment and management of pension schemes. While this did not emerge as its motive the development of the retirement benefits industry. This, the authority was to achieve through managing the contributor’s funds.

Today, it is the best performing financial sector regulator, the fourth best government institution, has ISO certification and is a reference centre for the region’s pensions industry.
I was seconded to the team to assist

I served the team diligently, ensuring that the let-
ters were delivered to the right addresses, the office was cleaned and they had their tea at the right time. It felt like family, he posses. During the four months period that the RBA was located at the 12th floor of the Treasury Cooperative Building, Mr Makori just like the rest, had to grapple with the litany of issues that dogged the new outfit. With no procurement rules and procedures in place, everyone became an ensary in the event that the office needed something.

At the same time, salary payments were done through petty cash, as the office was yet to get its systems in order. Neither was there a medical cover then but the determination of the team was strong enough to carry them through the difficult times.

As an experienced hand in the organization, com-
gressed and articulate in his role, Mr. Makori has literally shown every new member of staff their way around. Well may be apart from the senior managers.

At the 13th floor office, where he comfortably perches as he lets his workaholic know where files are found, one can only stop but admire his resil-
ience. He has been with the Authority and is core to its growth in both lean and good times. True that tough times of not last but tough people do, Mr. Makori has lasted at the Authority and still goes strong. Having risen through the ranks to his current position, he can only look into the future with glee.

“My first promotion came when Mr. Nyaga hired an assistant for me to help me with the office work. Then he decided to put pressure on trustees to get them to know and gather information on who was op-
erating and what it meant to operate a pension scheme in Kenya. As a requirement, all the pension schemes in the country were required to make fresh applications to the Authority to be allowed to ply their trade. All the paper work was done manually and the team had to go through each and every one. In efforts to try and simplify the work that was pil-
ging by the day, the team developed a simple data-
base to capture key information of the applicants.

“Of course a number of them did not have some of the accounts, others only had one year statements but we had to play by the rules,” he says. This was the first landmark that the team faced, having received applications from approximately 1,145 institutions that operated the schemes. There was no escape for those who operated the schemes but to comply with the requirements. Some didn’t do it whole-heartedly. Many, it is widely believed, saw this as a first step by the government to try and limit and run them out of business. It wasn’t easy at the beginning...
Hon. Oburu Odinga, Ass. Minister for Finance launches RBA’s revamped website.
My Life Testimony And My Association With The Retirement Benefits Authority.

Mr. Titus Nyanzu assisting an employee at his fishpond, built using his pension funds.
RBA’s Milestones through the decades
Today...

Today...

The Top Management

7. David Nyakundi | Manager, Supervision
6. Rose Kwena | Head, Corporate Communications
5. Elizabeth T. N. Wariungi | Head, Audit & Risk Management
4. Ann K. Mugo | On secondment as Director of Pensions
3. Edward Okando MRS | Chief Executive Officer
2. Jesse K. Kiptim | Manager, Finance
1. David B. Nyakundi | Manager, Supervision
Supervision Department: Executing the Core mandate of the Authority

Supervision Department which, until June 30th 2010, was referred to as a Core Department is as old as the Authority because the department’s mandate is to oversee and super- vise the retirement benefits sector which is the purpose for which the Authority was established. The department actively commenced its activities of engaging the industry in November 1998 after first board of directors were appointed, by seeking all existing schemes to apply for registration. The registration could not be undertaken even after the applications were received because the procedure for registration had not been legislated under sub- sidary regulations until October 9th 2000. The received applications from the existing schemes helped the Authority collect further information, which were eventually promulgated on October 9th 2000.

SPECIFIC MANDATE

The mission statement of the department is to ef- fectively supervise the retirement benefits sector. The statement reflects the core mandate of the department, which is broken down into a number of activities as briefly discussed below.

1. LICENSING AND REGISTRATION

The department licenses service providers and reg- isters investment returns which are to operate within Kenya. The essence of licensing and registration is to restrict entry into the market those schemes and service providers that do not meet the basic statutory stan- dard. In distinction to the general regulator, the sector from errant players but also helps in the pro- motion of confidence in the industry. This function has been executed since October 2000 and over the years private occupational retirement benefits schemes, individual retirement benefits schemes and umbrella schemes have been registered. As of September 30th 2010, the Authority had registered 1290 schemes. Regarding service providers, the law requires the Authority to license fund managers engaged in the investment of scheme assets, cus- todians holding scheme assets and external adminis- trators of schemes. The licensing of these service provider is annual and for the year 2010 there are 17 fund managers, 10 custodians and 26 adminis- trators already licensed by the Authority.

The process of licensing and registration follows a well-documented standard operating procedure and it involves sorting out and detailed evaluation of the application documents such as scheme rules, the management agreements, custody agreements, fi- nancial statements of existing schemes and service providers, actuarial valuation reports for defined benefits schemes. With regard to service providers, due diligence exercises are carried out to establish suitability of applicants for the business they propose to carry out. Over the years licensing and registration require-

2. OTHER ACTIVITIES

The department undertakes other duties intended to support supervisory ac- tivities. Such activities include:

i) Registry Management

The department is responsible for the central registry management where all records and files of all schemes, fund managers, custodians, complaints and administrators are kept.

ii) Scanning and Indexing

This activity provides automated scanning of all papers which are then indexed and scanned. The scanning and indexing process is carried out by the officers’ work manager program. This enables efficient execution of the work processes within the department.

iii) Public Enquiries and Education

Members of the public make formal or oral enquiries to the Authority on matters relating to retirement benefits sector and sometimes on matters re- lating to employment benefits. The department is mandated to respond to the public on all enquiries as a service to the public. This activity has helped in the promotion of the Authority’s image to the public and is part of customer care. Regarding public education, the department is greatly involved in actual training of trustees and scheme members on matters pertaining to supervision and members’ rights. The department has not faced challenges in the course of execution of its mandate. There have been challenges such as limited skill and capacity owing to the logistical, administrative and institutional policies to remain lean. Ongoing effort to low staff capacity, sometimes work is delayed and thus performing below industry expectation.

The supervisory processes are automated through a workflow, which is basi- cally a decision tree. The process commences with scanning of all submitted docu- ments, which are then indexed and relevant files. Upon indexation, the system creates work for the relevant supervisory officers that the system takes care of and the officers’ work manager program. This enables efficient execution of the work processes within the department.

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SUMMARY

The supervision department’s mandate is to regulate and supervise the retirement benefit schemes. This function’s essence involves monitoring and ensuring that the schemes operate in a manner that ensures the protection of the interests of the beneficiaries. The department’s mission adheres to an unwritten and written code of conduct, which forms part of the department’s work processes. This code of conduct is known as the nine principles which the department works on. Four of these principles are enforcement of applicable laws, standardization and harmonization of retirement benefit schemes in the country, and promotion of a conducive environment that supports the development of the retirement benefits sector. The department undertakes some duties intended to support supervisory activities. This activity includes public enquiry and education which is greatly involved in training of trustees and scheme members on matters pertaining to supervision and member’s rights. The department enjoys the support of the public and members of the retirement benefits sector.
Secondly the industry itself lacks sufficient skill mix to render a professional service to schemes. This challenge is clearly manifested among service providers and scheme trustees. The department has endeavored to train players in the sector with the intention of enhancing skills in the sector and raise compliance level. Thirdly owing to insufficient skills in the sector, some few schemes have remained low in terms of performance and compliance. This certainly poses a serious risk to promises made to members of those schemes. Some schemes have remained unregistered since inception of the Authority owing to lack of appreciation of scheme operation and sometimes apathy on the part of scheme sponsors and trustees. Fourthly, there are many disputes now being filed at the Authority from former retrenched of public institutions and private companies. These complaints relate to periods before commencement of the Authority and they are about benefit calculation upon retirement. These claims raise legal issues and funding challenges to the affected schemes especially if they are found to be legally valid claims. Fifthly, there are cases of misconduct by service providers and scheme trustees. The department has endeavored to train players in the sector with the intention of enhancing skills in the sector and raise a professional service to schemes. This challenge is clearly manifested among service providers.

The department has now from July 1, 2010 launched risk-based model for supervision which focuses on risk assessment and management of identified risks in schemes. The main objectives for the risk based pension supervision include:

- Better understanding of the schemes’ financial position and how that impacts on the pension promises from the scheme.
- Vary the scope and intensity of supervision in relation to the level of risk that are exposed to.
- Enable efficient use of resources and time.
- Promote a more pro-active approach.
- Promote confidence in the system as a whole.

The department will apply in risk-based supervision. This will enable schemes and other players to know what the Authority will be expecting of them. Besides, the Authority has put in place a program intended to train the industry on risk-based supervision. It is expected that once trained and taken up by the industry, the model will improve risk management in the retirement benefits sector.

These challenges and many others which the department has faced in the past have and will continue to inform policy and legislative review purposefully to address these challenges.

**WAY FORWARD**

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- Enable efficient use of resources and time.
- Promote a more pro-active approach.
- Promote confidence in the system as a whole.

The department now has a risk-based manual and staff have been trained on the use of the same. Communication will soon go out to the industry requiring schemes to answer interrogatories intended to furnish the Authority with the information required to enable risk assessment in schemes. The questionnaire will be accompanied with a detailed document explaining the process the department will apply in risk-based supervision. This will enable schemes and other players to know what the Authority will be expecting of them. Besides, the Authority has put in place a program intended to train the industry on risk-based supervision. It is expected that once trained and taken up by the industry, the model will improve risk management in the retirement benefits sector.

**KEY POLICY CHANGES OVER THE DECADE**

- Amount of lump sum tax-exempt benefits increased from Kshs 240,000 to Kshs 600,000.
- Tax free pension raised to Kshs 25,000 per month.
- Tax rates lowered for those over 50 years or over 65.
- Taxation on benefits eliminated for those over 65.
- Assignment of benefits allowed for purposes of securing Mortgages.
- Vesting period reduced from 3 years to 1 year.
- Trust fund under the custody of RBA was created for unclaimed benefits.
- Improved corporate governance for independent service providers.
- Relaxed investment guidelines and strengthened investment policy.
- Turn Around time for paying benefits to retiring members reduced from 90 days to 30 days.
- Annual increments for pensioners and deferred pensioners.
- Income Drawdowns allowed an alternative to Annuities.
- Increased minimum funding level from 80% to 100%.

**MISSION**

“To be a World Class Retirement Benefits Regulator”

**VISION**

“Developing and safeguarding the Kenyan Retirement Benefits Sector through commitment to continuous excellence in service delivery.”

**RESEARCH PAPERS OVER THE DECADE**

- **2002/2003**
  - Pensioners Survey

- **2003/2004**
  - Pensioners Survey

- **2004/2005**
  - Pensioners Survey

- **2005/2006**
  - Barriers to Participation in Pension Schemes
  - Members’ Survey
  - Promoting Home ownership

- **2006/2007**
  - Annuities Market in Kenya
  - Developing individual Retirement benefits Schemes in Kenya
  - Rationale for Quantitative Investment Restrictions in Kenya
  - Trustees Survey
  - Universal Pension for Poverty Reduction

- **2008/2009**
  - Pensioners Survey
  - Dipstick Research on impact of Media Campaigns (outsourced)
  - Young Savers Survey (outsourced)
  - Members Survey
  - The challenges faced by fund managers in investing retirement benefits funds in Kenya
  - Does The Design of the Scheme Matter?
  - Case for consolidated financial regulation in Kenya

- **2009/2010**
  - Draft National Pensions Policy
  - Importance of saving and possibility of compulsory saving for retirement
  - Possibility of having health insurance scheme for retirees in Kenya
  - Conversion from Defined Benefits to Defined Contributions
  - Impact of global financial crisis on Kenya Retirement Benefits Industry
  - Quality of Life Survey (Collaboration with Kenyatta University)

- **2010/2011** (on-going)
  - Feasibility of a Benefit Protection Fund for Retirement Benefits Schemes in Kenya
  - Governance of Retirement Benefits Schemes in Kenya (Collaboration with UQON)
  - Analysis of the effectiveness and utility of Annual General Meetings for Retirement Benefits Schemes
  - Analysis of the effectiveness and compliance to Investment Policies in Retirement Benefits Schemes in Kenya
  - Penetrating the professional working population (Outsourced)
  - Factors Affecting the Adoption of Financial Literacy in Pension Schemes among Kenya Employees (Collaboration with USIU)
  - Impact of assessing retirement benefits before retirement age
Research collaboration meeting with USIU professor Fridah Brown and RBA representatives

Finance Department

**Finance department**

Finance department started its function alongside other administrative functions, which were then, at the formative stages of the Authority, on a desk at the Department of Fiscal and Monetary Affairs in the Ministry of Finance. The Authority was hosted for one and a half years and all the needs of the secretariat were provided within the budget of the Department. The board was appointed on February 1st 1999 but the operations, despite being independent, remained at the department of Fiscal and Monetary Affairs until June 10th 1999, when it relocated to Ukulima building.

**Challenges in procurement of goods and services**

One of the teething challenges that the Authority faced in the procurement of goods and services was lack of infrastructure. Prior to the development and approval of financial policies and rules by the board, the skeleton staff made all efforts to ensure that operational needs were met and because there were hardly any utilities, for example for safes for custody of assets, valuables including cash were kept by staff in their desk drawers. Despite the challenges, goods and services were sourced prudently on need to need basis and only from regular outlets like Uchumi and Nakumatt supermarkets for general office supplies and stationery was sourced from Seal Honey Stationers. All expenditure receipts had to be well documented and evidence of goods/services acquired were proven and documented before accepted and booked as official expenditure. Despite the limitations on structures, the team embraced strict usage of resources and was able to account for each and every transaction. This was confirmed by the clean audit report received on the first set of annual accounts for five months operation in the financial year 1998/1999.

**Development of Rules and Regulations**

In an effort to formalise operations of the new Authority the Board, in addition to the onerous task of developing the industry subsidiary legislation, put in place financial rules and regulations and also procurement procedures so as to facilitate optimum operations.

**Government Financial Support in Formative Stages**

The initial direct funding from the exchequer was a line budget of Kshs. 45 million through a Government grant or seed capital remitted by the Ministry to Finance to finance start-up costs which were mainly to finance infrastructure like partitioning of Office Premises at Ukulima building, purchase of two motor vehicles, office furniture and equipment. The office premises at Ukulima building, where the Authority relocated to on June 10th 1999 was paid for by Central Bank of Kenya, while the staff were seconded from Ministry of Finance, Central Bank of Kenya, the then Commissioner of Insurance and Kenya Revenue Authority. The Government supported wholly the start-up and initial operation of the authority and by the end of the second financial year it had directly injected a total of Kshs. 105,528,035 out of which Kshs. 43,417,000 was the capital fund granted to finance acquisition of fixed assets, which were necessary as start-up cost and that amount is still reported in the financial statements as the equivalent of shareholders’ or equity funds. Thereafter, the Government continued to fund the operations of the Authority up to and including June 30th 2004 and thereafter, the operations of the Authority have been fully funded by the industry levy.

**Evolvement of Mode of Financial Transactions**

On the bookkeeping front, the department has evolved from its manual operation of all the transactions of disbursement and collection of revenue to the current electronic remittances and collection of most of its financial obligations. Technology brought structural changes to the department in its functional role and become more efficient, thereby requiring fewer resources to manage them and closely aligning its function with the overall business structure of the authority. This has enabled finance staff to expand their role and spend more time supporting core business decision-making processes, rather than just processing and reconciling transactions. The department is presently able to provide integrated financial information to other departments more accurately and consistently and also non-financial information about the Organisation on online basis. This evolvement was necessitated by the fact that integrated financial information is absolutely necessary in the management of business and also the recognition that finance department
The department is also tasked with interpreting and analyzing policy issues and reports on financial and taxation matters from the industry.

The funding of the Authority from inception

It is a known fact that the Government spent enormous resources, which we cannot quantify, while setting up the legal framework up to the time of legislations of RBA Act, 1997. The Government still had to spend huge resources through budget lines in supporting the operation for the last six years after the inauguration of the Authority, when adequate resources from the industry levy were receivable. The levy received was directly related to the funding from the exchequer and the Authority had to request Treasury to stop funding when adequate resources were collected. Similarly, the levy rates were reviewed downwards and capping placed on the maximum levy payable by big schemes.

The table below indicates how the operations of the Authority have been financed to date:

<table>
<thead>
<tr>
<th>Financial year</th>
<th>GOK Grants For Capital Expenditure</th>
<th>GOK Grants For Recurrent L Expenditure</th>
<th>Industry Levy</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998/1999</td>
<td>21,316,650.00</td>
<td>23,683,350.00</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>1999/2000</td>
<td>24,140,350.00</td>
<td>36,187,665.00</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2000/2001</td>
<td>-</td>
<td>48,000,000.00</td>
<td>71,000,000.00</td>
<td>Commencement of supervisory role of RBA</td>
</tr>
<tr>
<td>2001/2002</td>
<td>-</td>
<td>38,000,000.00</td>
<td>149,307,681.00</td>
<td></td>
</tr>
<tr>
<td>2002/2003</td>
<td>14,875,000.00</td>
<td>146,492,000.00</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2003/2004</td>
<td>14,875,000.00</td>
<td>169,812,000.00</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2004/2005</td>
<td>194,684,450.00</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2005/2006</td>
<td>222,191,260.00</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2006/2007</td>
<td>244,339,319.00</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2007/2008</td>
<td>294,000,000.00</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2008/2009</td>
<td>304,000,000.00</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2009/2010</td>
<td>340,225,503.00</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

The department's overall objective is to educate the public on the need to save for retirement and the channels available for saving. To achieve this objective, the department develops and implements various pension education interventions aimed at demonstrating the pension subject and educating the general public and specific target segments on all aspects of pension saving.

PENSION EDUCATION

1. Public Education Campaign

The department is committed to educating Kenyans on the importance of saving for retirement and the channels available for saving. A survey commissioned by the Authority in 2009 established that most Kenyans lack awareness on the retirement benefit sector. Even the media faced a major challenge understanding the pension subject. To surmount this challenge, the department engaged in a door-to-door media campaign to interface more closely with media houses and educate them on pension issues so that they could in turn help to disseminate pension messages to the public.

The Authority has also continued to undertake major public education campaigns. So far, three education campaigns have been developed and activated in the last ten years. The key message communicated to the target audience is “It’s time to save for retirement. It’s not too late.”

The first campaign was activated in December 2002 followed by a second one in September 2005. The third Public Education multi-media campaign on the need and means for saving for retirement was launched on 12th March 2009 and ran up to end of June 2009. This was a “Questions” campaign meant to trigger curiosity in the minds of Kenyans regarding retirement saving.

The campaign objectives were:

1. To drive the Kenyan public to understand the role of RBA
2. To change public attitudes towards saving for retirement
3. To engage the RBA publics in an educative journey on saving for retirement
4. To positively influence the existing scheme members to increase the replacement rate

Before activating the campaign, the Authority commissioned a dip-stick research that revealed that saving was rated very low on the priority list of most Kenyans. This finding will inform the production of future successful campaigns which will disseminate messages that respond to the audience's need to understand the importance of saving for retirement and the channels available for saving.

The first phase of the activation ran from March to June 2009 on national TV, FM Radio stations, Street Banners, print media and Lifestyle magazines. The campaign was heavily supported by free publicity generated by the Authority on radio, TV and print in media to amplify the pension message. Phase two of the activation which targeted all regions countrywide through Vernacular Radio stations ran from February to June 2010.

The campaign succeeded in triggering curiosity on the need to save for retirement in the mind of Kenyans.

This has led to attitude change and is helping to drive recruitment for pension uptake. Going forward, the Authority will partner with media houses to develop pension messages that can be disseminated through local TV programmes to influence content and Vernacular FM Radio stations targeting Kenyans countrywide.

2. Trustee Seminars

The department runs monthly trustee training seminars designed to equip trustees with skills to enable them carry out their duties effectively, thus enhancing compliance and governance in the industry.

The frequency of Trustee Training seminars has almost doubled in the last two years due to increased demand. During 2008/2009 Financial Year, the Authority trained 1183 schemes against 127 registered schemes – representing 92.2% of the total number of registered schemes.

In line with its Vision “To be a World Class Retirement Benefits Regulator”, the Authority has been exploring the possibility of developing a globally benchmarked Trustee certification program. After considering different options, Humber Centre for Employee Benefits, a leading institution in developing and overseeing and delivering pension benefits and trustee training programs to public and private sector organizations across Canada for more than 40 years, was identified. The Authority is in the process of collaborating with Humber Institute and the College of Insurance to roll out the certification program in 2010/2011.
3. Retirement Planning Seminars

The Authority hosts monthly Retirement Planning seminars whose objective is to equip scheme members with skills to enable them cope with life after retirement. The Authority hosted the first ever Retirement Planning seminar on 4th March 2004. At the time, the seminar was referred to as “Pre Retirement Seminar”.

The frequency and attendance for these seminars have increased tremendously since 2009, resulting in the Authority exceeding its performance contract targets by 50% and attaining an Excellent performance.

In an effort to deliver value to the customer, the department endeavours to continuously respond to the needs of scheme members. Feedback received through seminar evaluation forms is critically analyzed and adopted to improve service delivery. After realizing that the seminars were not attracting enough participants, attendees’ feedback informed the Authority that participants who attended these seminars felt dejected due to the stigma associated with retirement.

The Authority was targeting scheme members too late in life. Initially, the seminar targeted pre-retirees 50 years and above. Considering that the seminar was meant to help them plan their retirement early in life, the Authority removed the age limit of attendees from 50 years late in life. Initially, the seminar targeted pre-retirees 50 years and above. Considering that the seminar was meant to help them plan their retirement early in life, the Authority removed the age limit of attendees from 50 years late in life.

Removing the age limit not only eliminated the stigma that was always associated with retirement but also made pension saving trendy, and therefore appealed to young savers just like any other investment option. The Authority was also able to surmount the challenge of targeting scheme members late in life as they are able to plan in advance, thus building enough reserves for retirement.

Retirement planning seminars are now very popular with young workers who appreciate the Authority’s effort to help them plan their retirement early in life. Encourage by the positive results, the Authority is currently experimenting with the idea of training couples instead of individuals to effectively change attitudes on retirement planning.

4. RBA Open Day

The RBA Open Day is a forum that brings all service providers (including Fund Managers, Administrators and Custodians) together under one roof and provides them with a platform on which to engage the consumer and showcase their services.

The First RBA Open Day was held on 14th November 2003 in Nairobi. Since then, the Authority has continued to host an annual Open day in Nairobi and Mombasa.

5. ROAD SHOWS

Road shows are an effective medium for raising awareness and increasing brand visibility.

In 2010, the Authority embarked on a country-wide road show campaign aimed at reaching the millions of workers who do not have access to the internet or who have access to the internet but do not have the skills to navigate it. The Authority used this medium to reach the millions of workers who do not have access to the internet or who have access to the internet but do not have the skills to navigate it. The Authority used this medium to reach the millions of workers who do not have access to the internet or who have access to the internet but do not have the skills to navigate it. The Authority used this medium to reach the millions of workers who do not have access to the internet or who have access to the internet but do not have the skills to navigate it.

In May 2009, the Authority officially launched the RBA/Operation Ear Drop (OED) Kenya, an organization started 25 years ago by Dutch ENT surgeon, Dr Chris Seipmeijer and his colleagues, with the aim of offering reconstructive ear surgeries to Kenyan children following the disastrous earthquakes in 2004.

In the third quarter of 2010, the Authority will embark on a country-wide road show campaign, aiming to create awareness on RBA as a brand and enlighten the public on the mandate of RBA.

In line with its mandate, RBA supports sustainable social initiatives that advance its corporate vision and deliver tangible benefits to social welfare as well as provide opportunities for building a credible brand identity in the community in which it operates. In this regard, RBA aligns itself with causes that accord retirees a reasonable life after retirement.

The Authority has taken steps to embrace Corporate Social Investment (CSI), which is a reflection of its values and responsibilities within the industry to not only succeed in alleviating old age poverty, but also pave a path for sustainable future initiatives. This is guided by the conviction that the Authority’s investment in the country extends far beyond the traditional Corporate Social Responsibility by going beyond giving materially to investing in society. By engaging in initiatives aligned to its core business, the Authority impacts positively on the lives of Kenyan workers, thus realizing a Return on Investment (ROI) that goes a long way to meet its business objectives and values.

RBA/OED Hearing Conservation Initiative:

In 2009, RBA partnered with Operation Ear Drop (OED) Kenya, an organization started 25 years ago by Dutch ENT surgeon, Dr Chris Seipmeijer and his colleagues, with the aim of offering reconstructive ear surgeries to Kenyan children following the disastrous earthquakes in 2004.

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2

Encouraged by the positive results, the Authority is currently experimenting with the idea of training couples instead of individuals to effectively change attitudes on retirement planning.

The First RBA Open Day was held on 14th November 2003 in Nairobi. Since then, the Authority has continued to host an annual Open day in Nairobi and Mombasa.

The Authority also used the opportunity to raise its profile as the Authority is a Brand Consultant in the East African region, Kisumu and Nairobi.

With this multi-faceted communications approach, the department hopes to meet its objective of demystifying the pension subject and educate a wide range of the Kenyan public on the importance of saving for retirement.
The Authority prides itself in being a public sector organization modeled on private sector principles. Implicit in this approach to governance is the desire to go beyond mere compliance with the law and towards proactively and holistically meeting and exceeding the expectations of all its stakeholders and employees.

Socially responsible organizations benefit from enhanced reputation with the public and the community in which they operate (Corporate Social Responsibility). The Authority is therefore taking steps to embrace Corporate Social Responsibility (CSR), which is a reflection of its commitment and values within the industry, to not only succeed in alleviating post-retirement poverty, but also carve a path for supporting initiatives that are sustainable.

This is guided by our conviction that our investment in the country extends far beyond the traditional corporate social responsibility. Giving materially is not enough anymore, but enhancing people’s lives is. Under CSR, the Authority will focus on initiatives that are aligned to its vision to realize a Return on Investment that meets its business objectives.

KEY OBJECTIVES
1. Improve community well-being through discretionary business practices and contributions of corporate resources
2. Generate positive media coverage to improve RBA’s corporate image
3. Increase community involvement and enhancing RBA’s goodwill with its various publics
4. Position RBA as an organization with exceptionally high integrity and professionalism in the corporate world
5. Build influential partnerships

DIMENSIONS OF CSR
In line with community support, the Authority approaches CSR from two perspectives:

1. Concerned with the internal policies of the Authority (HCDA Department)
2. Concerned with the external environment in which the Authority operates (Corporate Communications Department)

Corporate Communications department focuses on external dimension of CSR. With the involvement of the Authority’s employees, the department will implement CSI initiatives involving the various stakeholders, including the Authority, communities, business partners, suppliers and consumers, among others.

STRAngely ThruST
In line with its mandate, RBA supports sustainable social initiatives that advance its corporate vision. The initiatives will also provide opportunities for building a credible brand identity in the community in which the Authority operates. In this regard, RBA aligns its causes with initiatives that accord retirees reasonable and sustainable lifestyles after retirement.

SPECIFIC AREAS OF FOCUS:
Initiatives will be carefully selected in some specific areas of focus that are in line with the Authority’s strategic objectives. These categories will include, but not limited to:-

1) Health
According to World Health Organization (WHO), health advances over the last century have produced numerous vaccines, cures and treatments for many common infectious diseases. However, communities still need and seek vaccines, clean water sources, bed nets, improved nutrition, and hygiene. While the government is trying to make the above available to the communities, many are still unable to access them.

In most African countries, Kenya included, a very small fraction of the population have access and can afford quality healthcare. Similarly, many people find it even more difficult to access healthcare once they leave gainful employment. The Authority can therefore, help in bridging this gap by:
- Providing free medical camps.
- Providing sanitation and clean water to slum dwellers through building toilets.
- Donating water tanks to rehabilitation homes, community centers and schools.

2) Wealth Creation
Retirement in Kenya is a fact that many would rather ignore simply because majority of the work force do not prepare adequately for it. As an organization charged with the responsibility of ensuring that Kenyans save for retirement, and that these benefits are safeguarded, it is important for the Authority to go a step further and help workers come up with saving instruments charged with the responsibility of ensuring that Kenyans save for retirement, and that these benefits are safeguarded, it is important for the Authority to go a step further and help workers come up with saving instruments.

In this regard, RBA will not only prepare Kenyans adequately for retirement but also ensure that they receive their benefits, they plough them back into income generating projects that are sustainable.

The Authority has established contact with the Kenya National Federation of Jua Kali Association. The umbrella association caters for all Micro and Small Enterprises in the country and has over 1,040 associations registered countrywide. Through the Association CEO Mr. Richard Muteti, the Authority institutionalised a relationship with the Association to undertake the following activities:
- 1. Health conservation programme.
- 2. Outreach programme to help artisans build the capacity to develop a system for monitoring, and evaluating the programme to determine and measure its fulfilment of the objectives and outcomes.
- 3. Assist the Association form an independent pension scheme.

3) Education
Education, training and knowledge are the necessary tools to performance, advancement, self-confidence and achievement. In many African countries, the working community view retirement as a ‘problem’ of the old. However, as a corporate organisation, we feel that people need to be enlightened on this subject to avoid panic saving and instead, build a solid resource towards retirement.

4) Sports
Sports involvement not only enhance the organisation’s image by bringing out the dynamism that comes with it, but also give Kenyan sports people an opportunity to learn and understand the importance of saving for retirement which comes earlier than they think.

Sports involvement not only enhance the organisation’s image by bringing out the dynamism that comes with it, but also give Kenyan sports people an opportunity to learn and understand the importance of saving for retirement which comes earlier than they think. It has the potential to cut across different age groups and socio-economic strata.

RBA plans to initiate a program "Beyond the Sport" for sensitizing the sports community about setting aside funds for after their sporting career. Under the initiative, RBA will run clinics besides sponsorships to create awareness while at the same time building a strong brand presence among the sports people.
Legal Department

Tensions sector. We continue to be responsible for the formulation and drafting of the Retirement Benefits Authority, the department was heavily engaged at ensuring the security of pension funds as well facilitating legal and regulatory framework aimed at protecting and safeguarding the provision of corporate services. The department does not only perform the routine responsibilities of the department have evolved over 2006 it was renamed the Legal Affairs & Corporate Services Department. Some of the core duties and responsibilities of the department have evolved over the last ten years. The department does not only perform the routine legal functions, but is also actively involved in the formulation and development of the Authority’s strategic plan, including monitoring and evaluating the implementation of work-plans related to the formulation of an enabling legal and regulatory framework, aimed at protecting and safeguarding pension funds. We provide technical leadership and strategic direction in the development, implementation and evaluation of professional legal services including overseeing, scheduling and coordinating the provision of corporate services. An original and continuing mandate is the review RBA’s legal and regulatory framework with special emphasis on the removal of impediments, security of pension funds and protection of member interests. In its over 10 years of existence, the department has seconded support in various capacities.

Mission

Vision

To provide innovative legal solutions and world class legal representation.

Striving to achieve results that exceed expectations through commitment to our clients and adding maximum value by being accessible, efficient, responsive and leveraging technology.

The mandate of the department is to provide technical and strategic leadership in the development and enforcement of a robust and facilitative legal and regulatory framework aimed at ensuring the security of pension funds as well as to protect the rights of members and beneficiaries of pension schemes. At the inception of the Authority, the department was heavily engaged in the formulation and drafting of the Retirement Benefits Regulations which now govern the pension sector. We continue to be responsible for the translation of policy into legislative provisions that give effect to the policy. The department, comprised of five people also provides legal and policy analysis and advice concerning the Retirement Benefits Act, the Retirement Benefits Act rules, regulations as well as facilitating the resolution of specific legal problems. We are also responsible for investigating and enforcing cases of violations against statutory requirements as well as recommending disciplinary sanctions in line with the Retirement Benefits Act. Other duties include providing company secretarial services, advising the Board on legal matters as well as implementing good corporate governance practices to enhance organisational credibility.

At the inception of the Authority, the department was simply called the Board Secretary’s Office. However, following an organisational review in 2006 it was renamed the Legal Affairs & Corporate Services Department. Some of the core duties and responsibilities of the department have evolved over the last ten years. The department does not only perform the routine legal functions, but is also actively involved in the formulation and development of the Authority’s strategic plan, including monitoring and evaluating the implementation of work-plans related to the formulation of an enabling legal and regulatory framework, aimed at protecting and safeguarding pension funds. We provide technical leadership and strategic direction in the development, implementation and evaluation of professional legal services including overseeing, scheduling and coordinating the provision of corporate services. An original and continuing mandate is the review RBA’s legal and regulatory framework with special emphasis on the removal of impediments, security of pension funds and protection of member interests.

In its enforcement mandate, the department undertakes reviews of complex, sensitive and high risk matters in order to determine which cases pose the greatest threat to the security of pension funds including the rights of members and their beneficiaries. We provide legal advice and assistance on all aspects of pension regulation and prepare opinions and legal interpretations on various matters related to the interpretation and review of RBA Act and other statutory requirements. In its enforcement mandate, the department reviews cases of violation against the RBA Act, rules and regulations, provides legal opinions, recommends disciplinary sanctions, represents RBA in courts of law, tribunals and before quasi-judicial bodies and may negotiate settlements to protect the interests of the Authority in contested proceedings. We strive to protect RBA’s rights, privileges and interests in intellectual property and other product innovations and processes through patents and copyrights and take the necessary action to protect and preserve such rights from infringement. The department conducts legal research, develop concept papers, prepare legal briefs and opinions as well as develop effective defense strategies, arguments and testimony in preparation for legal proceedings. We aim closely with the Attorney General’s Chambers, Registrar General, law enforcement agencies and stakeholders throughout the country in connection with prosecution of offenders and to develop and advance criminal cases when the violation warrants more severe action. Contract management is a significant part of our responsibilities, so the department prepares, drafts and negotiates contracts, leases, formal agreements and other legal instruments between the Authority and other parties, and participate in settlement and arbitration of disputes to protect RBA’s interests. The Authority prides itself as a learning organisation, and so research is another essential activity undertaken by the department. We monitor developments in legal research and retirement benefits legislation, participate in outreach programs to strengthen corporate governance and improve the quality of service delivery.

In the provision of secretarial services to the Board of Directors we advise on good corporate governance practices to enhance organisational effectiveness. The department prepares and compiles concept papers, board papers, periodic progress reports and annual reports showcasing organisational achievements against planned targets as well as providing justification for performance variances and areas of improvement. We interpret and implement laws and rules including government policies and regulations as well as represent RBA in various capacities. The Legal Department also plays a support and liaison role for the Retirement Benefits Appeals Tribunal. This quasi-judicial Tribunal adjudicates in disputes between the Authority and stakeholders who are dissatisfied with decisions made by the Authority. The department has seconded support to the Tribunal and ensures that logistical arrangements at the sittings are in place to ensure speedy disposal of matters before it. Develop and implement strategies for creating a high performing organisational culture based on transparency, integrity, accountability, performance measurement and results to ensure that programme activities are undertaken on sound management principles and practices. Staff in the department interact with the public and so they participate in the implementation of advocacy and public relations strategies aimed at generating goodwill and advancing the mission of RBA. They participate in education and training programmes designed to update stakeholders on RBA requirements as well as creating awareness and sensitising the general public on the benefits of pension schemes. The department represents RBA at local and international meetings, conferences other forums to promote and articulate issues related to the development of the pension industry. In its over 10 years of existence, the department has strived to cultivate a network of strong and lasting partnerships with stakeholders in the pension industry and relevant Government agencies to ensure continuing support to RBA’s mission and strategic objectives. As a support department we believe in the highest levels of customer satisfaction to both our internal and external stakeholders.
Human Capital Development & Administration.

Ten years of successful service to our stake- holders is a proud milestone that de- serves recognition. The Authority has a tre- mendous responsibility to effectively monitor and foster the growth of the pension industry and we have keenly observed that the pension sector is properly supervised and the interests of the beneficiaries are well protected. All new organizations experience some birth pains and uncertainty in the formative years. The Authority has been no different. It takes time to establish a strong base and to gain the confidence and respect of the general public. The Authority has made tremendous milestones over the past 10 years and stands as an exemplar in this regard.

We started with five employees who were sec- onded from the Commissioner of Insurance and the Central Bank of Kenya and their principal role was to develop subsidiary legislation that were to operationalise the retirement benefits Act. Thereafter, this number has grown with time in response to the sector’s dynamics and increased responsibility of enforcing compliance and su- pervision of the pension industry. The Authority, can justifiably claim to have served as a bastion for the protection and pro- motion of financial security to the elderly and those unable to work due to early retirement or disabili- ty. This is in line with the evolving aware- ness of the universality of fundamental human right to a decent standard of living and the need to ensure that all persons should do. Every person should do gives rise to simplification of tasks and activities, elimination of unnecessary procedures and introduction of systems stipulating what each and every person should do.

Of course there have been hiccups along the line. The most important of these is the need for a capable and complete human resource structure to provide effective supervision and enforce the provisions of the Retirement Benefits Act. No. 3 of 1997. With the passage of time and the growth of the pension industry, the complexity of the supervisory role, the Authority has evolved and responded to the challenges by hiring highly skilled and competent personnel, to drive the agenda of the Authority and also offered opportunity, for skills development and growth. We have continued to receive support from our parent ministry as well as international funding agencies and the World Bank who have support- ed the development of our staff through train- ing on pension matters and other related fields.

The Handworking and dedicated professional employees of the Authority, along with the di- rectors, continue to work tirelessly to ensure that the pension sector is covered by the most appro- priate laws and professional practices, which will lead to the fastest improvement in the welfare of the citizen. The Authority has not been without its share of challenges but through admirable professional- ism from the team, the Authority has continued to supervise the pension schemes and media- tion services to the delight of the stakeholders. We wish the entire RBA family every success in all future endeavours and that the high level of commitment it has demonstrated will not wane in the years ahead. May the celebra- tions be truly rewarding.

Internal Audit & Risk Management Department

The Internal Audit & Risk Management de- partment was established by the Board of Directors on March 23rd 1999. In June 2008, the Internal Audit functions were outsourced to PriceWaterhouseCoopers. On February 18th 2010, the Board of Directors resolved to recruit the Head of Internal Audit and Risk Management to comple- ment the functions of PriceWaterhouseCoopers. In July 2010, the Head of Internal Audit and Risk Management was hired and reported on September 1st 2010.

The main objective of the department is to assist the Retirement Benefits Authority (RBA) accomplish its objectives by providing an independent, objec- tive assurance and advisory service with regard to governance, risk management, internal control, and accountability processes. The department provides the Authority with analysis, recommendations, counsel, and information concerning the activ- ies reviewed. The department is committed to ensuring that the Authority upholds good corporate governance, ef- fective risk management and internal control pro- cesses.

CT support in RBA was previously operated as a section within the Research and Development Department, and only provided by a technical team of two, under the guidance of the Manager, R&D. In that period they achieved significant mile- stones: setting up a robust workflow system that ensured that data from various pension schemes and statistics on industry performance was captured, analyzed and used as the basis for managing the retirement benefits sector, and implementing the basic office automation tools to support the opera- tions of the Authority. The section also managed the ISO certification process, which the Authority earned in February 2007. RBA went through several successful surveillance audits as well as a re-certification and audit was one of the first para staals to be certified to the new ISO 9001:2008 Standard in April 2010. Retention of this certification on both occasions indicates that the Authority’s quality management system meets international stan- dards, especially in the areas of service delivery and continual improvement.

With the change in paradigm of the Authority’s supervision model from rule-based compliance to a risk-based one and due to the increasingly im- portant role that information technology plays in modern business, it was deemed that the ICT function needs to stand on its own as a depart - ment. That shift was made in mid-2010. Among the responsibilities that this new department has been tasked with is implementing the Risk-based Pensions Supervision System and interfacing it with an integrated Back-Office Information System that will make efficient and efficient, an integrated HR and administrative functions of the Authority. The ICT department will continue to leverage ad- vancements and innovations in technology to en- hance efficiency in the retirement benefits sector and transform the Authority to a truly information- driven organisation. This will include exploiting the synergies of expanded communication networks, reduced communications costs and innovations such as MPESA, ZAP and Pesa Pap to increase coverage and improve on pension delivery.

The Authority shall continue to leverage on gains made in best technology and innovation to en- hance efficiency in the retirement benefits sector. For example, the synergies of expanded communication networks, reduced communications costs and innovations such as MPESA, ZAP and Pesa Pap to increase coverage and improve on pension delivery.

The Authority continues to retain its ISO Certification, which it earned in February 2007. The Authority has gone through several successful surveillance audits as well as a re-certification audit and was one of the first para staals to be certified to the new ISO 9001:2008 Standard in April 2010. Retention of this certification on both occasions indicates that the Authority’s quality management system still meets international standards, espe- cially in the areas of customer focus and continual improvement.

Certification to this series of standards is a confir- mation to suppliers, customers and other stake- holders that the Authority maintains robust op- eration standards and systems that can be relied upon for consistent service delivery. Our service delivery standards can now be benchmarked with good global practices, which will increase the confidence levels of customers.

To our staff, implementation of a quality manage- ment system continues to make work easier. The introduction of systems stipulating what each and every person should do gives rise to simplification of tasks and activities, elimination of unnecessary costs, reduction of risks, improvement of com- munication and general improvement of quality.

Chairman’s take on Quality Management System and Service Delivery - Head, ICT.
4. Balanced Scorecard for Pension Schemes

The Balanced Scorecard (BSC) is a widely used modern strategy implementation framework and performance management system. It efficiently integrates all aspects of enterprise strategy execution and management. A number of countries, notably Singapore, South Africa and Peru, are already using this framework to effectively supervise the pensions industry. The Authority has also recently adopted the BSC to manage its internal performance. In the long term, the Authority plans to use the same framework by having each pension scheme develop its own balanced scorecard to gather information that would complement the risk-based supervision of schemes.

Internal Audit and Risk Management Department

1. One of the key future initiatives of the Department is to participate in the development and implementation of institutional Risk Management Framework for the Authority. This initiative is aimed at enhancing risk management in the Authority and in such an improving the confidence in the retirement benefit sector.

2. Secondly, the Department plans to audit the effectiveness and efficiency of key processes of the Authority. This initiative is aimed at improving these systems with the objective of ensuring that the Authority’s strategic objectives are achieved. The Department will contact all the different stakeholders and present the results of the audit to the appropriate parties.

3. Thirdly, the Department plans to implement the international standard for the implementation of Risk Management Framework for the Authority. This initiative is aimed at enhancing risk management in the Authority and in such an improving the confidence in the retirement benefit sector.

4. Fourthly, the Department plans to audit the effectiveness and efficiency of key processes of the Authority. This initiative is aimed at improving these systems with the objective of ensuring that the Authority’s strategic objectives are achieved. The Department will contact all the different stakeholders and present the results of the audit to the appropriate parties.

Future Initiatives:

ICT Department

The vision of the ICT Department is: “Strong and timely support that will enable an information-driven RBA by 2012.” In order to realize this vision, the Department is in the process of implementing a number of robust information systems. Some of the initiatives under development in the medium-to-long term are the following:

1. Risk-Based Pensions Supervision System

Mid-last year, the Authority changed its pensions supervision paradigm from a compliance-based approach to a risk-based one. To effectively support this new way of carrying out our business, the ICT Department is working closely with external consultants, under the FLSTAP (Financial and Legal Sector Technical Assistance Project) framework set up by the Treasury, to acquire a new management information system. We expect this new system to be in place by the close of 2011.

2. Bulk SMS

The Authority will in the medium-term be implementing a bulk-SMS system, through which information can be quickly disseminated in the pensions industry can be quickly disseminated to retirees and other stakeholders.

3. Pensioner Cards

Retirees who receive modest monthly pensions often times have to travel considerable distances and spend substantial amounts of time to ac-

Research and Development

The Department has instituted an independent research panel to support the Authority’s research activities. The panel subjects the Department’s research outputs to independent verification and quality assurance right from the initial proposal stage, through the fieldwork and research, up to presentation of the final report.

The research panel comprises of members from three universities that the Authority is collaborating with as well as the industry group, the Association of Retirement Benefit Schemes (ABRS). The Authority benefits from research expertise as well as practical experience endorsed in these institutions.

Research Panel

The Department has a developed Concept paper on the use of mobile text messaging as an innovative tool to provide timely and useful information to members. The use of mobile text messaging has been found to be effective and efficient in delivering information to members. The Authority recognizes the potential of mobile text messaging as a communication channel from our stakeholders. This will also be an important feedback channel from members to the Authority.

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Human Capital Development & Administration Department

GEMBA KAIZEN (Continuous improvement & Innovation).

As per the Department’s future initiative, ‘Kaizen Concept’ at the work place. The core objective of the ‘Kaizen’ initiative or ‘change for the better” refers to the philosophy or practices that focus upon continuous improvement of processes in management, manufacturing, engineering and supporting business processes. This concept has been adopted in healthcare, psychotherapy, life coach-

Concept Paper on

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Legal Services

The Retirement Benefits Appeals Tribunal is established under Section 47 of the Retirement Benefits Act, 1997. The Tribunal has power to hear appeals by any person aggrieved by a decision of the Retirement Benefits Authority or of the Chief Executive Officer. The Tribunal also hears appeals against the Authority in the event of abuse of power donated to the Authority under the Act.

According to section 49, the Tribunal has all the powers of a subordinate court of the first class to summon witnesses, to take evidence upon oath or affirmation and to call for the production of books and other documents. Further, in the determination of any matter before the Tribunal, any interested party may be represented before the Tribunal by an advocate or by any other person, whom the Tribunal may, in its discretion, admit to be heard on behalf of the party.

Under Section 1(2) of the Retirement Benefits Act, the Board has appointed a Secretary to the Board who for our present purpose, also doubles up as the Manager, Legal Services Department and as such is charged with the responsibility of representing the Authority in matters before the Tribunal. To facilitate this function, the Board has also appointed such officers as are necessary for the proper discharge of the functions of this office.

The Legal Department has evaluated the current practice of in-house lawyers representing the Authority in litigation matters at the Tribunal and has opined that the Authority will be better served by outsourcing the service to external law firms.

1. Conflict of Interest

Rule 9 of the Advocates (Practice) Rules provides that: No advocate may appear as such before any court or tribunal to any matter in which he has reason to believe that he may be required as a witness to give evidence, whether verbally or by declaration or affidavit; and if, while appearing in any matter, it becomes apparent that he will be required as a witness to give evidence whether verbally or by declaration or affidavit, he shall not continue to appear.

The proviso to this section states that: Provided that this rule does not prevent an advocate from giving evidence whether verbally or by declaration or affidavit or formal or non-contentious matter of fact or any matter in which he acts or appears.

The officers of the Authority often consult among themselves to come up with a decision, which forms the basis of the appeal. In the circumstances, there is a clear and present likelihood that the in-house counsel who appears before the Tribunal on behalf of the Authority is likely to be called as a witness in some of these matters. Prudence therefore, dictated that the department opts for a better initiative regarding management of appeals at the tribunal in order to minimize legal risks.

2. The Legislative Framework of Legal Practice in Kenya

The provisions of Rule 4(1) of the Advocates (Practice) Rules with regard to the employment of Advocates on a salary by employers who are not Advocates (or a law firm) when read in the context of the entire Advocates (Practice) Rules leads to an inevitable conclusion that in-house counsel will find it hard procedurally to act for the employer on litigation matters. Part of the difficulty informing this position arises from questions on how to allocate income and costs proceeds that may accrue to the Advocate in the course of litigation. In sum, while not expressly prohibited by statute, the legal framework for practice as an Advocates in Kenya did not envisage an in-house lawyer acting for the employer in litigious matters.

3. Capacity & Access to External Litigation Skills

The Legal Department will in most cases lack the tools, personnel or infrastructural set up to competently undertake various contentious and non-contentious processes as would ordinarily be undertaken by a law firm. A number of legal processes require qualified officers to undertake such as court process serving and filing of court pleadings.

In addition, outsourcing litigation to external lawyers enables the institution to access external talent in litigation skills including case law research and courtroom practice. The acquired experience in litigation by external litigation lawyers creates an expertise niche, which will guarantee better results in all cases filed in courts and tribunals.

4. Volume of Cases

With an ever-increasing knowledge base on legal issues as appertains the retirement industry, there has been an upsurge of the number of cases filed in the Tribunal challenging the decisions or given by the Authority. The large volume of cases will stretch the resources available in the Legal Department and risk the quality of service expected from the department. The option of outsourcing litigation services for appeals at the tribunal is intended to manage this challenge.

5. Reduced Turnaround Time

The use of external litigation law firms expands internal bandwidth to reduce turn around time for other pressing legal projects, which are not litigious in nature such as:

• Legal research on comparative laws relating to pensions
• Family law issues and pension distribution
• Policy development and legal implications in matters related to pensions
• Reviews and amendments of the laws relating to pensions
• Enforcement and sanction considerations under the law
• Review the legal implications of the adopted pension supervision models
• Drafting of agreements
• Legal advice on regional harmonization of pensions
• Providing legal opinions to internal customers
• Addressing Frequently Asked Questions on legal problems in the industry
• Facilitate pension law awareness clinics to the legal sector
• Provide Board secretarial services

Litigation is often time consuming and winding and could limit performance of other key duties assigned to the department.

6. Flexibility

The combined effort of both external litigation law forms and in-house counsel enables the Authority to reduce risks associated with litigation by allowing the expert in litigation to carry out its duties on behalf of the Authority while the in-house lawyer monitors the performance of case management and provides industry technical knowledge to improve the work of the external litigation lawyer.

Owing to the foregoing reasons, the Department has from February 2011 outsourced litigation services for all appeals filed against the Authority at the Retirement Benefits Appeals Tribunal. It is expected that the Department will focus much of its time to execute its other mandate relating to non-litigious matters.
RBA/OED Hearing Conservation Initiative:

In 2009, RBA partnered with Operation Ear Drop (OED) Kenya, an organization started 25 years ago by Dutch ENT surgeon, Dr Chris Seipmeijer and his colleagues, with the aim of offering reconstructive ear surgeries to Kenyan children following an encounter with a Kenyan school girl who had been taken to the Netherlands for Ear Surgery. Under this programme, the Authority identified the Kenya National Federation of Jua Kali Associations which is the umbrella body of all Jua Kali Associations in Kenya as a strategic partner for the Hearing Conservation Programme.

This segment usually works in very harsh, high noise level environment out in the hot sun. Up until this time, the Jua kali sector, with a membership of over 8 million artisans (covering over 80 percent of the Kenyan workforce) had been an elusive sector for the Authority. RBA has used the CSI platform to deliver specific pension messages to the Jua Kali segment while sensitizing them on how to conserve their hearing. Through the success of this programme, the artisans were convinced to start their own unique pension plan known as “Mbao” Jua Kali Pension scheme where members contribute Ksh. 20.00 per day towards their retirement saving.

Mbao Pension Plan…. Mr Dominic Muindi

To many in the Jua Kali sector, pensions or retirement benefits only exist to the world of those in formal employment. This myth has however been broken recently since with as low as Sh20, the sector can now look forward to a better retirement package. “It is possible, it is something that we believe in and we are encouraging more people from the small and medium enterprises to join in and contribute to Mbao,” says Mr Dominic Muindi, the chief executive of Kenya National Jua Kali Co-operative Society Limited.

The Mbao pension plan was established by the Kenya National Jua Kali Co-operative Society Limited as a voluntary retirement saving scheme for its members. The primary objective of this initiative is to establish a suitable retirement benefits arrangement for the SME workers. More specifically its role has widely been centered around five action plans.

These have been mainly to extend coverage of retirement benefits amongst workers in the informal sector. It is also aimed at creating a National Retirement Benefits Scheme for workers in the Small and Medium Enterprise industry. The plan is also meant to facilitate education, training and sensitization of members of the scheme on matters of retirement benefits. It is also expected to promote the National Scheme amongst workers and carry out research and compilation of statistics regarding the scheme.

“We are in the stages of rolling it out to other parts of the country and we are sending a message to all the people in the informal sector that the little that they save will be of significance when they retire from the trade,” says Mr Muindi.

So far the scheme has over 17,000 members within a span of six months and the contributions are received through mobile money transfers like Zap, (Zain Kenya) or Mpesa (Safaricom) to remit their contributions. The contribution has a set minimum target of Ksh500 per month, which translates to Ksh20 per hence the name ‘Mbao’.

“This contribution in this manner is very flexible for members and each one of them is encouraged to ensure that they meet the minimum target set for the month. We are also encouraging members to know that even if they stop contributing for one reason or another the savings will still be safe,” adds Mr Muindi.

As is expected of any pension scheme, the plan has moved to line itself with the requirement of law and has a team of service providers that are in charge of its operations. The plan has secured the services of Kenya Commercial Bank for trustee and custodial service. The fund is however managed by Co-op Trust Investment Services and administrated by Eagle Africa Insurance Brokers members to enroll in the scheme.

Expectations...
My name is Titus M. Nyanzu, I retired from the Amedo Centres K. Ltd on 31st Dec, 2007 after serving for a total of 38 years as a marketer. I come from Mutonguni division in Kitui West District. Initially, I was employed by the then Singer Sewing Machines Company who were later restructured to form the Amedo centres Kenya ltd. For the eighteen years I worked with Singer Co. I was not a member of the pension scheme therefore I had made very little savings in preparation for my eventual retirement. However, upon switching to Amedo I joined the Amedo senior staff pension scheme and started saving for 20years.

Among many ideas I had in mind upon my retirement, was to construct a boarding primary school complex on my seven acres of land to cater for the demand which was evident among locals. Although my plans were very advanced by the year 2007 when I was expecting that letter to go home, I had not consulted any experts to assess my preparedness and to guide me. It was not until the 2nd half of 2007 when I was sponsored by Amedo management to attend a retirement benefits seminar organized by RBA at the then Grand Regency Hotel. During the seminar, I discovered that I was ill prepared for building a Primary boarding school complex and that I needed to do what I like most as a person and not necessarily be driven by the public demand or the cash potential.

Immediately after the seminar I consulted with my family and decided to divide the cash benefit into two parts in which case we invested part of the money in equity saving and the rest we ventured in Agricultural farming as a business and straight away I started to construct tomato green houses using locally available timber posts and poles. Currently I am a proud owner of 4 green houses measuring 8 x 30metres each, which are all under drip irrigation system.

To get water, I had to dig two shallow water wells each measuring 4 metres wide and 10 metres in depth. Since rivers in Kitua are seasonal, I decided to construct a gabion across the small stream to collect sand for water harvest. In addition to the above, and upon realizing that I had accumulated surplus water in my wells, I decided to build three fish ponds where I keep Tilapia from Sagana Fisheries Development as well as planting tissues cultured Banana plantations which have proved a catch for the residents.

We have also started keeping local chicken which are now numbering over 400. Selling an average of over 80 crates of tomatoes every month, together with fish and chicken sales, I cannot regret having chosen to invest in Agriculture as a business and I attribute this entire success story to the wise counseling and training by the RBA.

I am particularly thankful to the RBA who have been monitoring my progress after they realized that I was a beneficial of their training. In this regard, RBA has invited me to give a testimony of my life after retirement during their seminars all over the country. For those employees who are still in employment irrespective of their age, salary or status, my message to them is that there is need to consult regularly with the RBA and start planning to save early through their respective pension schemes.

Why Save for Retirement:

• Modernisation of society is gradually breaking the traditional system of old age security
• Progress in medical and technology are making people live much longer after retirement
• Medical bills continue to increase the older one gets
• Retirees are increasingly being left with the burden of raising their grandchildren orphaned by HIV/AIDS
• Retirement savings can provide a safety net in the event of losing a job
• Retirement savings guarantees a regular stream of income after retirement

Titus Nyanzu, retiree trained by RBA

Building Wealth

Retirement Benefits Authority July 2010 • www.rba.go.ke

RBA looks forward to encouraging more informal sector workers such as matatu drivers to register in schemes.
RBA’S association with international organisations

The RBA is associated with two international pension bodies, the International Organisation for Pension Supervisors, IOPS and the Organisation for Economic Co-operation and Development, OECD.

The IOPS is an independent international body representing those involved in the supervision of private pension arrangements. It currently has around 60 members and observers representing more than 50 countries worldwide.

The OECD is an organisation that brings together the governments of countries committed to democracy and the market economy from around the world to:
• Support sustainable economic growth
• Boost employment
• Raise living standards
• Maintain financial stability
• Assist other countries’ economic development
• Contribute to growth in world trade.

Our very own Chief Executive, Mr. Edward Odundo, is the Vice President of IOPS. The OECD/IOPS Global Forum on Private Pensions was held on 30th to 31st October 2008 in Mombasa, Kenya. On the agenda was:
• Pension industry development in Kenya
• African pensions roundtable
• Financial education campaigns and pension reform
• Pension fund coverage and the informal sector
• Pension funds in capital market and infrastructure development

The OECD/IOPS Global Forum aimed to bring together a wide audience of senior government officials, leading pension policy experts, representatives of the private pensions industry and researchers from around the world and engage participants in fruitful and constructive debate.

The Global Forum addressed a wide range of issues of high relevance to national policy debate on retirement savings in both developed and emerging economies. Special attention was devoted to the developments in the pensions industry on the African continent.

RBA’S PARTNERS

The International Organisation of Pension Supervisors (IOPS)

More of a dairy farmer with a lid and also designed by Ian Proctor, she has an enormous cockpit and a fully-retracting centreplate that leaves a flush bottom for easy trailing.

ACHIEVEMENTS: MR. EDWARD ODUNDO

Mr. Edward Odundo, Chief Executive, RBA was awarded the Moran of the Order of the Burning Spear (MBS) by H.E. President Mwai Kibaki on Jamhuri Day, Sunday, 12th December 2011 in recognition of his outstanding contribution towards national development. Mr. Odundo’s stewardship has made the pensions sector grow significantly from Ksh. 40 billion in 2001 to Ksh. 400 billion in 2010. His initiative of engaging with the informal sector has led to an increase in the uptake of pension plans through “Mbao” Jua Kali Pension scheme which is targeting over 8 million members country-wide.

RBA’S PARTNERS

The OECD

More of a dairy farmer with a lid and also designed by Ian Proctor, she has an enormous cockpit and a fully-retracting centreplate that leaves a flush bottom for easy trailing.
The retirement benefits industry continues to grow and has contributed significantly towards improved livelihood for Kenyans. From its formative years, the industry has seen considerable growth in the assets under management. In the 4th Quarter of 2002, the total assets under management were 117 Billion, a figure that has grown over the years to 396 Billion as at June 2010. This represents a 238 percent increase in the assets under management in the Industry.

In 2002, the GDP grew from 0.6% to 6.1% in 2006. However, the growth was hampered by the 2008 political clashes and has since been on a recovery trend with latest statistics at 2.6% GDP growth. The pension Industry contributes 20 % of the GDP. The industry has played a significant part in the turnaround of domestic savings rate as well as a strong rebound in the overall economic growth rate. Investment portfolio returns have also improved tremendously over the years as a result of diversification and guidance of independent investment managers. The implementation of the investment guidelines and the use of investment policies have also assisted in corporate governance of the schemes. The pension industry has been paramount in the growth of long term investments in Kenya. This can be attributed to substantial investments in government securities and quoted equities. In particular, the industry now accounts for 22.5% of total government securities. It has also contributed to the capital markets with a total inflow of Ksh. 111.1 Billion as at June 2010. Other asset classes have also registered significant gains over the years. However, we note a slump in the industry during the year 2008/2009 as a result of the global financial crisis. This resulted in a decline in local equity markets due to loss of confidence amongst investors and the exit of foreign investors. Pension arrangements, Defined Benefits and Defined Contribution funds were greatly affected by this decline. The financial crisis led to a decline in offshore investments owing to the collapse in global equity markets.

In conclusion, the pension industry will continue to play an important role in the economic growth of the financial sector in line with the long term development plan of the country as envisioned in vision 2030.