



In the beginning...

Retirement Benefits Authority Service Charter

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 benefits 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.
- We can arrange to meet with you at your convenient place and 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
13th FLOOR, RAHIMTULLA TOWERS, UPPER HILL ROAD
P.O. Box 57733-00200 NAIROBI
Tel: 2809000/0722 509939/0735 339132
email: info@rba.go.ke; Complaints@rba.go.ke
www.rba.go.ke



Hati ya huduma ya halmashauri ya malipo ya uzeeni

Kwa mteja,

Halmashauri ya Hazina ya Wanaostaafu ni shirika linaloangazia masilahi ya wateja na linalojivunia katika utoaji huduma. Hati hii ya huduma inakueleza kuhusu aina ya huduma na viwango vyake ambavyo unaweza kutarajia kupata kutoka kwetu na muda inaochukua katika kutoa huduma mbali mbali.

i. HUDUMA NA VIWANGO:

Katika huduma zetu, tunalenga:

- Kuhakikisha kwamba watu wote wanaochangia katika kukuza uchumi, ama katika sekta rasmi au isiyo rasmi wana habari na kwamba wananufaika na huduma zetu.
- Kuelimisha umma, wadhamini, wanachama na wafadhili kuhusu haki zao na majukumu yao.
- Kulinda masilahi ya wanachama na wafadhili wa halmashauri za hazina za wanaostaafu.
- Kusimamia sekta ya hazina za fedha za wanaostaafu kulingana na Sheria ya Malipo ya Uzeeni.
- Maendeleo ya sekta ya hazina ya wanaostaafu.
- Kuendeleza na kuunga mkono masilahi ya watu waliostaafu.

Viwango vyetu:

- Kila unapowasiliana nasi, mtu mtakayezungumza naye atajitambulisha.
- Tunalenga kujibu simu katika kipindi cha sekunde 20.
- Unapotembelea ofisi zetu bila kutuarifu, tutakushughulikia baada ya dakika 15.
- Tunaweza kupanga kukutana nawe katika mahali na muda utakaochagua.
- Unapowasiliana nasi kwa barua, kipepesi au barua pepe, tutakujibu katika muda wa siku saba za kazi, kuanzia tarehe ambapo tutakuwa tumepokea barua yako.

ii. MALALAMIKO NA MAJIBU

Unaweza kutoa malalamiko kuhusu huduma zetu, maamuzi, hazina za malipo ya uzeeni, na wato huduma,

Na tuta:

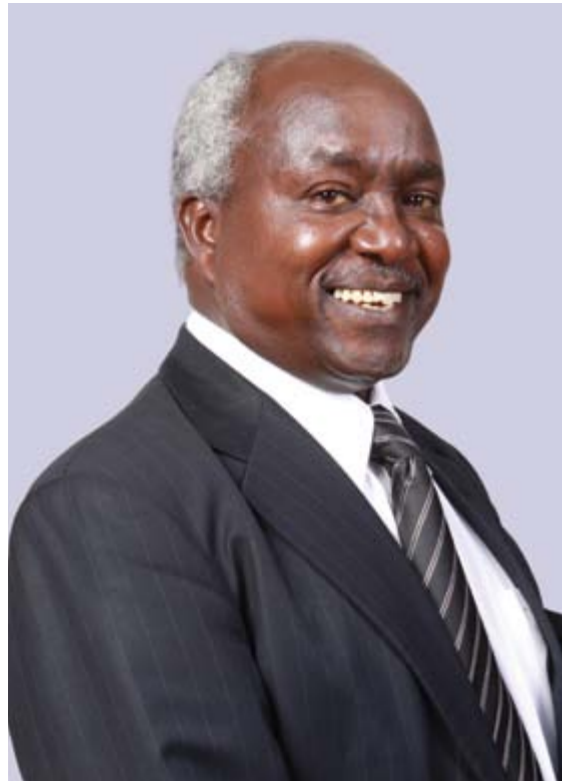
- Jibu barua ya malalamiko yako katika muda wa siku mbili(2) za kufanya kazi.
- Lenga kujibu katika kipindi cha siku 10 za kufanya kazi.
- Jaribu kupata funzo kutokana na malalamiko yako ili kuboresha huduma zetu.

Tunakaribisha maoni yako na mapendekezo kutusaidia kuboresha viwango vyetu vya habari, bidhaa na huduma.

HALMASHAURI YA FEDHA ZA UZEENI
OROF YA 13, RAHIMTULLA TOWERS, UPPER HILL ROAD
S.L.P. 57733 -00200 NAIROBI
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Message from the Chairman



The board has not taken a vote on a decision in seven years... Mr Manyara M'igweta Chairman (2003-date)

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 sup-

port 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.

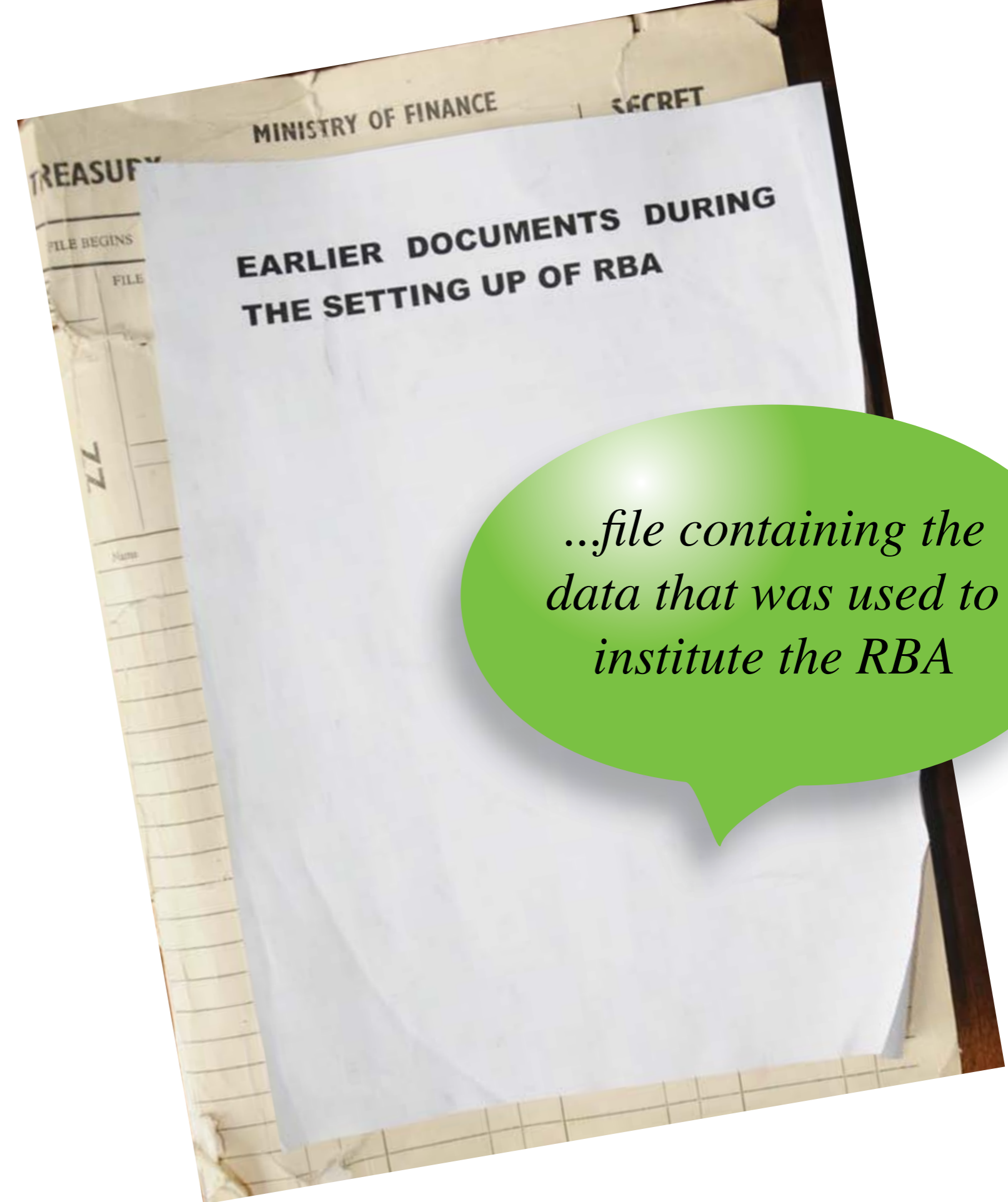
Not devoid of turbulence, the board has also been critical in creating the structures within and outside the Authority. This has seen them win more friends and convert foes into admirers in the same breath. "Whenever I'm introduced as the chairman of the RBA, I feel very proud when people appreciate 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 quips. 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.



The Board of Directors

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 Manyara M'Igweta (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 FCPA as well as a Bsc. and MBS in Strategic Management.



▲ **Thamuda Omar Hassan (Member)**

Joined RBA board 4th January 2007. UoN BA Economics & Sociology 1976 Career banker served with CBK for over 20 years, retired in 1999 as a Senior Manager. Currently involved in consultancy and charitable work.



▲ **Mwai Kihu, 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 Mwaura Mwangi**

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.



▲ **Stella Kilonzo 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.



▲ **Kanyi Gachoka (Member)**

Joined the board on 4th January 2007. Holds a Bachelor of Laws, Advocate in private practice, Partner with Kimondo Gachoka & Company Advocates, specializing in conveyancing and commercial law.



EDWARD ODUNDO MBS

At inception, 90 per cent of the pension schemes operating in Kenya were not compliant to the set standards of operations. With a new law, a new team was put in charge to ensure that the schemes complied with the desired code of operations.

Stepping in to take charge of this task was Mr Edward Odundo who was previously with the revamped Kenya Revenue Authority.

As the chief executive of the outfit, his in-tray was full even before he set foot at the Authority's premises. He was coming in to replace the acting CEO, Mr. Nahashon Nyaga, who steered the midwife process from inception.

"It was a challenging period when I joined, just at the transition period and there was resistance to the new law that had been put in place," says Mr. Odundo.

The determination to succeed for the chief executive and his team ensured that they pursued a cause that 10 years later has set regional standards. From the onset, the team punctuated each of their performances with success.

To bring on board the resisting industry, a deluge of

meetings were held that acted to create awareness as well calm down the opposing forces.

"It was important that we had to build trust with these people to ensure that we traveled this journey as a team. We were the regulators and they were the regulated so we had to strike a harmony in accepting each other," says Mr. Odundo.

With the participants brought on board, the task of regulating them began in earnest as it was benchmarked on creating value to the Kenyan pensioner. The initial task at hand was the restructuring of the management of the schemes that were at the best of the employers.

This was to ensure that the schemes were independent entities that were run professionally and operated above board. Secondly, the investments options of the funds needed to be regulated to safeguard employee contributions that were key to the retirement.

"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 monthly meetings with trustees to appraise them on what was required of them," explains Mr. Odundo. Hand in hand with the monthly meetings, creation of public awareness on the role of the Authority as well as the rights of employees in pension schemes took off. This was to educate the public both in formal and informal employment on the need to save up for retirement.

To date, while the saving culture in Kenya is still considered amongst the lowest in the world there is an increase in demand for pensions. To endear more people, the RBA has had to modify several sections of the legislations in order to ensure that contributors can see the benefits and/or utilise them before they retire.

In these endeavors, Mr. Odundo says 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 and a host of other good things that make the public, employed or not but engaging in an economic activity, put aside savings towards retire-

ment," he says.

Key to some of these incentives has been the revision of pension payment period from an initial 60 days to the current 30 days. This has made significant contribution in creating trust and goodwill between pensioners and their scheme. The ripple effect of this confidence has seen more people join schemes.

Like the adage, 'the success of a team cannot be attributed to an individual', the RBA has maintained a close working relationship. This has seen the staff remain cohesive in every activity that goes around.

By the standards of state agencies RBA has maintained a lean staff and outsourced most of its non-core business. This has resulted in harnessing the full potential required to meet and beat its mandates. "We also encourage our staff to develop with us. As the Authority grows, so they should also grow, as this creates in them the required skills to meet the set targets. But more so it is teamwork. None of us can work in isolation," explains Mr. Odundo.

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 monthly meetings with trustees to appraise them on what was required of them

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



Mr. Njeru Kirira former Director of Fiscal and Monetary Policies.

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 growing list of emerging economies.

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

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

'It started in 1996 and we wanted to see reforms in the financial sector come of age especially in tax regime modernisation as well as boost the economy of the country with these reforms," says Mr Njeru Kirira.

However, an inherent challenge kept on rearing its head for the team at Treasury and a solution was needed in place. The level of savings in Kenya was

at its lowest and most people retired to poverty, thereby hampering the efforts.

"The level of savings could not inspire any kind of investments nationally. Although we had made some strides like export promotion zones and the rest, we still needed to do something," he explains.

As the director of fiscal and monetary affairs within Treasury, Mr. Kirira was directly in charge of the creation of the Retirements Benefits Authority. As duty would dictate, one of the first areas of call to ensure that the country's savings increased was to look at the pensions regime.

This was an option to encourage long term saving among the people and would create a significant impact if encouraged. Although there were several schemes that operated within the country, the utter disorganisation called for a radical shift towards a regulator framework.

"We made the decision in late 1996 to establish a regulatory framework for the existing schemes and the once that would come to place long after. Working with other bodies such as the World Bank we soon hit the road running," he says.

The World Bank, being part of the idea to create a framework identified countries around the globe that presented similar authorities that had worked. In this regard, Chile and Argentina came out strongly as having pension industries that were successful and soon a team was dispatched to the South American countries.

The two-week study tour involved personnel from Treasury, the Central Bank of Kenya and the Kenya Revenue Authority. It is the same team that was to come back and form the task force to create the Retirements Benefits Authority.

"We got encouraged by the Chilean model that was successful for both the formal and informal sectors. When we came back we decided to design it so that it could fit our own environment,"

explains Mr. Kirira.

Of particular liking to the task force on the Chilean pensions industry was the ease of mobility from one scheme to the other. This was a welcome move since in Kenya at the time, one could not move from scheme to scheme, thereby hindering the growth of the industry. It also resulted in a negative attitude by contributors to pensions schemes, hence the low uptake and low savings in the country.

Additionally, the taskforce came up with mechanisms that would ensure that there was a spread in the investments taken up by the schemes to widen the risk base. Most schemes had the funds all bundled up in same investment vehicles and did not guarantee safety of the contributors funds. "All though there was initial opposition to it, once we explained ourselves to the industry they accepted it and it worked well," he reflects.

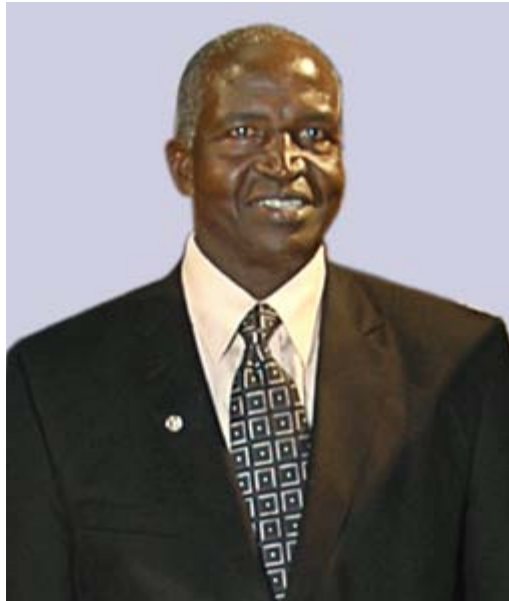
Once the scheme operators were brought on board, the taskforce implored upon the ministry of finance to create tax incentives for pensions saving. This was to endear the public into saving more and long term for retirement.

On the sides, a technical team had been put in place to spearhead the creation of the authority and manage it. The team had staff seconded mainly from the Central Bank of Kenya, Kenya Revenue Authority and the Commissioner of Insurance of office then based at the Treasury.

"I can say that we did not set up the Authority as fast as we had initially wanted to. It took a bit of time but I'm glad it took off and has done exemplary work," he says.

The delay however was occasioned by the constant changes in the political arm of the government. This had the team go a step back to brief a new minister or Permanent Secretary every time changes were made.

Message from Mr. John Simba, RBA'S first Chairman



Mr John Simba (First Chairman)

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 chattered waters of regulation. This required that a team be put in place to take this process forward.

"Ours was to lay the foundation by writing the rules and regulations that were going to hold together the industry and drive it to great heights," says Mr John Simba, the first chairman of the Retirement Authority (RBA)

An important and an exciting role for the team that was in charge they soon got down to work. Setting up the systems and putting in place the structures, the team worked diligently to achieve the set goals.

Like combing through a forest for a gem, the team was articulate in their roles crafting and drafting each set of law and regulations with knowledge of hindsight. Being a breast to the chaotic structure that had existed in the pension industry and the personal experience that several Kenyans had under gone after retirement, the will to succeed was apparent.

"I was impressed by the team and the fact that I was going to lead them was very pleasing. They were gallant men and women who were knowledgeable and I believed in them," says Mr Simba.

The then chairman himself having worked in several organizations and was up to date on the happenings new very well what the industry just needed. A panacea to situations where Kenyans who were active in their prime lives retired to poverty.

However the take off was not immediately as smooth as it was supposed to be and it hit near turbulence. As the captain of the plane, Mr Simba and his team took the first baby steps that would ensure that the industry first accepted them.

"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 business," he says.

With the employers safe in the armpits, the next obstacle 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 going to sit back and watch as this happened. But with the same mien, the builders of the RBA foundations took it upon themselves to explain what their mandate was to the team.

"They set up a committee under the Association of Kenya Insurance and we set up one too and we sat in meetings for days and finally they were convinced that our intentions were noble," he notes

Similar meetings were held with the officials of the Central Organisation of Trade Union (COTU) who too were skeptical on the role of employees in the whole set up.

"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 look back with pride, I did not only lead the team but also took it as a learning opportunity. I'm proud of what we did," he says

Message by Amb. H. Mutuma Kathurima, EBS, former Chairman: 2000 – 2003



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 at 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 were gazetted by the Minister of Finance on 8th October 2000. This was the final phase of the legislative 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 industry underwent major transformation in order 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

managers and custodians in accordance with the Retirement Benefits Act. This enhanced professionalism and tackled the question of conflict of interest; and setting up of separate scheme funds by sponsors. A number of schemes that had not previously had a separate scheme funds were funded during this period.

Other milestones during my stewardship included the launch of the first Public Education Campaign and RBA website. The recruitment of core technical and support staff was completed in 2001 which resulted to making all departments within the Authority fully operational. It was gratifying to witness the Authority embark on comprehensive delivery of its key mandate after the transition period. In addition, the Authority initiated key activities like handling of Complaints during this time. I have keenly followed the tremendous progress and achievements in the sector over the past 10 years. Although there have been many challenges, the industry has recorded a remarkable growth from Ksh.40billion to over Ksh.300 billion.

As RBA celebrates its 10th Anniversary, I would like to congratulate the Chairman and the Board, Management, staff, all stakeholders and associates, both current and all those who have served in the past, for their dedication and valuable contribution made by all towards ensuring the industry continues to thrive.

Amb. H. Mutuma Kathurima EBS.

Our aim was to protect the schemes and contributors...



Sammy Makove

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 of business.

"We held meetings with stakeholders to reassure them that this new outfit was not going to be a threat to them. It took some time 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 along 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 benefits 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. This includes the Teachers Service Commission and the Public Service Commission.

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



Nahashon Nyaga

Nahashon Nyaga was appointed Chief Executive Officer in January 1998. As the pioneer CEO, he was instrumental in establishing the organization's structure and hiring of the initial staff. It is during this period that the draft Retirement Benefits Regulations under the Retirement Benefits Act were developed and released to the public.

He played a pivotal role in coordinating the drafting of subsidiary legislation to the Retirement Benefits Act. The draft regulations were made available to stakeholders and interested parties in October 1999 to enable them to make their representations and comments. During this period, the Authority received invaluable views from stakeholders which were incorporated in the final text that the Minister of Finance subsequently gazetted into law on October 8th 2000.

Mr. Nyaga relocated the Authority from Treasury to Wakulima Plaza in 1999 and later to the present location in Rahimtulla Tower in Upper Hill in 2000. He also is credited with establishing the Authority's corporate identity, which is still maintained to date.

On 4th April 2001, Mr. Nyaga was appointed Governor of the Central Bank of Kenya, leaving behind an institutional framework that has continued to propel the Authority to greater heights over the years.

NAHASHION NYAGA
1st CEO RBA

Extending RBA reforms to the Public Service



Anne K. Mugo, MBS
Secretary/Director of Pensions

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 implemented through the Income Tax Act but mainly to allow for tax exemption. The banking stage followed, when subsidiaries of leading banks started administering pension schemes. Soon, international organisations saw the emerging opportunities in the Kenyan market to set up fund management companies to invest for the schemes.

It was therefore timely that in 1997, the Government set up the Retirement Benefits Authority to regulate the sector with a new supervisory model that required separation of the roles previously lumped together by these organisations. My pensions career path traces all these stages culminating in investment management before I joined the RBA team in July 2000.

As the first Head of Compliance, I trained a team of compliance officers and ensured we set up the administrative structures in the Compliance Department. Soon it was time to implement the newly launched RBA Regulations in October 2000. It was a demanding task, made easy by teamwork as a large volume of applications had to be cleared alongside an avalanche of enquiries from a sector eager to comply.

Our first task was to register service providers, carrying out due diligence on them to ensure that they had the necessary systems and procedures. We then focused on registration of schemes, guiding employers and trustees on the requirements under the Act and Regulations. My team participated in sensitisation sessions with industry players as part of the entire RBA team. I still recall the Friday afternoon sessions when we debated on the various provisions of the Regulations to reach a common understanding before going out to advise trustees and service providers.

The Government came calling in mid-2001 with a request that the Authority assists the Pensions Department in reforming its public sector schemes, particularly those managed under the Pensions Act Cap. 189. The RBA Board made the decision to release me to take up this new task in March 2002 as Director of Pensions and subsequently upgraded to Secretary/Director of Pensions with more input on Public Service Schemes policy development.

The following achievements would not have been possible without the continued secondment and support from the RBA Board, Management and Colleagues: -

- Drafting and Implementation of the Presidential Pensions Act 2003 and payment to the first retired President of Kenya and the widows of the late first President.
- Implementation of Judiciary Pensions Policy when a large number of Judges and Magistrates were laid off in year 2003.
- Implementation of a new Armed Forces pension formula in Financial Year 2003/04 that required lengthy lobbying, meetings and consultations.
- Implementation of taxation of public service schemes in July 2004 after negotiations with the Kenya Revenue Authority (KRA).
- Implemented the Pensions (Amendment) Act 2004 (famously named "Musila Bill") to speed up processing of pensions, resulting in clearing of long pending pension claims backlogs.
- Resolved long standing policy discussions on the Parliamentary Pension Scheme; handled the first Tribunal ruling; paid retirees from Parliamentary terms that ended in 2002 and 2007.
- Developed a new Pension Increase policy and had it enacted as the Pension (Increase) (Amendment) Act, 2006. Pensioners are now assured of regular pension increases.
- Successfully guided the implementation of two new pension schemes for the judiciary officers – the Judicial Service Superannuation (DB) and (DC) Schemes in July 2009.
- Gave advice on the issuance of the first Guidance Circular to Public Service schemes in November 2010 to entrench necessary reform that will ensure their sustainability.
- Successfully implemented the Pensions Management Information System (PMIS) that has received positive review by various independent IT consultants. PMIS has helped improve service delivery in the Department and achievement of Performance Contracting targets.
- Guided a process of change management, team building and succession management that has ensured the Department can continue with the reforms.

The period of secondment continues as the Government prepares to launch the contributory Public Service Superannuation Scheme (PSSS) which has already received Policy approval. A draft Bill is ready for Cabinet approval and subsequent enactment by Parliament. Implementation is expected with effect from 1st July 2011.

“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 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. Contained in his speech, were several proposals that are a tradition in such speeches. However, there was one particular one that touched on the pensions industry in Kenya, specifically the need to regulate it. The previous months had seen Parliament actively debate on the need to have a framework that would bring sanity to the industry.

But to Mr Kiptim, having been at the Central Bank of Kenya it did not occur to him that he would play a central role in establishment of R.B.A. Going about his duties as diligently as always, it seemed like any normal day until the call came in followed by a letter. Where had I gone wrong? The questions raced through my mind,” he says of the information. After further briefing, it aptly fell on him that he was to be part of a ‘taskforce’ that was to set up the Retirements Benefits Authority.

Being among the first of the four individuals who were seconded to the Fiscal and Monetary Department of Treasury to work out the modalities of the Authority, Mr. Kiptim can only look back in gaze. “So, I reported to Treasury the next day feeling like I had left my comfort zone at the CBK. I had access to a number of things including a telephone and all the niceties that came with an office,” he notes. At Treasury, work began almost immediately, with him and his other three colleagues 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.

With very minimal support from Treasury, the four gentlemen got to work in a room with four chairs, a table a pile of papers that would finally curve out the organization. The luxury of modern-day office space, which he currently occupies at the 14th floor of Rahimtula Plaza in Nairobi, was non-existent. The



JESSE KIPTIM

manual nature of the operation at that time, rivaled with the current state of the Authority can only 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 appraise ourselves on how Parliament proceedings went,” Mr. Kiptim reflects. Apart from drafting subsidiary legislation for the new outfit that was later to be known as Retirements 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 the many changes that followed therein was a move to the 10th Floor of Wakulima Co-operatives. “This is when we realised that we had to come up with procurement rules, now that we were on our feet. Treasury had given us the money and we had to account for it to the last coin,” notes the head of the finance department. Walking on a tight rope and with knowledge of hindsight, the team resorted to window-shopping as the mode of procurement. With an acting chief executive in place, recruitment of more employees and accounting for finance, the need for a more regulated working environment became key.

“We had to come up with all the instruments of accounting that would leave no doubt as to our prudence. We did it and I’m glad some of the initial steps we took have been a pillar this far,” he says of the beginning.

We had to come up with all the instruments of accounting that would leave no doubt as to our prudence. We did it and I’m glad some of the initial steps we took have been a pillar this far

The journey of the RBA

Like a jungle, where survival is for the fittest, the Kenyan pensions industry for long acted so in character and deeds.

The industry was benchmarked on profiteering by the pensions schemes that existed and played a primary role whose main goal then, it is widely believed, was to rake in riches. And make money they did, going by the unregulated investment options that they took without due regard to their contributors.

With some sense of the need to safeguard and create an aspect of integrity in the process, some of the pension schemes were closely tied to insurance firms. This still did not provide the confidence in the schemes, as was in the case of other pension industries the world over. It was a common feature to see a company wind up and take with it employee contributions.

Even the state-operated National Social Security Fund (NSSF) did very little to encourage development and discourage aversion for saving for retirement. The problems bedeviling the pensions industry were further compounded by the collapse of the Kenya National Assurance Company, which at the time was a preferred haven for the funds generated by the schemes. This necessitated a turning point as the government moved in to try and create sanity in the industry.

The debates in Parliament captured the sentiments of various leaders, which were for or against the creation of a regulatory framework that would ensure that a once disorganised industry became the envy of the rest. Parliament approved, in 1997, the now famous Retirement Benefits Act (1997). A death knell was sounded for the jungle law that characterised the industry. Better structures, efficient regulations, increased saving appetite, prudent investments, law and order was thus brought to the industry. Apart from the near lawlessness that characterised the industry, it was also felt that the schemes that were in place were not enough to provide sufficient coverage. In every one's mind then, was the National Social Security Fund (NSSF), as the main public retirement benefits scheme in



DAVID NYAKUNDI

the country that handled statutory contributions.

Optimists and pessimists alike contended that with the official formation of the Retirement Benefits Authority in 2000, protection of contributions, structural changes and greater 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 that preceded its existence and those that were to be formed thereafter.

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 that 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 emerged that required that it 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 there were insufficient consultations and benchmarks through which the authority was established. Embodied in its wake to try and clarify as well as create an understanding amongst all and sundry, 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 momentum has gathered pace and there is no stopping. A look into the institution's performance, service delivery and systems reveals just that. Like the proverbial touch of gold, it has left sterling marks in its wake.

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.

Like a river sneaking its way up the hills, down the valleys and finally to the great lake, the Authority continues with its journey, not stopping but aching to fly and to set standards for the industry in Kenya and in the region.

Taking baby steps

History is best told as stories that encompass learning experiences and points leading towards the future. Any institution worth its salt must have a history that points to where it came from and why. It is the story that Mr. Charles Machira, Assistant Manager Supervision at the Retirement Benefits Authority knows only too well.

"The days before RBA came into being, pensions in this country were hugely anchored on the goodwill of employers. They could either give your benefits to you or create a reason not to," he explains.

Joining the quartet from the Insurance Commission, Mr. Machira brought in invaluable experience from the sector in actuarial responsibilities. But first things first, he joined into the frenzy in which the other members of the team were working around.

"This was more like a taskforce that had been set up by the government through the Ministry of Finance. Our role was three fold: To draft the subsidiary legislation, institute structures of the Authority and set it into operations," he notes.

This was done within the specified time frame and by 2000, as expected, the Authority was duly in operations to perform its mandate.

To midwife the process of bringing the Authority to life, the team initially drafted 17 subsidiary legislations that were going to be key in setting the stage for a reformed and regulated pensions industry.

The legislations were key, since the initial Act passed by parliament was developed along the Chilean model. A number of industry players were not comfortable with, the model used in Chile since it was crafted by a dictatorial regime. It was upon the team therefore to make it palatable to the pensions schemes operating in Kenya while omitting elements that would create discordance between the private sector and the government.

Additionally, this team was also to play a role in creating levels of operations that ensured that a

wider platform that provided checks and balances within the team was in place.

"We managed to get service providers on board and brought a high level of normalcy in the industry within the first few years," says Mr. Machira.

According to him, the turning point in the pensions scheme was occasioned by the collapse of the Kenya National Assurance in 1996. The firm took down with it hundreds of millions worth of pension funds that had been entrusted to it.

Subsequently, the government made the critical decision that was going to get rid of the poor corporate governance that was prevalent in the industry. A system needed to be in place that would ensure that there was an oversight body to bring the industry in check.

"Imagine a situation where after several years of employment, you are terminated and you lose up to 25 per cent of your savings in a scheme," explains Mr. Machira.

It is such draconian rules that the RBA team was instrumental in eradicating and ensuring that a reasonable ground was found in similar cases. This was initially a challenge but as the years progressed, pension schemes came to appreciate their roles and accepted change.

This was however not easy and the initial legislations had to be refined from time to time to accommodate the diversity in product offerings. As a result, currently there are about eight sets of legislation that govern the industry.

The level of compliance has equally been improving each year and is today estimated at about 96 per cent of all the registered funds with the Authority.

"The remaining four per cent are negligible and I'm confident they are working towards complying. It is also important to note that not even a single scheme has gone under in the 10 years that we have been in operation," he says.



CHARLES MACHIRA

Imagine a situation where after several years of employment, you are terminated and you lose up to 25 per cent of your savings in a scheme

I was seconded to the team to assist



ZACHARY MAKORI

“At some points in my working career at the Treasury, I was asked to step in for a colleague who had gone on leave.”

To Mr Zachary Makori, Registry the four gentlemen who were holed up in the 12th floor of the Treasury building were mostly busy. Coming in as an administrative assistant, his was to help them ensure that the work floor was smooth.

Joining the team sometime in 1999, his was about holding brief until his colleague resumed duty then he would go about his other business, like he had done at Treasury for the past five years.

This was never to be. As soon as he was about to head back to his stable, the then acting chief executive, Mr. Nahashon Nyaga, requested him to stay with the pack. Though he had his misgivings he chose to stay on.

In 2000, when the authority carried out its first recruitment, Mr. Makori was among the early staff. While his duties revolved around office chores, mainly administration and messenger services, he also doubled up as a handy person in cleaning and serving of tea.

“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 posess. During the four months period that the RBA was located at the 10th floor of Wakulima Co-operative 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 errand boy 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, composed and articulate in his roles, Mr. Makori has literally showed 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 workmates know where files are found, one can only stop but admire his resilience. He has been with it and done it, he has grown with the Authority and is core to its growth in both lean and good times.

True that tough times do 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. Today, I’m happy where I am and I am proud of the achievements that I have made in this organisation,” he notes. As a reflection of the career growth that the Authority has put in place for its staff, Mr. Makori is now in charge of administration. He is full of praises for the management team that has enabled him come this far.

“Remember, I had just stepped in for a workmate who had gone on leave and now look at where I am. I have seen this organization grow and it’s a testimony of the great team that started it up. They are great men if you ask me,” he says.

I served the team diligently, ensuring that the letters were delivered to the right addresses, the office was cleaned and they had their tea at the right time.

It felt like family

It wasn't easy at the beginning...

In the early days of October 1998, a soft-spoken gentleman was seconded to the 12th floor of Treasury. He was to join up with a team of three others who had been around for sometime to help create the structures and pillars of the Retirements Benefits Authority.

This followed the Gazzettment of the Retirement Benefits Act of 1997, officially giving the RBA a platform to formalize itself. What was to follow was a transition period that would usher the pensions industry out of the thicket.

“It was a challenging period for us. We faced both confusion and resistance but we were very determined to make a mark in what we were going to do in moving forward,” says Mr. Nzomo Mutuku. Just like the other gallant men who had been assembled to add flesh to the whole process of creating the Retirement Benefits Authority, Mr. Mutuku had his vision. With an economics background, he knew his contribution to the team would be invaluable.

Settling down at the Treasury office, the team set down to work drawing up the subsidiary legislations as well as drafting structures of the new outfit.

The cohesion within the team was evident as they all set off, each working hard to make the ends of the enormous task before them meet. In his role, that would later turn out to be the department he currently heads, he had to spruce up his knowledge of the industry.

With all systems set and deadlines approaching, the first task for the team was at hand. They needed to know and gather information on who was operating 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. Among the items that the team required to be submitted was a list of trustees and their statements of financial accounts.

“Of course a number of them did not have some of



NZOMO MUTUKU

the accounts, others only had one year statements but we had to play by the rules,” he says.

This was the first landmine 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.

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 piling by the day, the team developed a simple database to capture key information of the applicants.

“We named the system FA1 to stand for Form A 1 and today remains the first file that the Authority has on the applicants,” notes Mr. Nzomo.

It is through this new application requirement that the team came face to face with the disorganisation that existed in the schemes. Of all the applications received, only 679 schemes attached the required accounts. Further, only about 400 of them had recent accounts.

“The compliance levels were very low in the industry. We had to do something,” he says.

First and foremost, the team backed by the law decided to put pressure on trustees to get them to the baby steps of the regulations.

However, in an approach that embraced them, a training model was brought in to keep them abreast and in-check with the new set of operations. The monthly meetings were largely successful in demystifying the role of the RBA in the industry.

On the other hand, being a dynamic industry, the RBA also developed systems that would ensure that every action made in the interest of pensions was backed by research. This has seen it, over the years, partner with institutions of higher learning to ensure that there are full proof systems geared toward change. Several institutions have brought in their research expertise in ensuring that the industry remains vibrant and in tune with the worlds best practices.

Additionally, this has been carried to date, where regular consultations between the Authority and industry players are very common.

“It has been a great success, since we are able to identify issues of concern and work around them effectively,” notes Mr. Nzomo.

All said and done, compliance in place and trustees knowing their roles in the running of the pension schemes, the team, full of confidence and trust in the structures, regulations and operations moved to their current home, Rahimtula Towers.

RBA 10th Anniversary Gala Dinner



Hon. Oburu Odinga, Ass. Minister for Finance launches RBA's revamped website.



RBA 10th Anniversary Gala



RBA 10th Anniversary Gala



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 10th Anniversary Individual Pension Plan Open day

RBA 10th Anniversary Celebrations



RBA's Milestones through the decades

THE MILESTONES





Today...

The Top Management



▲ Senior Management from Left to Right,

1. David Nyakundi Manager Supervision (LLB, LLM, CPS-K)
2. Jesse K. Kiptim (BBA, MBA, CPA-K) Manager, Finance
3. Edward Odundo MBS (BSc, MBA, FCPA, FKIM, CPS-K, FICPSK) Chief Executive Officer
4. Ann K. Mugo MBS (BCom, MBA, ACII) On secondment as Director of Pensions, Ministry of Finance
5. Elizabeth T. N. Wariungi (BA, MBA, CPA, CIA, CISA) Head, Audit & Risk Management
6. Rose Kwena (BA, PGD, MSc) Head, Corporate Communications
7. Stephen O. Mallowah (LLB, LLM, MSc, CPS-K) Board Secretary Manager, Legal and Corporate Affairs
8. Nzomo Mutuku (BA, MA-Econ) Manager Research and Development
9. David B. Nyakundi (LLB, LLM, CPS-K) Manager, Supervision
10. Gordon Bulinda (BE, PGD, MBA) Manager, Human Resource Capital Development & Administration
11. Dennis Abuya (BSc, MSc, MBA, CISA) Head of Information and Communications Technology.

Supervision Department: Executing the Core mandate of the Authority

Supervision Department which, until June 30th 2010, was referred to as Compliance Department is as old as the Authority because the department's mandate is to regulate and supervise 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 subsidiary regulations until October 9th 2000. The received applications from existing schemes helped the Authority collect further information, which was useful in improving the draft regulations which were eventually promulgated on October 9th 2000.

SPECIFIC MANDATE

The mission statement of the department is to effectively 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 registers schemes that desire 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 standard. In so doing the Authority not only protects the sector from errant players but also helps in the promotion of confidence in the system. 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



DAVID NYAKUNDI

law requires the Authority to license fund managers engaged in the investment of scheme assets, custodians holding scheme assets and external administrators of schemes. The licensing of these service providers is annual and for the year 2010 there are 17 fund managers, 10 custodians and 26 administrators 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 application documents such as scheme rules, fund management agreements, custody agreements, financial statements of existing schemes and service providers, actuarial valuation reports for defined benefit 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-

ments have to a large extent remained the same except for minor changes such as doing away with actuarial reviews for defined contribution schemes and introduction of licensing of administrators in 2007.

SUPERVISION

Here lies the core business of the department. This activity involves the regulation and supervision of schemes and until June 30th 2010, it was rule-based where schemes and service providers were required to furnish the Authority with statutory returns and comply in their operations with statutory prescriptions. The rule-based supervision or compliance-based model of supervision does not assess risks which schemes are exposed to. Accordingly, the Authority as from July 1st 2010 has shifted its model of supervision to risk-based. The new model is focused on assessing risks in schemes and coming up with interventions intended to mitigate those risks.

Otherwise, compliance-based model of supervision which the department has been applying to the sector involved submission of a number of returns including annual financial statements, quarterly record of contribution returns, quarterly investment returns, actuarial reviews for defined contribution schemes after every five years, actuarial valuation reports after every three years, annual statutory levy, investment returns after every three years and scheme administration budgets whenever required by the Authority. These documents are evaluated by the department to monitor whether they meet the prescribed statutory requirements without necessarily evaluating the possible scheme underlying risks.

As part of compliance requirements, schemes are required to hold annual general meetings, furnish members with their annual statements, provide

summarized financial statements of schemes to members and notify members of the availability of actuarial valuation reports for inspection. These compliance requirements were intended to enhance disclosure to members and also create an avenue through which scheme trustees and members can engage on matters pertaining to scheme.

Schemes or service providers, which, from returns, are found to be in breach of the statutory standard, are required to propose a remedial plan to enable them come to the standard, failing which a necessary sanction will be applied to ensure the deviation is eliminated. The department is required to review remedial plans and approve them so long as they are viable and within the statutory standard.

Other supervisory functions which the department engages in include approving and monitoring scheme conversions, mergers and transfers of schemes and winding up process of schemes. These processes are complicated because they require caution to ensure members' accrued assets are not diminished. In the history of the Authority, the longest liquidation process of a scheme relates to the winding up of Kenya External Telecommunication Company Limited staff retirement benefits scheme, which was closed in 1980 and the liquidation could not be finalised until September 2010! The establishment of the Authority did help in managing and monitoring the process of liquidation of that scheme until it was finally concluded.

1. DISPUTES HANDLING

The department handles industry disputes and thereby guarantees the realisation of rights of parties in the sector. Majority of complainants are scheme members against trustees in regard to benefit calculations, delayed payment and withheld benefits against member liabilities to the scheme sponsor. The disputes handling process is intended to ensure efficient management of complaints towards amicable resolution of the same.

The process involves verification of filed complaints and analysis giving both parties to the dispute sufficient time to respond to the issues in contention. The department relies on the submitted particulars, the scheme rules and the law to make a finding and make a decision. The decision is then communicated in writing to the parties. Any aggrieved party has a right under the Act to file an appeal within 30 days from the date of the decision. The department enforces the decision through the normal supervisory process including preferring an appropriate sanction against trustees if they ignore to comply with the decision.

2. OTHER ACTIVITIES

The department undertakes other duties intended to support supervisory activities. Such activities are:

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

The supervisory processes are automated through a workflow, which is basically paperless. The process commences with scanning of all submitted documents, which are then indexed to relevant files. Upon indexation, the system creates work for the relevant supervision officers that the system deposits in 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 relating 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 member's rights.

CHALLENGES

Since inception of the Authority industry performance in all areas including compliance has been in an upward trend. That is not to say that 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 sophistication of the mandate and institutions policy to remain lean. Owing to low staff capacity, sometimes work is delayed and thus performing below industry expectation.

WAY FORWARD

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 retrenches of public institutions and private companies. These complaints relate to periods before commencement of the Authority and they are about benefit calculation upon retrenchment. 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 which exposes scheme trustees and members. Some of the misconduct relate to giving improper advice and poor record keeping by some scheme administrators. There are cases where actuaries apply wrong assumptions in the valuation of scheme assets and thereby exposing sponsors and promises made to members. Some fund managers are not adequately equipped and skilled to efficiently manage scheme assets and hence denying schemes optimum returns.

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

The department has now from July 1, 2010 launched risk based model of 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.
- Promotes 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.

RBA
Retirement Benefits Authority

Vision

“To be a World Class Retirement Benefits Regulator”

Mission

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



NZOMO MUTUKU

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 Shs. 25,000 per month.
- Tax rates lowered for those over 50 years or have been in scheme for 15 years.
- 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 Drawdown allowed an alternative to Annuities.
- Increased minimum funding level from 80% to 100%

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 compulsion 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 Kenyan 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 UON)
- 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



JESSE KIPTUM

The 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 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 availed 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 limitation 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 initial 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. 105,328,035 out of which Kshs. 45,457,000 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.

Evolution 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 evolution was necessitated by the fact that integrated financial information is absolutely necessary in the management of business and also the recognition that finance department

is a strategic partner and center of convergence in pursuance of corporate mandates.

FUNCTIONS OF CURRENT FINANCE DEPARTMENT

The role of the department entails development of policy papers for both financial and administrative procedures, which govern professional management of funds of the Authority. The aspect of professional financial management commences from the point of financial planning through compilation of budgetary estimates and subsequent revenue collections to fund the projected activities and overseeing day to day management of Authority funds to meet disbursement requirements for goods and services and generation and preservation and publication of financial records on financial performance and position of the funds of the authority.

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 legislation of RBA Act, 1997 in the year 1997. The Government still had to spend huge resources through budget lines in supporting the operation for the next six years after the inauguration of the Authority, when adequate resources from the industry levy were receivable. The increase in the levy collected was indirectly 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:

Financial year	GOK Grants For Capital Expenditure	GOK Grants For Recurrent L Expenditure	Industry Levy	Remarks
1998/1999	21,316,650.00	23,683,350.00	-	
1999/2000	24,140,350.00	36,187,685.00	-	
2000/2001	-	48,000,000.00	71,000,000.00	Commencement of supervisory role of RBA
2001/2002	-	38,000,000.00	149,307,681.00	
2002/2003	-	14,875,000.00	146,492,000.00	
2003/2004	-	14,825,000.00	169,812,000.00	
2004/2005	-	-	194,668,450.00	The operations were fully funded by the levy
2005/2006	-	-	222,191,260.00	
2006/2007	-	-	244,339,319.00	
2007/2008	-	-	294,000,000.00	
2008/2009	-	-	304,000,000.00	
2009/2010	-	-	340,225,503.00	



ROSE KWENA

Corporate Communications department was set up in September 2008. Prior to its set up, the communication function was housed in the Research Department.

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 demystifying 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 benefits 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 "Failing to save for retirement is planning for old age poverty".

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 the successive campaign 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 in print media to amplify the pension message. Phase two of the activation which targeted all regions country-wide 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 1227 registered schemes – representing 96.2% 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 delivering pension benefits and trustee training programs to private and public 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 programme 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 for retirement, the information reached them when they were already exiting formal employment. In an effort to de-stigmatise the seminar, RBA resolved to rename it "Retirement Planning Seminar" and also reduced the age limit of attendees from 50 years to less than 30 years.

Removing the age limit not only eliminated the stigma that was always associated with retirement but also made pension saving trendier, and therefore appealing 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. 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.

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 pension products. 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 line with the Department's Strategic plan to carry out a road show within each financial year, the Authority hosted the first ever road show in Mombasa town and its environs from the 24th to the 26th June 2010. This was done in partnership with KBC Pwani FM.

The Roadshow objectives were:

- Create awareness on RBA as a Brand
- Enlighten the public on the mandate of RBA
- Enforce the message of saving for retirement early
- Communicate the various Pension saving products in a relevant manner
- Provide an interactive forum for RBA and coast residents to engage each other

The mediums of communication used to achieve these objectives included a 3 day Road show in Mombasa and its environs and a one-day Music concert targeting over 800 youth with the aim of getting them to own retirement and not associate it with old age. 'Vijana na Retirement', was adopted as a brand for the youth to relate with the event. This was communicated in the concert by renowned coastal artistes.

The roadshow was supplemented by on air support from KBC Pwani FM which included live interviews, live links and brand talk ups.

The Authority also used the opportunity to raise its profile at the Coast through:

- Visual branding of the truck
- Branded crew on the truck, ground and at the concert
- Media advertising on Pwani FM, KBC Channel 1, Idhaa ya Taifa and Metro FM
- Audio hype on roadshow truck and concert
- Distribution of fliers

The department plans to implement future regional roadshows in Mt. Kenya 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.

CORPORATE SOCIAL INVESTMENT (CSI)

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 toward pro-actively and holistically meeting and exceeding the expectations of all its stakeholders and employees.

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 carve 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 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 8million 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.



Hearing Conservation clinics

- 1 In May 2009, the Authority officially launched the RBA/Operation EarDrop Hearing Conservation campaign in Kamukunji-Nairobi where over 750 artisans had their hearing assessed and provided with hearing aids to prevent noise induced hearing loss.
- 2 From 22nd -27th March 2010, the Authority piloted the second Hearing Conservation Programme ENT clinic in Kibuye-Kisumu targeting more than 2,000 Jua Kali artisans.

In the third quarter of 2010, the Authority will embark on a country-wide mobilization programme in partnership with Kenya National Federation of Jua Kali Associations to mobilize the over 8million members to enroll in the scheme.



CORPORATE SOCIAL INVESTMENT

▲ The Jua Kali art

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, thus increasing awareness on their functions. In this regard, the Authority is taking 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 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 CSI, the Authority will focus on initiatives that are aligned to its vision to realize a Return on Investment that meets its business objectives.

DIMENSIONS OF CSR

In line with community support, the Authority approaches CSI from two perspectives:-

- i. Concerned with the internal policies of the Authority (HCD&A Department)
- ii. 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; local communities, business partners, suppliers and consumers, among others.

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 thus 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 partnership

STRATEGY 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 align 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:-

- Health
- Education
- Wealth creation
- Sports

1) Health

According to World Health Organization (WHO), health advances over the last century have produced numerous vaccines, cures and treatment for many common infectious diseases. However, communities still need and seek vaccinations, 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 sound investment projects.

In this regard, RBA will not only prepare Kenyans adequately for retirement but also ensures that when 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 Entrepreneurs in the country and has over 1,040 primary associations registered countrywide. Through the Association CEO Mr. Richard Muteti,

the Authority institutionalised a relationship with the Association to undertake the following activities:

1. Hearing 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 fulfillment 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 for them than most working group because they retire early.

RBA plans to initiate a program "Beyond the Sport" for sensitising 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



STEPHEN MALLOWAH

Vision

To provide innovative legal solutions and world class legal representation

Mission

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 pensions 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 pro-

vides legal and policy analysis and advice concerning the Retirement Benefits Act, applicable laws, 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 to enhance the integrity of the pension industry. We undertake reviews of complex, sensitive and high risk legal 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

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

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 liaise 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 organization, 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 showing organisational achievements against planned targets as well as providing justification for performance variances and areas of improvement. We interpret and implement laws and rulings 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 staff to the Tribunal and ensures that logistical arrangements of 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 also 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.



The RBA Board of Directors attending a Pension Plan Administration Certificate(PPAC) training in Toronto Canada

Human Capital Development & Administration.

Ten years of successful service to our stakeholders is a significant milestone that deserves recognition. The Authority has a tremendous responsibility to effectively monitor and foster the growth of the pension industry while keenly observing that the pension sector is properly supervised and the interests of the beneficiaries are well protected and guaranteed. All new organizations experience some birth pains and uncertainty in the formative years. The Authority has been no different. It takes time to establish oneself and to gain the confidence and respect of the general public. The Authority has made tremendous milestones over the past 10 years in the above regard.

We started with five employees who were seconded from the Commissioner of Insurance and the Central Bank of Kenya and their principal role was to develop subsidiary legislations that were to operationalise the retirement benefits Act. Thereafter, this number has grown with time in response to the sector dynamics and increased responsibility of enforcing compliance and supervision of the pension industry.

The Authority, can justifiably claim to have served as a bastion for the protection and promotion of financial security to the elderly and those unable to work due to early retirement or disability. This is in line with the evolving awareness of the universality of fundamental human rights and provision of decent living to the society in general, to enhance life expectancy.

Of course there have been hiccups along the way, most notably the lack of institutional capacity and complete human resources structure to drive supervise and enforce the provisions of the Retirement Benefits Act No. 3 of 1997.

With the passage of time and the growth of the Pensions industry, 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



GORDON BULINDA

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 supported the development of our staff through training on pension matters and other related fields.

The hardworking and dedicated professional employees of the Authority, along with the directors, continue to work tirelessly to ensure that the pension sector is covered by the most appropriate laws and professional practices, which will lead to the fastest improvement in the welfare of the citizenry.

The Authority has not been without its share of challenges but through admirable professionalism from the team, the Authority has continued to supervise the pension schemes and mediation services to the delight of the stakeholders.

We wish the entire RBA family every success in all future endeavours confident that the high level of commitment it has demonstrated will not wane in the years ahead. May the celebrations be truly rewarding.



ELIZABETH T. N. WARIUNGI

Internal Audit & Risk Management Department

The Internal Audit & Risk Management department 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 complement 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, objective assurance and advisory service with regard to governance, risk management, internal control, and accountability processes. The department provides the Authority with analyses, recommendations, counsel, and information concerning the activities reviewed.

The department is committed to ensuring that the Authority upholds good corporate governance, effective risk management and internal control processes.



DENNIS ABUYA

ICT support in RBA was previously operated as a section within the Research and Development Department, and ably provided by a technical team of two, under the guidance of the Manager, R&D. In that period they achieved significant milestones: 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 operations 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 audit and was one of the first parastatals 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 standards, 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 important role that information technology plays in modern businesses, it was deemed that the ICT function needs to stand on its own as a department. 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 effectively support the financial, procurement, HR and administrative functions of the Authority. The ICT Department will continue to leverage advancements and innovations in technology to enhance efficiency in the retirement benefits sector and transform the Authority to a truly information-driven organization. This will include exploiting the synergies of expanded communication networks, reduced communications costs and innovations such as MPESA, ZAP and Pesa Pap to improve service delivery in the sector.



Chairman's take on Quality Management System and Service Delivery - Head, ICT.

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 parastatals 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, especially in the areas of customer focus and continual improvement.

Certification to this series of standards is a confirmation to suppliers, customers and other stakeholders that the Authority maintains robust operation systems and standards 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 management 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 communication and general improvement of quality.

The Authority shall continue to leverage on gains made in best technology and innovation to enhance efficiency in the retirement benefits sector. For example, exploiting the synergies of reduced communications costs due to the advent of the fiber optic cable in the country and introduction of innovation such as M-PESA, ZAP and Pesa Pap to increase coverage and improve on pension delivery.

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 we plan to roll out 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 has been working 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 about important developments taking place 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 in bus fares just to access their dues. To ease this burden, the Authority is exploring, with other players in the financial industry, the use of smart cards, which pensioners would present at local outlets thereby receiving their monthly payments. The smart card would record the pensioner's details and every time he/she receives such payment, the corresponding amount

would be recorded on the card. This is planned for the long term.

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 the Institutional Risk Management Framework for the Authority. This initiative is aimed at enhancing risk management in the Authority and as such improving the confidence in the retirement benefits 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.

Corporate Communications Department

Trustee Training Curriculum and Certification Programme

Trustee training is perhaps the fundamental issue underlying many of the governance challenges being exposed in the retirement benefits industry today. This challenge is compounded by the fact that many trustees are trained by the very companies that provide their funds with products and services. Retirement funds in most cases are the workers' only form of savings. Therefore, knowledgeable, committed and conscientious trustees are vital to protecting members' benefits.

The Authority is mandated to equip trustees with the necessary skills to help them improve scheme governance and ensure compliance with the RBA Regulations. Currently, the Authority administers a basic one-day trustee seminar with a key focus on the following topics:

- Role and responsibilities of trustees
- Investment options
- Types of retirement benefits
- Taxation issues
- Group exercises

Under this programme, the Authority managed to train 1,183 schemes by the end of June 2010 against 1,227 registered schemes, which translates to 96.2% of the total number of registered schemes. This means that there is at least one trained trustee in every scheme. However, going forward, there is need to upgrade the curriculum and escalate it from basic to certificate and diploma levels in accordance with international best practice while certification will enhance professionalism among trustees.

To achieve this objective, RBA has explored the possibility of developing an examinable pension education curriculum benchmarked on international standards for both trustees and pensions professionals to be delivered through the College of Insurance. Under this arrangement, the Authority will enter into a Memorandum of Understanding

with College of Insurance, Association of Retirement Benefit Schemes and Humber Centre for Employee Benefits, a premier pension education institution in Toronto, Canada that has been developing and delivering pension, benefit and trustee training programs to private and public sector organisations across Canada (including Office of the Superintendent of Financial Institutions – OSFI – Canada) for more than 40 years, to provide quality pension education for RBA staff and the pension industry in general and possibly, issue joint certification with the College of Insurance. The Curriculum and certification programme is expected to commence in July 2011.

Human Capital Development & Administration Department

GEMBA KAIZEN (Continuous improvement & Innovation).

As per the Department's future initiative, 'Kaizen Concept' at the work place will be introduced. Kaizen, a Japanese word for **"improvement"** 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 applied in healthcare, psychotherapy, life coaching, government, banking and many other industries.

Kaizen is a daily work process, the purpose of which goes beyond simple productivity improvement. It is also a process that, when done correctly, humanizes the workplace, eliminates overly hard work ("muri") and teaches people how to perform experiments on their work using the scientific method and how to learn to spot and eliminate waste in business processes. In all, the process suggests a humanized approach to workers and increases productivity: "The idea is to nurture the company's human resources as much as it is to praise and encourage participation in Kaizen activities." Successful implementation requires "the participation of workers in the improvement." People at all levels of an organisation participate in Kaizen, from the CEO down to the very junior staff member, as well as external stakeholders where applicable. The format for Kaizen can be individual, suggestion system, small group, or large group.

The five main elements of Kaizen are:

- Teamwork
- Personal discipline
- Improved morale
- Quality circles
- Suggestions for improvement

Once implemented, Kaizen will enhance productivity at the Authority.

Research and development

Research Panel

The Department has instituted an independent research panel to supervise all its future research activities. The panel subjects the Department's research outputs to independent verification and quality assessment right from the initial proposal stage, through the fieldwork and research, up to presentation of the final report.

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

Concept Paper on Text Messaging

The department has developed a concept paper on the use of mobile text messages as an innovation and a way of adding value to the services given by the Authority. Information communicated to members will be based on consultative dialogue with the industry stakeholders. The service will ensure greater coverage to members of pension schemes and will also be an important feedback channel from our stakeholders. Depending on the required information by the customer, the services will either be specific to the scheme

or general focusing on the service providers in the Industry. Regular updates shall be carried out to ensure that the information given is relevant and correct.

Concept Paper on Trustee Award

The department is also currently developing a concept paper on trustee awards. The aim of having trustee awards is to reward trustees who have made a difference in their pension schemes. This will encourage trustees to be committed and to always act in the best interest of their members.

Moving towards GIPS- Performance Measurement Guidelines

The department is steering the collaboration between The Fund Managers' Association and the Authority in sponsoring a quarterly performance measurement survey amongst the fund managers. The survey is geared towards comparing like-minded investment portfolios taking into consideration the Global Investment Performance Standards. In order to be effective and fair, consistency amongst participating portfolios is critical in determining what is to be measured and how. Performance measurement evaluations will be done in a consistent manner and statistical outputs shall be used to fairly assess the performance of individual asset management companies.

Outsourcing of Litigation Services – New appeals handling initiative

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 12(1) 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 experienced in litigation. The opinion is informed by the following:

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 on formal or non-contentious matter of fact in 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(ii) 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 Advocate 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 pensions industry, there has been an upsurge of the number of cases filed in the Tribunal challenging the decisions or directions 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 turnaround 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.



Expectations...

RBA Initiatives

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 8million 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 exists 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 some thing 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'

"The 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.

Building Wealth




TITUS NYANZU

Titus Nyanzu, retiree trained by RBA


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

RBA BENEFICIARIES



■ Pension beneficiary, Mr. Titus Nyanzu admiring tomatoes in his farm. He decided to set himself up in farming using his benefits.



■ RBA looks forward to encouraging more informal sector workers such as matatu drivers to register in schemes.

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 Kitui 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 Bananas 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 beneficiary 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.



Retirement Benefits Authority

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

CELEBRATING GREAT YEARS OF BUSINESS



Life Connections

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.



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. 40billion in 2001 to Ksh. 400billion 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 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.

RBA'S PARTNERS

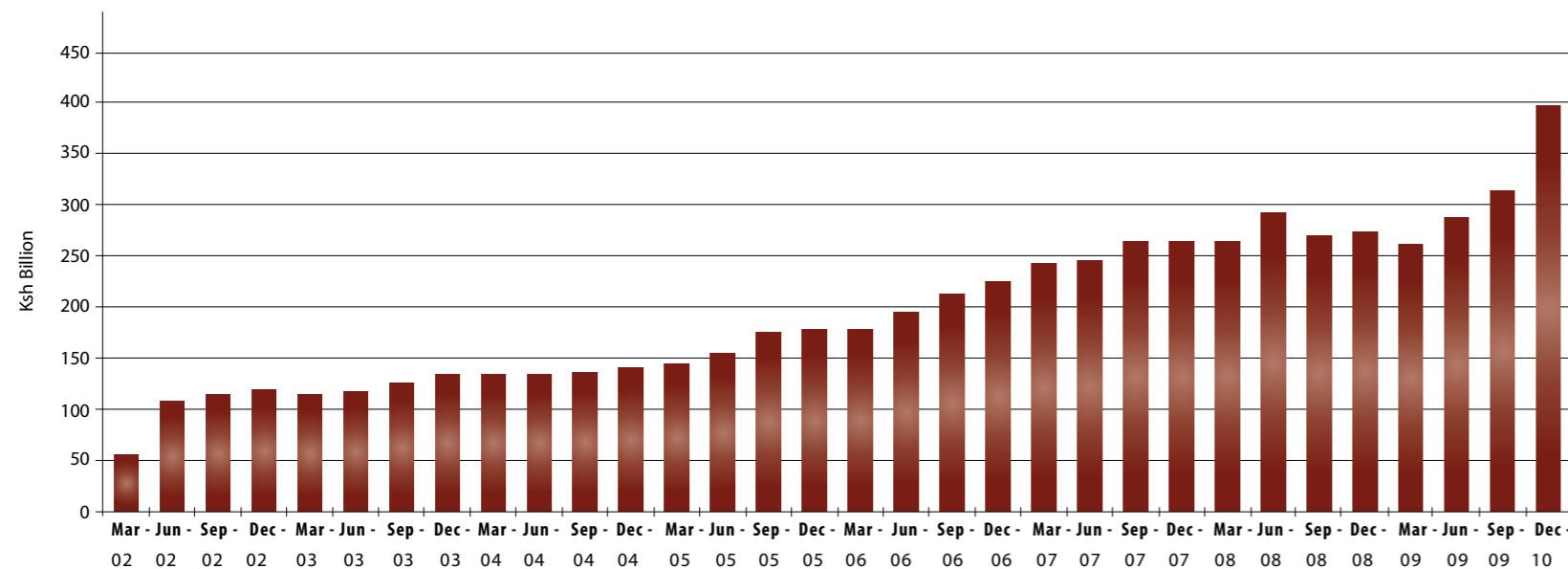


The OECDs

■ 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.

Retirement Benefits Industry Trend for the Last Ten Years

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.

Over the years, there have been policy changes in investment that have contributed to the increased performance in the industry. Notably, locking in of employers' contributions in 2005 led to increased growth in the fund value of pension schemes. In addition, the threshold amount on investments of government securities was increased from Ksh.5 million to Ksh.100 million.

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.

CELEBRATING GREAT YEARS OF BUSINESS

CELEBRATING GREAT YEARS

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