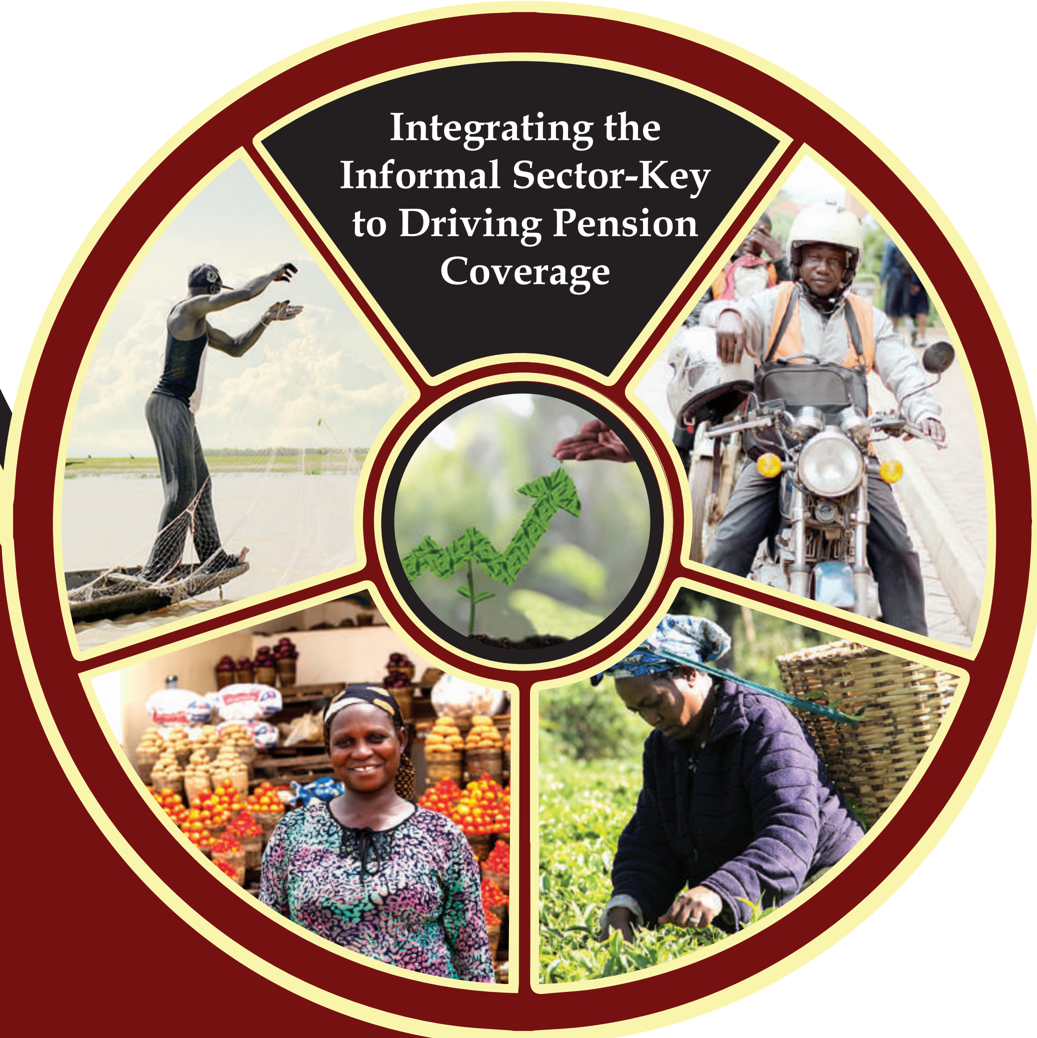
Retirement Benefits Authority

Safeguarding your retirement benefits

Integrating the Informal Sector-Key to Driving Pension Coverage



STRATEGIC PLAN 2019-2024

Retirement Benefits Authority

Safeguarding your retirement benefits

STRATEGIC PLAN

2019 -2024

May 2019

ACRONYMS

AGM	Annual General Meeting
AVC	Additional Voluntary Contributions
BS&CMLS	Board Secretary and Chief Manager, Legal Services
BSC	Balanced Scorecard
BYOD	Bring Your Own Device
CEO	Chief Executive Officer
CMCC	Chief Manager, Corporate Communications
CMF	Chief Manager, Finance
CMHCDA	Chief Manager, Human Capital Development and Administration
CMMC	Chief Manager, Market Conduct
CMR&S	Chief Manager, Research & Strategy
CMS	Chief Manager, Supervision
CRM	Customer Relationship Management
CRPN	Complaints Referral Partners Network
DB	Defined Benefits
DC	Defined Contribution
ERM	Enterprise Risk Management
ESG	Environment, Social and Governance
FS	Financial Sector
GDP	Gross Domestic Product
GNI	Gross National Income
GoK	Government of Kenya
HoD	Head of Department
IA&RM	Internal Audit and Risk Management
ICT	Information and Communication Technology
IOT	Internet of Things
IP	Internal Processes
IPP	Individual Pension Plan
ISMS	Information Security Management System
KES	Kenya Shillings

KM	Knowledge Management
KPI	Key Performance Indicator
KRA	Kenya Revenue Authority
KRI	Key Risk Indicator
L&G	Learning and Growth
M&E	Monitoring and Evaluation
MIA&RM	Manager, Internal Audit & Risk Management
MICT	Manager, ICT
MR	Management Representative for QMS
MSMEs	Micro, Small and Medium Enterprises
MTP	Medium-Term Plan
MVV	Mission, Values and Vision
NHIF	National Hospital Insurance Fund
NSE	Nairobi Stock Exchange
P&SCM	Procurement and Supply Chain Management
PPP	Public-Private Partnership
QMS	Quality Management System
RB	Retirement Benefits
RBA	Retirement Benefits Authority
RBPM	Risk-Based Performance Management
RBSS	Risk-Based Supervision System
SACCO	Savings and Credit Co-operative
SLA	Service Level Agreement
SMC	Strategy Management Committee
SMEs	Small and Medium Enterprises
SP	Service Provider
SPC	Strategy Planning Committee
STRATEX	Strategy Expenditure
SWOT	Strengths, Weaknesses, Opportunities and Threats
TCF	Treating Customers Fairly
TV	Television

DEFINITIONS

Beneficiary: Existing and potential pension scheme members, retirees, and their dependents, who benefit from the services provided by the Authority.

Chama**:** An informal co-operative society that pools and invests savings for its members.

Channel: The means used by the Authority to communicate with and reach its customer segments in order to deliver a value proposition.

Core Values: The guiding principles and philosophy at the centre of the organization.

Customer: Service providers (administrators, custodians, fund managers, trustees) who consume the services provided by the Authority.

Huduma **Centre:** This is one stop shop–a citizen service centre–that provides National Government Services. The centre is designed to enhance transparency, efficiency and easy accessibility of National Government services to all citizens.

Impact Measure: A metric that provides information about the lasting effect of a social activity.

Informal Sector: Part of a country's economy that is not taxed and its activities are not included in a country's Gross National Product.

Jua Kali**:** This comprises those engaged in small and micro-activities and the self-employed.

Key Activity: An important activity that the Authority must do to make its social business model work.

Key Performance Indicator: A measure that provides the most important performance information that enables an organization or its stakeholders to understand whether the organization is on track and make timely interventions if not.

Key Resource: An important asset that the Authority requires to make its social business model work.

Key Risk Indicator: A measure that supports the risk assessment process in order to develop an understanding of the impact on the organization of identified risks materializing and the likelihood of their materializing.

Mission: What the organization is about; its purpose.

Overarching Goal: The main objective that the organization aims to achieve to realize its vision.

Perspective: Different performance dimensions of an organization.

Risk: The effect of uncertainty on objectives.

Risk Appetite: The amount and type of risk that an organization is willing to accept, and must take, to achieve its strategic objectives.

Risk Tolerance: The acceptable level of variation of risk-taking in pursuit of a specific objective.

Segment: The different groups of people or organizations the Authority aims to reach and serve

Social Business Model: A model that describes the rationale of how an organization creates and delivers value in solving a social problem.

Stakeholder: The universe of people with an interest in the success, including citizens, the government, vendors, suppliers, collaborators, other organizations, etc.

Strategic Initiative: High impact projects designed to significantly impact strategic performance.

Strategy Map: The "Big Picture" of how an organization creates value that demonstrates the cause-effect relationships among the objectives that make up the organization's strategy.

Strategic Objective: A continuous improvement activity that must be performed to realize the organization's goals.

Strategic Result: Desired outcome for the main focus areas of the strategy.

Strategic Theme: Main focal areas of the organization's strategy, used to focus staff effort on accomplishing the vision.

Value Proposition: The bundle of the Authority's services/products that create value for a specific customer segment; what it must deliver to develop, retain and deepen its relationship with stakeholders.

Vision: What the organization wants to accomplish in the future.

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STATEMENT FROM THE BOARD CHAIRMAN

I take this momentous opportunity to present the Retirement Benefits Authority's Strategic Plan 2019 – 2024. This plan sets the strategic direction that the Authority wishes to pursue in the next five years beginning July, 2019. It is important to note that this is the fifth strategic plan and the third five-year plan the Authority has developed for implementation since its establishment through the Retirement Benefits Act Cap 197. The development of the new plan was greatly informed by extensive consultations with stakeholders. The Authority's Board played the pivotal role of guiding and conceptualizing the Vision ***"An inclusive, secure and growing retirement benefits sector".***

This strategic plan comes at a time when the retirement benefits sector has registered impressive growth with assets under management crossing the **one trillion shillings mark**. This has provided an impetus to further enhance the sector's growth by putting in place innovative strategies and shifting focus toward "**formalizing informality"** by enhancing pension coverage to the informal sector workers.

In order to achieve the aspiration of the strategic plan, the following are the key strategic objectives that will be pursued in accordance with the Authority's mandate:

(i) Improve Access to Authority Services

(ii) Improve Retirement Benefits Sector Governance

(iii) Improve Customer Experience

(iv) Enhance Confidence in the Retirement Benefits Sector

(v) Enhance Retirement Benefits Sector Contribution to the **Big 4 Agenda**

(vi) Increase Pension Coverage to the informal sector workers

(vii) Improve Asset Base

This strategic plan has been developed in line with the overall national development policies and plans. Particularly, this plan advances the government agenda outlined in the Kenya Vision 2030, Medium-Term Plan (MTP) III that largely prioritizes the implementation of the **"Big 4 Agenda**" of affordable housing, universal healthcare, food security and manufacturing. The Plan proposes innovative ways to mobilize long-term savings to finance investment in the "**Big Four Agenda**".

Besides the promise of full implementation of strategies outlined in this strategic plan, we will equally focus a number of initiatives vital in furtherance of growth, trade, development and stability in the retirement benefits sector. One such initiative is instilling **good governance** in retirement benefits schemes anchored on adequate controls, regulations and proper supervision. We shall continuously review and strengthen existing legislations and guidelines/codes of governance in the course of the Plan's implementation to ensure that retirement benefits schemes are managed transparently and efficiently.

We will endeavour to ensure harmony and consistency in the retirement benefits sector by reviewing the legal and regulatory framework that governs players in the sector. Currently, the various players in the sector are governed by different regulatory bodies, under different legislation and fall under different Ministries. Consequently, we will push for a review of the Retirement Benefits Act, NSSF Act and other relevant legislation as well as put in place a framework to facilitate co-ordination and information sharing among sector players.

The Authority will strengthen its collaboration with the national government and put in place a framework of engaging county governments in order to improve presence of its services in the counties. Further, the Authority appreciates that labour mobility across countries has become common globally. In effect, Kenyans in the **diaspora** contributing to various social security services in their countries of residence should be able to transfer their benefits upon return to Kenya in addition to mobilizing the rising levels diaspora remittances currently averaging Kshs. 20 billion monthly. Therefore, our focus will be on instigating a mechanism for transfer of benefit rights across borders as well within local schemes seamlessly.

The resources to implement the plan are fully internally generated and not dependent on external donations in line with the Government shift in focus to **trade and investment** in Kenya's external relations. Finally, we shall put in place a robust monitoring and evaluation system. This will go a long way in tracking progress in the achievement targets set out in the Plan. The monitoring and evaluation system will equally instill a culture of performance in the sector hence providing a basis for rewarding good performance through an excellence award scheme for the sector.

In conclusion, I wish to reiterate the imperative role of the retirement benefits industry in the financial sector and the wider economy. As the economy evolves, our industry must also adapt to continue to play this role. We embrace the view that ***change is silent until reality dawns!*** This strategic plan positions the Authority to drive this process but success will only be achieved through continued collaboration with our stakeholders. In this regard, we will strengthen our collaboration with all stakeholders to encourage sharing of knowledge and lessons learnt.

VICTOR PRATT,

CHAIR, BOARD OF DIRECTORS

STATEMENT FROM THE CHIEF EXECUTIVE

I am delighted to present the fifth strategic plan of the Retirement Benefits Authority for the period 1 July 2019 to 30 June 2024. Strategic Plan 2019-2024 is the result of an intense and rigorous process of thought, questions, analysis, consultation and choices in the context of the developments in the retirement benefits industry. The plan sets out our strategy, outcomes and how we shall focus and deploy our resources over the next five years amidst risks faced and for which a well-crafted risk mitigation plan is in place.

The plan factors in the Vision 2030, MTP III 2018-2023 and the **Big 4 Agenda** in which the sector has a big role to play by entering into mutually beneficial Public Private Partnerships to finance the projects at hand given the sector's growing asset base, now in excess of a trillion shillings!

The Medium-Term Plan III (MTP III), with respect to the pension sector, requires increased opportunities for individual savings and reduced vulnerability by providing pensions and insurance. It will entail reforming public service pension schemes to include county government workers.

In line with the Authority's Vision of *"an inclusive, secure and growing retirement benefits sector,"* the Plan actively seeks to significantly reach out to informal sector workers. Although the sector is a major employment provider, there are limited retirement benefits products that suit their circumstances defined by generally low irregular incomes and temporary employment, which tend to keep them out of pension enrolment into schemes that largely are not accommodative of their attributes. Therefore, innovation of pension products and delivery channels is a vital component of the plan to encourage informal sector workers to save for retirement.

To track our programmes and activities, the Strategic Plan has a robust monitoring and evaluation framework. The framework will enable us to assess the impact and timeliness of the outlined programmes in the plan to ensure its effective and efficient implementation.

It is during the implementation of Strategic Plan 2019-2024 that the Authority will also be marking its 20th anniversary, in 2020. This is a crucial milestone for the Authority. The Authority targets to increase pension coverage to 30%

by June 2024 from the current 20% and to double the current asset base to KES. 2.4 Trillion. This will be possible through targeted awareness programmes and products designed to reach out to segmented groups and a diversified set of investment portfolios to invest the pension funds assets.

In order to achieve our long-term goals, positive dialogue and partnerships with our stakeholders is very crucial. The Authority shall continue to work efficiently and in collaborative partnerships with the stakeholders to steer the sector to greater heights.

On behalf of the Retirement Benefits Authority, I wish to express my gratitude to all those who participated or supported us as we prepared this strategic plan. I sincerely thank the Board of Directors for their unwavering support and direction and members of staff for their resilience and active participation throughout the strategic planning process. I also thank the consultant, Premium Strategies Limited, for diligently working with the Board, Management, Strategic Plan Committee and staff to build ideas into a structured plan.

NZOMO MUTUKU, MBS

CHIEF EXECUTIVE OFFICER

EXECUTIVE SUMMARY

THE RBA STRATEGY STORY

This Strategic Plan is for the period 2019 to 2024. It will be guided by the following strategic elements:

Mission: *"To proactively promote savings for retirement in Kenya through safeguarding, supervising and facilitating the development of the retirement benefits sector."*

Vision: *"An inclusive, secure and growing retirement benefits sector."*

Overarching Goal: *"Achieve 30% pension coverage with an asset base of 2.4 Trillion Shillings by 2024."*

Core Values: The Authority is committed to adhere to the following core values, for which the acronym **RETAIN** has been adopted:

* **Responsiveness**: We shall respond effectively and in a timely manner to the needs of our stakeholders.
* **Transparency and Accountability**: We shall conduct our work in an open and honest manner and be responsible for all our actions.
* **Integrity**: We shall be honest, ethical and fair while delivering our services and not tolerate any form of corruption.
* **Innovation:** We shall constantly strive to redefine the standard of excellence in everything we do and constantly apply creative ideas to meet our stakeholders' changing needs and support innovation in the retirement benefits sector.

The Plan sets the strategic direction that will enable the Authority to attain the vision and the overarching goal, which are in line with the Authority's mandate. It builds on the Authority's past successes while also focusing on areas where the organization must improve in order to better serve its stakeholders. Additionally, the Plan is aligned with the government's broad development agenda as expressed in the Vision 2030, MTP III and the "**Big 4 Agenda.**"

It focuses on three strategic themes, namely:

(a) **Operational Excellence**, which will result in the delivery of efficient and effective services to the Authority's stakeholders. This will be achieved by improving the organizational capacity, enhancing automation and knowledge management within the Authority, instituting a strong M&E framework and improving access to and reach of its services;

(b) **Policy and Regulatory Framework**, which should engender increased confidence in the retirement benefits sector. This will be accomplished by enhancing the capacity for policy formulation, improving the legal framework that guides the Authority's operations, and strengthening surveillance of the sector in order to improve sector governance; and

(c) **Enhancing Pension Coverage in the Informal Sector**, in order to expand pension coverage of Kenyan workers. This will be realized by enhancing need-based outreach programmes, promoting the development of pension products that specifically target the informal sector. The Authority recognizes that general awareness among the Kenyan public of the need to save for retirement is already high and will be developing programmes to translate this awareness into actual enrolment in retirement benefits arrangements.

These three strategic themes are underpinned by the core values of responsiveness, transparency and accountability, integrity, and innovation.

The Plan identifies the key communications issues that the organization must take into account to excel in its corporate communications and advocacy efforts. It integrates a robust enterprise risk management framework, which considers and identifies mitigations for the contextual, strategic, programmatic and financial risks which could affect the execution of the Plan.

Implementing the Plan over the five-year period is budgeted to cost approximately KES 1.5 Billion. This will be funded by projected levy collections and other income. The cost of implementing the Plan does not include recurrent expenditures like salaries and operational expenses.

The Authority's strategy story is illustrated in Figure 1.

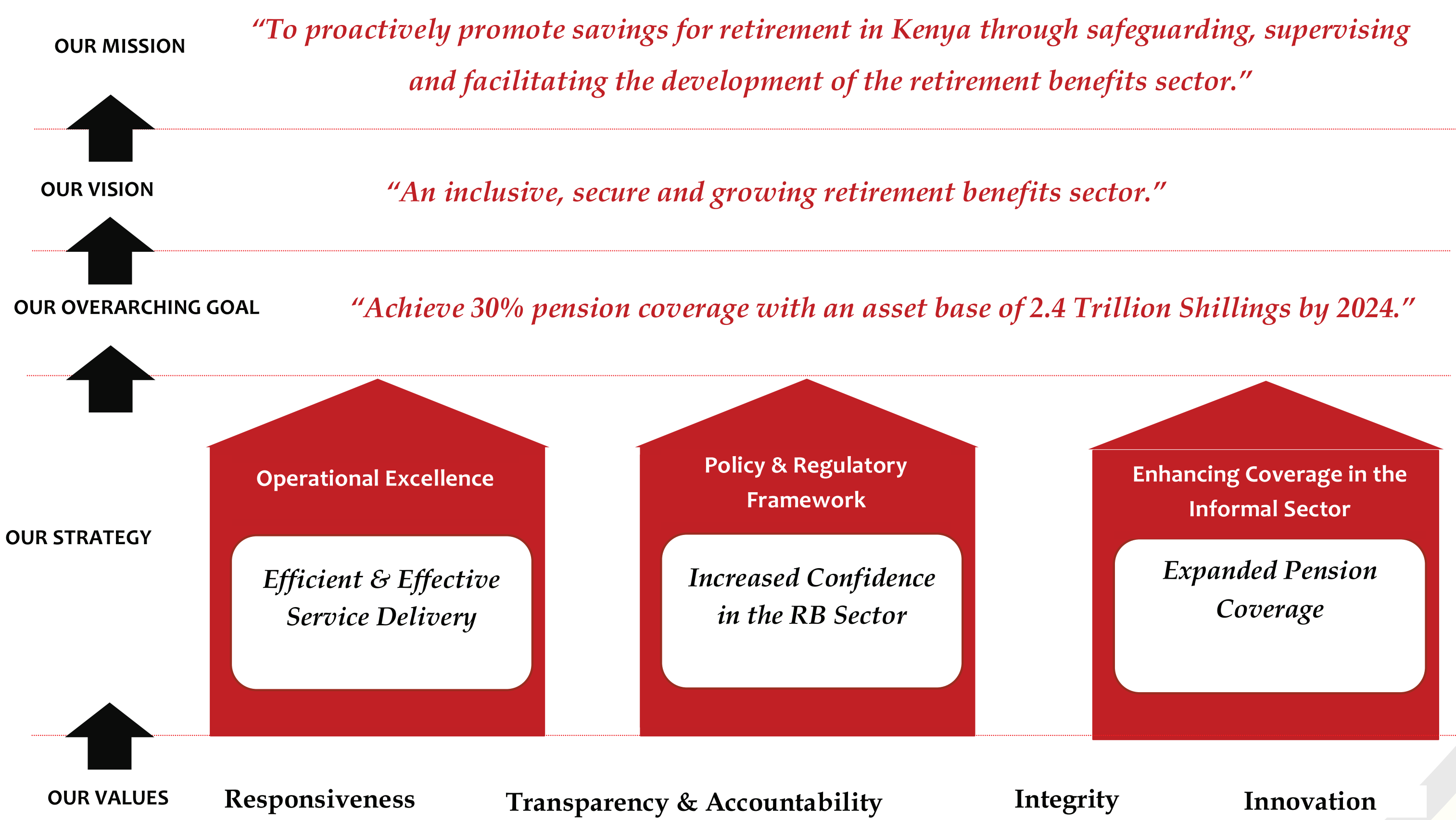


Figure 1: The Authority's Strategic Map.

01

Chapter One

INTRODUCTION

The Retirement Benefits Authority (RBA) is a statutory body established in 1997 under the Retirement Benefits Act to regulate, supervise and promote the development of the pension industry. The Act was part of the reforms in the financial sector meant to enhance the co-ordination in the retirement benefits sector.

1.0 MANDATE OF THE RETIREMENT BENEFITS AUTHORITY

The Act describes five key mandates of the Authority:

(a) Regulate and supervise the establishment and management of retirement benefits schemes;

(b) Protect the interest of members and sponsors of retirement benefits schemes and approve trustees' remuneration approved by members during the Annual General Meeting after every three years;

(c) Promote the development of the retirement benefits sector;

(d) Advise the Cabinet Secretary of The National Treasury and Planning on the national policy to be followed with regard to the retirement benefits sector and to implement all government policies relating thereto; and

(e) Perform such other functions as are conferred on it by this Act or by any other written law.

1.1 ORGANIZATION OF THE AUTHORITY

1.1.1 Governance Structure

A non-executive Board of Directors governs the Authority. It is the highest decision-making body of the Authority. The Board is responsible for the overall policy direction and leadership of the Authority.

The composition of the Board is stipulated in Section 6 of the Retirement Benefits Act. The members consist of:

(i) The Chairman, appointed by the Cabinet Secretary, National Treasury;

(ii) The Chief Executive Officer, appointed by the Board;

(iii) The Principal Secretary, National Treasury;

(iv) The Commissioner of Insurance;

(v) The Chief Executive of the Capital Markets Authority, and

(vi) Five members, not being public officers, appointed by the Cabinet Secretary by virtue of their knowledge or experience in matters relating to the administration of scheme funds, banking, insurance, law or actuarial studies.

1.1.2 Chief Executive Officer and Management of the Authority

The management is responsible for the day-to-day operations of the Authority under the Chief Executive Officer (CEO) as the accounting officer. The CEO is subject to the directions of the Board.

1.1.2.1 Departments

The Authority is currently organized into ten (10) departments as follows:

(i) Corporate Communications;)

(ii) Finance;

(iii) Human Capital Development and Administration;

(iv) Information and Communication Technology;

(v) Internal Audit and Risk Management;

(vi) Legal and Board Secretariat;

(vii) Market Conduct;

(viii) Procurement and Supply Chain Management;

(ix) Research and Strategy; and

(x) Supervision.

The organization is presented in the organization chart shown in Figure 2.

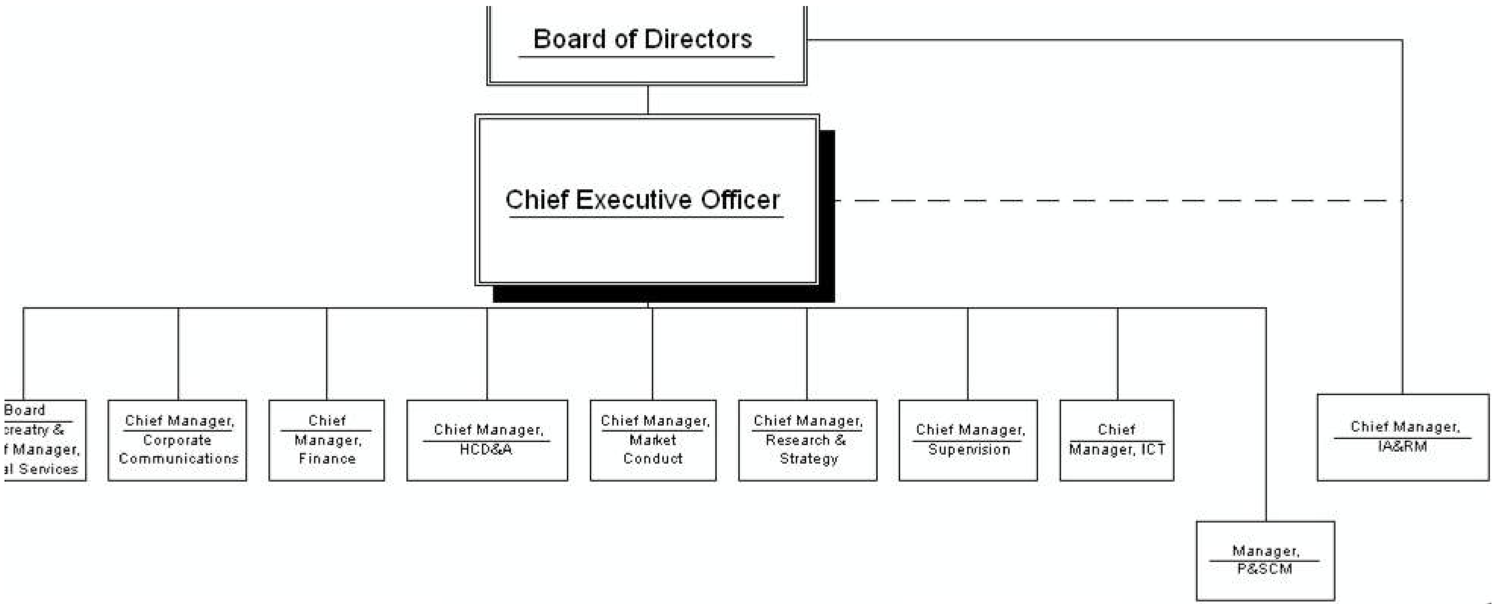


Figure 2: The Authority's Organogram.

1.2 PURPOSE OF THE STRATEGIC PLAN

The Strategic Plan is intended to facilitate the Authority to achieve its vision of ***"An inclusive, secure and growing retirement benefits sector"*** and the overarching goal of ***"30% pension coverage with an asset base of 2.4 Trillion Shillings by 2024."*** It will serve as a strategic decision platform for the formulation of the Authority's annual work plans, bearing in mind the emerging opportunities and challenges in Kenya's retirement benefits sector.

The Strategic Plan addresses the needs of several government policy documents:

(i) Vision 2030's economic and social pillars focus on the country's GDP growth and improving the citizens' quality of life, respectively;

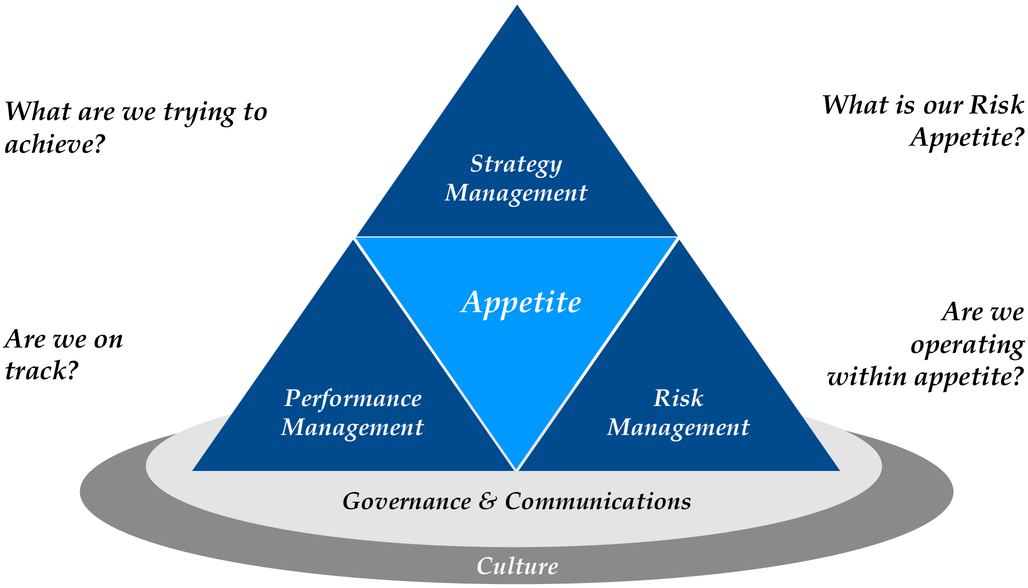
(ii) MTP III aims to increase opportunities for individual savings and to reduce their vulnerability by providing pensions and insurances;

(iii) The Draft National Retirement Benefits Policy is a framework for the co-ordination, good governance, development and growth of the retirement benefits sector to ensure income security in old age for all workers, through the provision of adequate, affordable and sustainable retirement benefits; and

(iv) The "**Big 4 Agenda**" targets universal healthcare, affordable housing, industrialization and food security. In line with its mandate and recognizing these policy requirements, the Authority has identified strategic themes it needs to focus on during the 2019-2024 period and developed a set of strategic objectives complete with strategic initiatives, performance measures and annual targets. Implementation of these initiatives will ultimately result in the fulfilment of the expectations and aspirations of all stakeholders.

1.3 STRATEGY DEVELOPMENT PROCESS

A Strategy Planning Committee (SPC) was established by the Authority's Management to spearhead the process of developing the Strategic Plan 2019-2024, which was facilitated by external consultants. Stakeholders, both internal and external, were involved in the development of the plan, which is aligned with the Vision 2030, the Draft National Retirements Benefits Policy, and MTP III. The framework that was adopted for the development of the risk-based strategic plan is the Risk-Based Performance Management, which integrates the Balanced Scorecard (BSC) and Enterprise Risk Management (ERM). This framework is summarized in Figure 3.



Source: Manigent - *Integrating Strategy & Risk Management: An Introduction to Risk-Based Performance Management.*

Figure 3: Risk-Based Performance Management Approach.

02

Chapter Two SITUATIONAL ANALYSIS

This chapter provides an overview of the organization of the retirement benefits (RB) sector, the performance of the sector, and an assessment of the Authority's operating environment. It presents the Authority's Social Business Model, upon which the focused environmental analyses were conducted. The chapter concludes with identification of the key issues that informed the development of this Strategic Plan.

2.0 ORGANIZATION OF THE RETIREMENT BENEFITS SECTOR IN KENYA

The Authority is mandated to regulate and supervise players in the retirement benefits (RB) sector, which includes pension schemes and service providers. The service providers include managers, administrators and custodians, who pay key roles in the management and development of RB schemes.

Kenya's retirement benefits industry is divided into four categories, namely: National Social Security Fund; Occupational Retirement Benefits Schemes; Individual Retirement Benefits Schemes; and Civil Service Pension Schemes.

2.0.1 National Social Security Fund (NSSF)

The NSSF is a mandatory scheme where employers and employees, both private and public, are mandated to make joint monthly contributions of 12% of the pensionable salary under the new NSSF Act, 2013. The benefits are locked/preserved until age 50 where one can opt for early retirement. The Fund is run by a Board of Trustees drawn from various stakeholders. The workers and employers are represented in the Board of Trustees through their various associations.

2.0.2 Occupational Retirement Benefits Schemes

The occupational retirement benefit schemes are employment-based and are established by employers on a voluntary basis. The schemes are funded through contributions from employers and employees. The contribution rates vary from one scheme to the other. Similarly, the contributions from employer and employees also differ. The design and type also vary from one scheme to another. The scheme can be a pension or provident fund and the design can either be a Defined Contribution (DC) scheme, a Defined Benefits (DB) scheme, or a hybrid of the two. However, the majority of schemes are DC pension schemes.

2.0.3 Individual Retirement Benefits Schemes

These are established by corporate institutions and are open to the public. They provide convenient channels of saving for retirement, especially for those in employment but whose employers have not established occupational pension schemes, those in self-employment and those who wish to make additional voluntary contributions.

2.0.4 Civil Service Pension Schemes

These schemes are established for public servants, serving in the national and county governments, and are largely non-contributory. The Government has enacted the Public Service Superannuation Scheme Act, Cap 190A of 2012 to introduce a contributory scheme for National Government employees. The Government is in the process of enacting legislation to provide a contributory scheme for county government employees, who are currently under LAPFUND and LAPTRUST schemes. These schemes are expected to enhance domestic savings, reduce government contingent liabilities and expand the sector.

2.1 PERFORMANCE OF THE RETIREMENT BENEFITS SECTOR

The RB sector has significantly improved in terms of coverage, assets, management and governance. From the review of the 2014-2018 Strategic Plan and as recorded in the RBA Statistical Bulletin 2017, the following achievements were noted:

(i) Increased the national pension coverage from 15%, in 2014, to 20% in 2018;

(ii) Growth in industry assets from KES 633.5 billion in 2014 to KES 1.19 trillion as at September 2018;

(iii) Maintained overall risk score for the sector below 1.0 throughout the plan period. The overall risk score is a composite indicator of the sector's stability and, consequently, the stability of the larger financial sector and the Kenyan economy at large;

(iv) Drafting of National Retirement Benefits Policy to guide the development of the sector. The overall objective of the policy is to provide a framework for the co-ordination, good governance, development and growth of the retirement benefits sector to ensure income security in old age for all workers, through the provision of adequate, affordable and sustainable retirement benefits; and

(v) The Authority developed two guidelines to operationalize post-retirement medical funds and enhanced good governance practices.

In 2016, the Authority established the Market Conduct Department to focus on stakeholder education, consumer protection and good governance. This was informed by the need, identified from the plan implementation monitoring reviews, to create a balanced focus on both prudential and market conduct issues.

The accumulation of pension fund assets is expected to potentially promote depth and liquidity in the capital markets because of the different investment behaviour between households and pension funds. With accumulating assets and the longer-term nature of their liabilities, pension funds have incentives to invest more in illiquid and long-term assets that yield higher returns. These provide a long-term supply of funds to the capital market whose yields will grow the industry asset base and further enhance earnings for retirees.

Pension fund activities may induce capital and financial market development through their substitution and complementary roles with other financial institutions. As competing intermediaries for household savings and corporate financing, pension funds foster competition and may improve the efficiency of the loan and primary securities market. Other potential impacts from the growth of pension funds include an inducement towards financial innovation, improvement in financial regulations and governance, modernization in the infrastructure of securities market, and an overall improvement in financial market efficiency and transparency.

Post-retirement medical funds support the Big Four Agenda's theme on affordable healthcare. The Authority has also put in place measures to support other three themes on food security, affordable housing and manufacturing, by allowing portions of pension funds to be invested in unlisted shares, private equity and corporate bonds hence enabling companies to expand manufacturing, consequently creating employment. A revision to the Investment Guidelines for pension funds investment by introducing a specific asset category to allow direct participation of pension funds in housing through Public-Private-Partnerships (PPP) is also at an advanced stage.

Table 1 captures a summary of the Authority's performance against its key performance indicators in the last plan period.

Table 1: The Authority's Performance Against KPIs.

	INDICATOR	ACHIEVEMENT					
		Dec-13	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
1.	Overall Risk Score	0.86	0.721	0.614	0.804	0.524	0.505
2.	Customer Satisfaction Index (%)	81	79	77	79	72	--
3.	Value of RB Assets (KES Billion)	696	696	788.2	814.2	1,008	1,190
4.	Member Awareness Level (%)	--	83	85	--	--	--
5.	Pension Coverage (%)	16.79	19.54	16.46	18.46	20	20
6.	Level of Automation (RBA)	78	86	87.6	94	92	86
7.	Total Revenue (KES Million)	503	594	636.9	719.9	751	835

2.1.1 Key Lessons Learnt

Some of the lessons learnt during the execution of the 2014-2018 Strategic Plan include:

(i) The need to refine the segmentation of stakeholders and to develop targeted messages for these segments;

(ii) The need to focus not only on awareness creation but also to effectively translate the awareness levels into enrolment;

(iii) The need to carry out impact assessments of the Authority's activities and endeavour to create value-for-money spent.

2.2 THE AUTHORITY'S ACTIVITIES

In accordance with the Authority's statutory mandate, the activities undertaken by the Authority are categorized into regulating, supervising and promoting the development of the pension industry in Kenya. These activities are expounded in the Social Business Model presented in Figure 4.

The Authority serves two major segments, grouped under Beneficiaries and Customers. To the Beneficiaries it promises to deliver the Social Value Proposition, while to Customers it promises the Customer Value Proposition. The impact of the value that the Authority creates, through the Interventions that it undertakes, and delivers via the stated Channels, is captured by the Impact Measures.

In order to effectively undertake the Interventions and deliver the Social Value Proposition and the Customer Value Proposition, however, the Authority must carry out the specified Key Activities, for which it requires the listed Key Resources. Given that the Authority has limited resources to effectively deliver on its mandate, it may work with certain Partners and Key Stakeholders.

To support its operations, the Authority relies on funding obtained from the Revenue streams. To undertake the Key Activities, the Authority incurs costs, whose major contributors are listed under Cost Structure.

Figure 4: The Authority's Social Business Model.

Key Resources
- Legal & regulatory framework
- Qualified staff
- Board of Directors
- Financial resources
- Technology
- Equipment
- Consultants
- Offices

Partners + Key Stakeholders
- Sponsors & employers
- Scheme members
- Financial sector regulators
- The National Treasury
- The Government
- Development partners
- Service providers
- Assurance service providers
- Industry associations
- Professional bodies
- International associations
- Media
- Training & research institutions
- Informal sector/SMEs
- CPRN & complaints networks
- Suppliers

Key Activities
- Registration & licensing
- Risk-based supervision
- Research & innovation
- On-site inspection
- Off-site inspection
- Capacity building
- Stakeholder education
- Policy formulation & analysis
- Advisory services
- Collection of levy, fines & fees
- Complaints management
- Knowledge management
- Responding to enquiries
- Resource mobilization
- Budgeting
- Expenditure execution
- Monitoring & evaluation

Type of Intervention
- Risk-based supervision
- Interim administration
- Remedial plans
- Winding up proceedings
- Enforcement of penalties
- Excellence awards

Channels
- RBSS
- Media workshops
- Seminars
- Correspondence
- Training programmes
- Annual conferences for the sector
- AGMs
- Electronic communication
- Whistle-blowing
- Partnerships
- Exhibitions
- Walk-in clients

Segments

Beneficiaries
- Members of pension schemes
- Member dependents
- The general public
- Informal sector
- SMEs

Customers
- Sponsors
- Employees
- Scheme trustees
- Administrators
- Custodians
- Fund managers
- Auditors
- Actuaries
- Civil society
- Trade unions
- SMEs

Value Proposition

Social Value Proposition
- Mitigating old-age poverty
- Secured retirement benefits
- Infrastructure development
- Stable RB sector

Impact Measures
- Increased pension coverage
- No. of workers saving for retirement
- Pension asset base
- Timely payment of benefits

Customer Value Proposition
- Confidence in the RB sector
- Enabling environment
- Level playing field
- Competitive RB sector
- Timely scheme registration

Cost Structure
- Staff costs
- Capital/development expenditure
- Professional services
- Rent
- Training
- ICT platform
- Policy formulation
- Outreach
- Statutory costs
- Supervision costs
- Investigation/interim administration fees
- Other operational costs

Revenue
- Levy
- Fees
- Fines
- Investment income
- Development partner funding

2.3 ANALYSIS OF THE EXTERNAL ENVIRONMENT

Four main areas of the business environment likely to impact the Authority implementation of the strategic plan were analysed, namely:

(a) Market Forces;

(b) Industry Forces;

(c) Key Trends; and

(d) Macroeconomic Forces

The results of the analysis of each of these areas are presented in this sub-section.

2.3.1 Market Forces

The analysis of market forces considered market issues, market segments, and the needs and demands of the market.

(a) Market Issues: Identified key drivers transforming the RB sector from the perspective of Member/Customer and the Value Proposition offered by the Authority:

(i) Members want enhanced use of FinTech in pensions including getting real-time statements, submitting contributions through mobile money and bank-to-bank transfers, automation of investment processes, facilitation of regulatory compliance, reducing transaction costs, managing risks, and encouraging further innovation in the sector;

(ii) Customers are also beginning to demand for more personalized services and they want to be attended to more often;

(iii) Some of the market shifts that are underway, and which will impact saving for retirement include a move away from permanent employment to short-term and contractual employment; the introduction of services like post-retirement medical fund and income draw-down; member investment choice and life-cycle investments;

(iv) The informal sector is expanding, and the Authority needs to focus on this segment to increase the pension coverage; and

(v) Changes in government policies, like the introduction of government contributory schemes and the "**Big 4 Agenda**" will also have a bearing on the RB sector.

(a) Market Segments: Identified the major market segments, described their attractiveness, and sought to spot new segments:

(i) The most important customer segments are the occupational schemes (private and public), umbrella and the individual pension schemes;

(ii) However, there is a shift from occupational schemes to umbrella schemes and a decline in defined benefits schemes, which will raise long-term savings and create pressure on available investment vehicles;

(iii) The biggest growth potential is in the informal sector including *jua kali*, youth and MSMEs.

(b) Needs and Demands: Outlined member needs and analysed how well they are served:

(i) Members mostly want:

- A channel to use for saving for retirement;
- Assurance that their contributions are remitted on time;
- To be kept informed;
- To have a say on the investment choice;
- To be involved in the running of the pension schemes;
- Timely payment of benefits;
- A variety of pension services;
- Dispute resolution mechanisms that are accessible;
- Happiness in retirement; and
- Access to medical cover in retirement.

- To be provided with information on the state of their savings and investments; and
- Higher returns on investments.

(ii) According to members, their biggest unsatisfied needs are in:

- Access to benefits during the period of membership;
- More involvement in investment decisions; and
- More frequent interactions with the pension schemes in order to be aware of what is going on.

2.3.2 Industry Forces

The analysis of the industry forces considered competition for saving through RB schemes, suppliers and other value chain actors, and stakeholders.

(a) **Competition for saving through retirement benefits schemes:** Identified existing competition for saving for retirement and their relative strengths:

(i) The key competing channels to saving for retirement include:

- Saving in saccos;
- Banks;
- Joining investment groups/*chamas*;
- Home banking;
- Investing in real estate;
- Investing in long-term insurance policies;
- Investing in securities; and
- Educating children.

(ii) Among these options, joining investment groups and saving in Saccos are the most popular due to the following:

- Ability to use the savings to get loans;
- Ability to mobilize savings for a common goal;
- Flexibility in investment options with greater customer involvement; and
- They offer time value-for-money and speak to the quick needs of customers.
- The cost structure of these investment options is low, given the cost is shared by group members.

(iii) Their main offers include:

- Quick loans;
- Various investment products;
- Flexibility in contributions and access to financing;
- Guarantees on trust;
- Economies of scale;
- Tangible value in terms of liquidity, unlike pension which is not easily accessible; and
- Ease of access to the funds.

(iv) In the converse, some of these options are not regulated and the cost of borrowing can be high.

(v) The Beneficiary segments that are likely to be attracted to some of the options are:

- Saving in Saccos: the formal and informal sectors;
- Investment groups: mostly the formal sector; and
- *Chamas*: mostly the formal and informal sector.

(vi) These options do exert a great influence on our target segments, as saving for retirement is not seen as a priority.

(b) Suppliers and Other Value Chain Actors: Described key value chain incumbents in the RB sector and identified new, emerging players:

(i) The key players in the RB value chain include:

- Sponsors;
- Members;
- Trustees; and
- Service providers.

(ii) The Authority's social business model depends greatly (between 80% and 90%) on these players; and

(iii) There are emerging players in the sector, and these include:

- Sole proprietorship in the formal and informal sectors;
- Income draw-down providers; and
- Post-retirement medical insurance providers.

(c) Stakeholders: Specified which actors may influence the Authority and its social business model:

(i) The stakeholders that might influence the Authority's social business model include:

- Government, in term of policy;
- Civil society groups, for advocacy;
- Legislature, in terms of enacting law;
- Service providers, in terms of innovation; and
- Media in facilitating access to information.

(ii) These stakeholders are influential on as they can influence policy formulation, innovation and create disruptions;

(iii) Workers can also be influential through trade unions and can disrupt operations; and

(iv) Lobbyists also have some influence, especially in regard to litigation.

2.3.3 Key Trends

The analysis of the key trends considered technology trends, regulatory trends, societal and cultural trends, socio–economic trends, and political/ environmental trends.

Changes in the regulatory framework will have a direct impact in administration and management of pension schemes, e.g., scheme regulations related changes.

(a) Technology Trends: Identified technology trends that could threaten the Authority's social business model – or enable it to evolve or improve. Developments in technology affect how the RB sector interacts with other sector players, e.g., in the way that they transfer information and payments amongst them.

(i) Some of the major technology trends, both inside and outside the RB sector, include:

- Big Data, Internet of Things (IOT); and
- Artificial Intelligence/Machine Learning.

(ii) Technologies that represent important opportunities or disruptive threats include:

- Big Data, IOT;
- Artificial Intelligence/Machine Learning;
- Cyber-turbulence; and
- Blockchain. This can introduce transformational opportunities in structuring and registration arrangements for schemes, providing absolute certainty on entitlements, optimizing payment structures, reducing pension claims fraud, etc.

(b) Regulatory Trends: Described regulations and regulatory trends that influence the Authority's social business model:

(i) Regulatory trends that influence the RB sector include regulatory sandboxes, used for innovation, and regulations on ESG investments;

(ii) Existing rules that may affect saving for retirement include taxation laws and rules; preservation/access rules; and

(iii) Changes in the tax policy of the government.

(c) **Societal and Cultural Trends:** Identified major societal trends that may influence the Authority's social business model:

(i) Key societal trends affecting the RB sector include:

- Millennial mashup (characteristics) – instant gratification/ celebrity phenomenon; and

- Labour mobility.

(ii) The need for proper ethics, values and governance in the management of entities is a shift that will empower the Authority's social business model.

(d) **Socio-economic Trends:** Outlined major socioeconomic trends relevant to the Authority's social business model:

(i) Key demographic trends relevant to the Authority's social business model include:

- The fact that the population of the youth is expanding, most are unemployed and, compounded with their perception that saving for retirement is far-fetched, do not enroll into pension arrangements in significant numbers;

- The population of the elderly is increasing posing a challenge to the government's social assistance. In addition, even for those who have saved for retirement face the challenge of outliving savings due longevity; and

- Gender equity, availing the same opportunities for savings for retirement.

(ii) Income and wealth distribution among the Kenyan populace are skewed towards the lower income (only a small portion of the population has the capacity to save for retirement);

(iii) Rent/housing takes the biggest chunk of household spending, followed by food and health; and

(iv) About 25% of the population lives in urban areas as opposed to rural settings and the rural-urban migration will continue to increase.

(e) Political/Environmental Trends: Identified major political/environmental trends relevant to the Authority's social business model:

(i) The key political trends that affect the Authority's operations include the devolution of national government functions;

(ii) The labour trends might affect customer behaviour, especially because of contract of employment; and

(iii) Migration of labour might also affect customer behaviour.

2.3.4 Macroeconomic Forces

Growth in the pension sector is supported by macroeconomic variables. Economic growth has a direct relationship with growth in the pension sector, and the converse is also true. The retirement benefits schemes are institutional investors in the capital markets. Volatility in the capital markets affects pension schemes investments directly.

The analysis of the macroeconomic forces considered national market conditions, capital and commodities markets, and economic infrastructure.

(a) Domestic Market Conditions: Outlined current overall conditions from a macroeconomic perspective:

(i) The Kenyan economy is on a growth path with an estimated GDP of USD 85.98 billion and a growth of 6 percent in 2018, compared with 4.9 percent in 2017. The continues to register macroeconomic stability with low interest rates and a competitive exchange rates to support export.

(ii) The government has enacted various regulatory reforms to simplify both foreign and local investment, that has seen the country improve its ease-of-doing-business ranking from 80 in 2017 to 61 in 2018 (of 190 countries); and

(iii) The country's unemployment rate in 2017 was 11.47%, which is relatively high.

(b) Capital Markets: Described current capital market conditions as they relate to the retirement benefits sector needs:

(i) The state of the capital markets is narrow and shallow but growing with a market capitalization of 2.2 trillion dollars. However, the growth in pension fund assets is expected to promote depth and liquidity in the capital markets because of the different investment behaviour between households and pension funds. With accumulating assets and the longer-term nature of their liabilities, pension funds have incentives to invest more in illiquid and long-term assets that yield higher returns, thus provide a long-term supply of funds to the capital market. This will be a catalyst for capital markets to develop required investment products for pension funds investment; and

(ii) Debt and equity financing are readily available in the capital market. These are perceived to be costly, though, because of the fees that must be paid to investment advisors, rating agencies, the Capital Market Authority and the Nairobi Stock Exchange (NSE).

(c) Commodities and Other Resources: Highlighted current prices and trends for resources required for the Authority's social business model:

(i) Specialized labour is expensive and not easy to attract; and

(ii) Their costs are likely to further increase in the future.

(d) Economic Infrastructure: Described the economic infrastructure of the environment in which the Authority operates.

(i) The public infrastructure is generally good and access to and the quality of public services is also good. This has the potential to enhance growth of pension funds from investments and speed service delivery in the sector; and

(ii) Individual tax is progressive while corporate tax is set at 30%. Both are, however, high when compared to global trends and hurt the members and beneficiaries of RB schemes.

2.4 STAKEHOLDER MAPPING

A mapping of the Authority's stakeholders was undertaken, followed by an analysis of the stakeholders' expectations vis-à-vis the Authority's expectations from its stakeholders. The stakeholder map shown in Figure 5, presents the Authority's stakeholders starting with essential stakeholders captured in the innermost circle (A), important stakeholders in the middle circle (B), and other stakeholders in the outermost circle (C). Figure 6 details the stakeholders and their expectations.

Figure 5: The Authority's Stakeholders.

2.4.1 Abbreviations Used in the Stakeholder Map.

Circle A		Circle B		Circle C	
AUD	Scheme Auditor	ACTRY	Actuary	JUD	Judiciary
DPP	Director of Public Prosecutions	AG	Attorney General	INT	International Organizations
EMPR	Employer	CGOV	County Governments	KRA	Kenya Revenue Authority
GOV	National Government	DEPNT	Dependent of Member	LEGST	Legislators
INTAD	Interim Administrator	DEV	Development Partners	MSMEA	MSMEs Association
JUA	*Jua Kali* sector	FSREG	Financial Sector Regulators	NHIF	National Hospital Insurance Fund
MEM	Scheme Member	LAW	Lawyer	PAR	Parliament
NSSF	National Social Security Fund	MEDIA	Media Houses	PUBLC	General Public
NT	National Treasury	OUTSV	Outsourced Service Providers	RESCH	Research Institutions
RBA	Retirement Benefits Authority	RBIA	RB Industry Association	SASRA	Sacco Societies Regulatory Authority
SCHEM	Pension Scheme	RET	Retiree	TRAIN	Training Institution
SPONR	Sponsor of Pension Scheme	SUPPL	Suppliers	UFAA	Unclaimed Financial Assets Authority
SVCPR	Service Provider			WKORG	Workers Organizations
TRU	Scheme Trustee				
WORK	Worker				

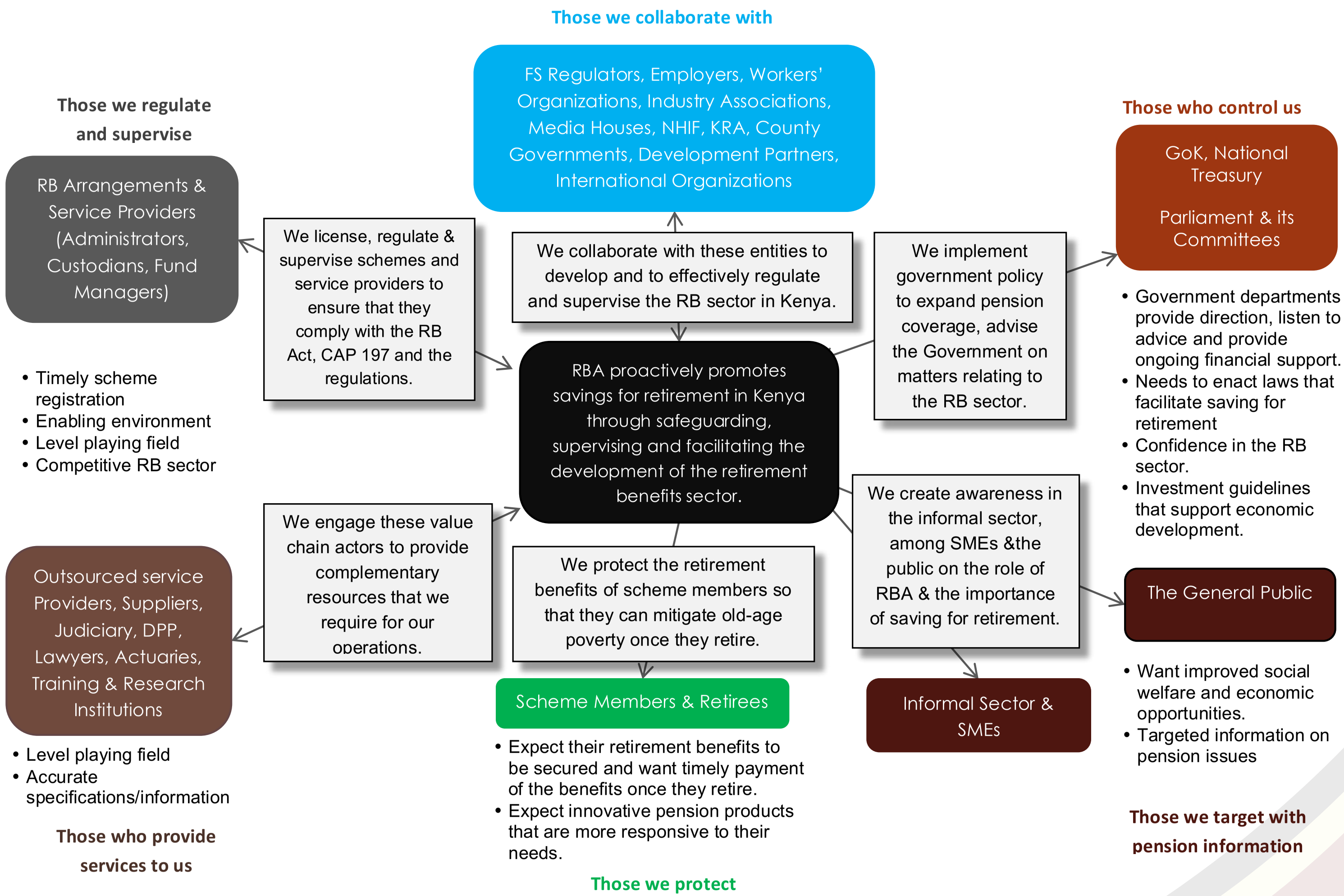


Figure 6: The Authority's Stakeholders and their Expectations.

2.5 ANALYSIS OF THE AUTHORITY'S INTERNAL ENVIRONMENT

Analysis of the Authority's internal environment was carried out in order to identify the strengths that the institution must leverage and the weaknesses that will need to be addressed in order to ensure successful implementation of the five-year strategic plan.

The Authority has a clear mandate and an enabling legislative framework. It enjoys strong institutional relations with government and other stakeholders and has strongly focused on service delivery to its stakeholders. However, as noted in the Authority's supervisory reports, the organization has faced regulatory challenges arising from:

(i) Interim administration and winding-up processes due to prolonged court proceedings;

(ii) Administering of remedial plans, where the sponsors do not always meet their obligations; and

(iii) Enforcement of penalties, where the sponsors do not have adequate funding to pay both contributions and penalties. To mitigate the challenges, the RBA Act was amended to create Section 53B, which gave the Authority powers to intervene directly in the management of schemes and even sue sponsors for summary judgement to recover scheme funds. The Authority is also undertaking a comprehensive review of the legal framework to remove inconsistencies and address the challenges faced in interim administration, winding up and enforcement of remedial plans.

Saving through retirement benefits schemes has faced competition from other saving channels like Saccos, *chamas*, banks and savings in kind (e.g., in property, cattle). The attractiveness and accessibility of these alternative saving opportunities are issues that the Authority must take stock of as it seeks to get more Kenyans to save for retirement.

There are opportunities that the Authority needs to take advantage of. They include better segmentation of its market and focusing on the growing informal sector to expand pension coverage, embracing technology as a means of offering complementary service delivery channels, and partnerships to enhance customer reach.

A summary of the analysis, organized by the Balanced Scorecard perspectives, is given in Table 2.

Table 2: SWOT Analysis Organized by BSC Perspectives.

	Strengths	Weaknesses	Opportunities	Threats
Mandate	• Clear mandate and enabling legislative framework • Strong institutional relations with the government and other stakeholders • There are strong synergies between our regulatory interventions	• The existing legislation on retirement benefits is more focused on the formal sector leaving out the informal sector that may drive pension coverage • The regulatory interventions are not well aligned with customer needs and expectations. • Lack of incentives to motivate compliance.	• Engaging the growing informal sector to expand pension coverage. • Real-time access to information for customers. • Expanded reach of services. • Innovation to make pension products more attractive	• Risk of regulatory capture by industry players. • More attractive and accessible substitute saving opportunities. • Gaps in the legal framework. • Negative advocacy from stakeholders • The growing informal sector where it is harder to expand pension coverage • The millennial attitudes towards saving for retirement • Early access to retirement savings • Unremitted contributions in public sector
Financial Stewardshi	• Revenue from levy collection is largely predictable. • Our costs are largely predictable. • Limited reliance on external funding	Lack of coordination of programmes to optimize utilization of resources	• Cost reduction resulting from streamlining and automation of manual processes. • Growth in asset base resulting from new pension schemes.	• Over-reliance on RB levy. • Reduction in levy with the formation of umbrella schemes. • Cyber risks
Internal Processes	• Strong focus on service delivery • Good working relationship with key stakeholders. • High level of automation • ISO certification • Strong RBA brand	• Poor segmentation of customers. • Channel reach is weak. • Channels are not very visible to customers due to low publicity. • Low visibility of the RBA brand.	• Finer segmentation of customers. • Channel improvement through proper targeting. • Embrace technology to offer complementary channels & CRM. • Trend and need analysis to better align channels with customer needs. • Partnerships to enhance customer reach. • The millennial work ethics	• Our service delivery channels may get irrelevant to customers resulting in loss of confidence. • The proposed merger of financial sector regulators
Learning & Growth	• Resource needs are predictable. • Competent and skilled staff • Focused leadership • Targeted outsourcing of specialized and non- core services	• Role overlaps between departments. • Silo mentality.	• Full utilization of existing resources. • Build internal capacity to address skill gaps.	• Degradation in quality of resources through technology obsolescence and staff turnover in specialized skills. • Inadequate capacity building.

03

Chapter Three THE AUTHORITY'S STRATEGIC DIRECTION

This chapter presents the Authority's strategic elements, comprising the mission statement, vision statement, core values and focus areas, which were identified for the planning period.

3.0 MISSION

"To proactively promote savings for retirement in Kenya through safeguarding, supervising and facilitating the development of the retirement benefits sector."

3.1 VISION

"An inclusive, secure and growing retirement benefits sector."

3.2 OVERARCHING GOAL

"Achieve 30% pension coverage with an asset base of 2.4 Trillion Shillings by 2024."

3.3 CORE VALUES

The Authority is committed to adhere to the following core values (**RETAIN**):

- **Responsiveness**: We shall respond effectively and in a timely manner to the needs of our stakeholders.
- **Transparency and Accountability**: We shall conduct our work in an open and honest manner and be responsible for all our actions.
- **Integrity**: We shall be honest, ethical and fair while delivering our services and not tolerate any form of corruption.
- **Innovation:** We shall constantly strive to redefine the standard of excellence in everything we do and constantly apply creative ideas to meet our stakeholders' changing needs and support innovation in the retirement benefits sector.

3.4 STRATEGIC THEMES

The key strategic issues that spring forth from the strategic analyses can be clustered into three groups, namely:

(i) Enhancing operational excellence at the Authority;

(ii) Improving the policy and regulatory framework for the retirement benefits sector; and

(iii) Enhancing pension coverage in the informal sector.

These constitute the strategic themes for the strategic plan, around which strategic objectives, performance measures and targets were constructed. Each of these themes is described as follows:

(a) Operational Excellence

The theme will focus on the delivery of effective and efficient services to the Authority's stakeholders. This will be achieved by improving the organizational capacity, enhancing automation and knowledge management within the Authority, instituting a strong M&E framework and improving access to and reach of its services. This theme addresses the Authority's mandate to:

(i) Regulate and supervise the establishment and management of retirement benefits schemes; and

(ii) Protect the interest of members and sponsors of retirement benefits schemes.

(b) Policy and Regulatory

The theme will strive to enhance order in the management of retirement benefits schemes to increase confidence in the retirement benefits sector. This will be accomplished by enhancing the capacity for policy formulation, improving the legal framework that guides the Authority's operations and strengthening surveillance of the sector in order to improve sector governance. This theme addresses issues related to the Authority's mandate to:

(i) Regulate and supervise the establishment and management of retirement benefits schemes;

(ii) Protect the interest of members and sponsors of retirement benefits schemes;

(iii) Promote the development of the retirement benefits sector; and

(iv) Advise the Cabinet Secretary of The National Treasury and Planning, on the national policy to be followed with regard to the retirement benefits sector.

(c) Enhancing Pension Coverage in the Informal Sector

Due to the slow growth in job creation in the formal sector, the number of people who join the informal sector is very high. In this sector there is no employer-employee relationship, a situation that is not conducive for establishment of a pension scheme. This calls for a special attention by the Authority to enhance pension coverage in this sector. In this regard the Authority will, during the plan period, enhance need-based outreach programmes and promote the development of pension products that specifically target informal sector workers.

The Authority recognizes that general awareness among the Kenyan public of the need to save for retirement is already high, including among informal sector workers, and will be developing programmes to translate this awareness into actual enrolment in retirement benefits arrangements. This theme addresses issues related to the Authority's mandate to:

(i) Protect the interest of members and sponsors of retirement benefits schemes;

(ii) Promote the development of the retirement benefits sector; and

(iii) Advise the Cabinet Secretary of The National Treasury, on the national policy to be followed with regard to the retirement benefits sector.

To achieve the aspiration of the themes, the following are the strategic objectives to be pursued in accordance with the Authority's mandate:

(i) **Improve Access to Authority Services.** This will be operationalized by collaborating with *Huduma* centres at regional headquarters.

(ii) **Improve Retirement Benefits Sector Governance.** This will be accomplished by enforcing the good governance framework; building the capacity of service providers on the good governance framework; and developing and reviewing guidelines and practice notes on scheme governance.

(iii) **Improve Customer Experience.** This will be attained by establishing the baseline customer satisfaction index and implementing survey recommendations.

(iv) **Enhance Confidence in the Retirement Benefits Sector.** This will be realized by creating awareness on the regulatory framework through targeted messaging; reviewing and enforcing the regulatory framework; and enhancing stakeholder engagements.

(v) **Enhance Retirement Benefits Sector Contribution to the Big 4 Agenda.** This will be achieved by reviewing the retirement benefits legal framework to enable pension schemes participate in the **Big 4 Agenda** projects; and collaborating with key stakeholders and sector players on the implementation of the agenda.

(vi) **Translate High Levels of Awareness into Enrolment.** Promoting innovative products targeting the informal sector, holding stakeholder forums on informal sector innovations, and incentivizing service providers to target the informal sector, will contribute towards translating high levels of awareness into enrolment.

(vii) **Increase Pension Coverage.** This will be accomplished by sensitizing employers to establish pension schemes and informal sector workers to save for retirement and ensuring follow-up; developing and implementing appropriate communication strategies targeting different demographics; and advocating for the implementation of the financial literacy curriculum and the National Retirement Benefits Policy.

(viii) **Increase Asset Base.** This will be achieved by promoting investment in alternative assets; and advocating for the implementation of NSSF Act, the Public Service Superannuation Scheme Act, and the National Retirement Benefits Policy.

3.5 THE RBA STRATEGY HOUSE

The mission and vision statements, overarching goal, core values, the strategic themes and the strategic results make up the RBA Strategy House, which is shown in Figure 7. The core values underpin everything that the Authority intends to do, thus constituting the organization's foundation. The three strategic themes are constructed on this foundation and each leads to a specific strategic result. Attaining these strategic results will enable the Authority to achieve its vision, which is in line with the organization's mission.

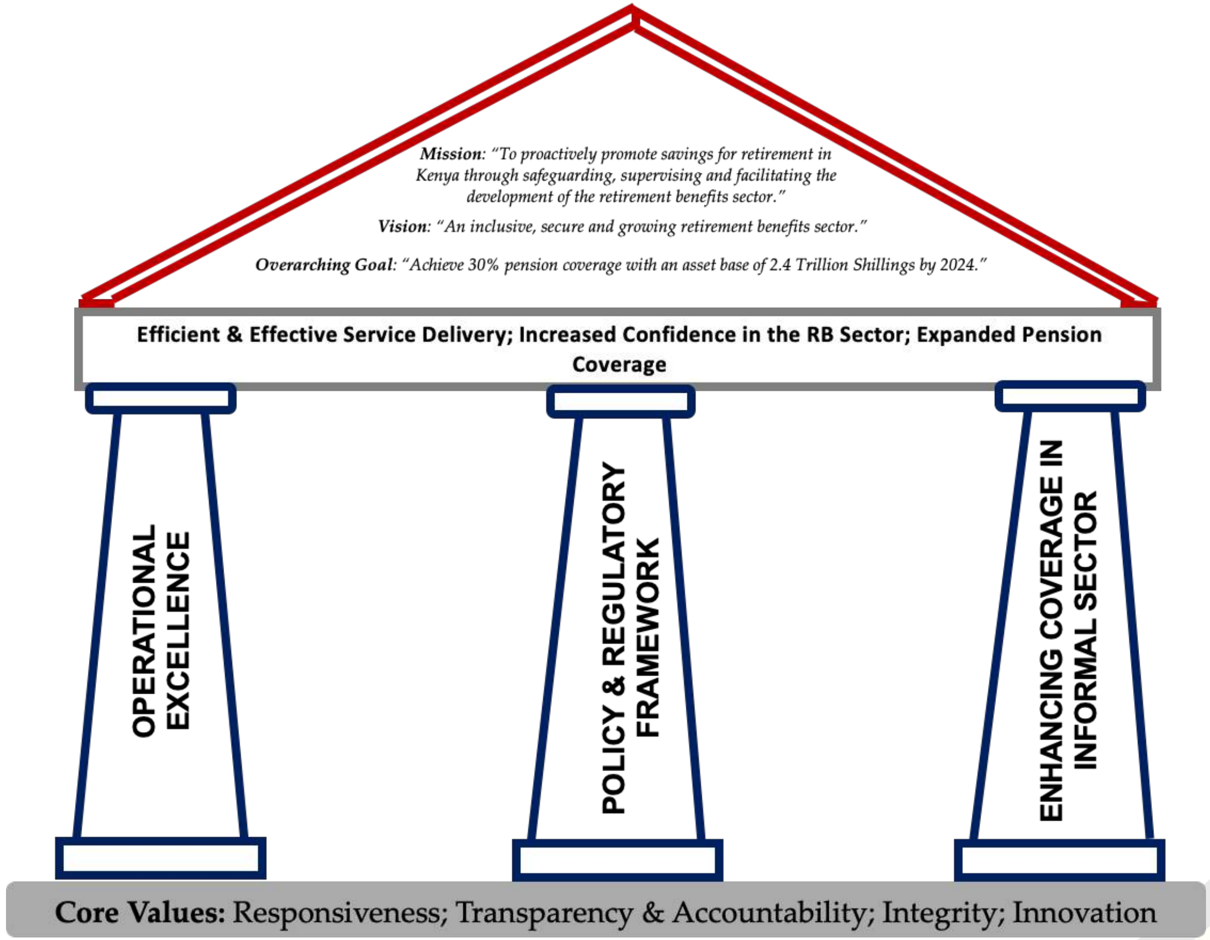


Figure 7: The RBA Strategy House.

04

Chapter Four

THEMATIC STRATEGY MAPS

This chapter presents the Authority's strategic objectives identified for the plan period, coupled with their cause-and-effect relationships, i.e., strategy maps, for each of the three thematic areas. It then presents a matching of the corporate objectives to the Authority's mandate. The chapter concludes by highlighting the corporate thematic scorecards.

4.0 STRATEGIC OBJECTIVES

The strategic objectives have cause-and-effect relationships amongst them, which eventually link them to the desired strategic result. That is, for a given outcome associated with a strategic objective to be realized, it is desirous that another objective be first completed. These cause-and-effect relationships are captured in the strategy maps presented in Figures 8, 9 and 10.

The strategy map has four sections,

which represent the four dimensions of organizational performance. These dimensions, which are also referred to as perspectives, are:

(i) **Mandate:** This was renamed from the traditional "Customer/ Stakeholder" as this more effectively communicates RBA's intentions to its broad array of stakeholders. It captures the actual needs and expectations of the organization's customers and stakeholders;

(ii) **Financial Stewardship**, which is about how the organization attracts and manages the financial resources it needs to operate;

(iii) **Internal Processes**, which are the key processes that must be designed and executed for the organization to deliver its mandate; and

(iv) **Learning and Growth**, which captures human resources, information systems, physical resources and tools, and leadership and culture required by the organization**.**

The corporate objectives are presented as the ovals in the following thematic strategy maps.

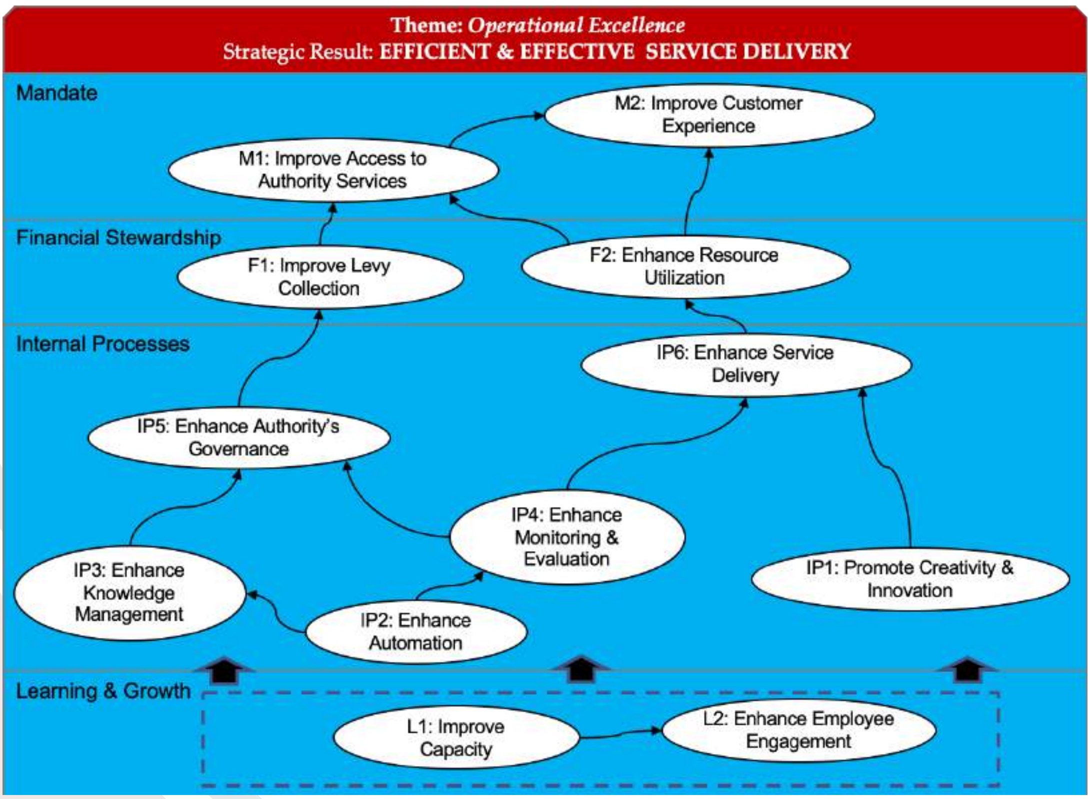


Figure 8: Operational Excellence Strategy Map.

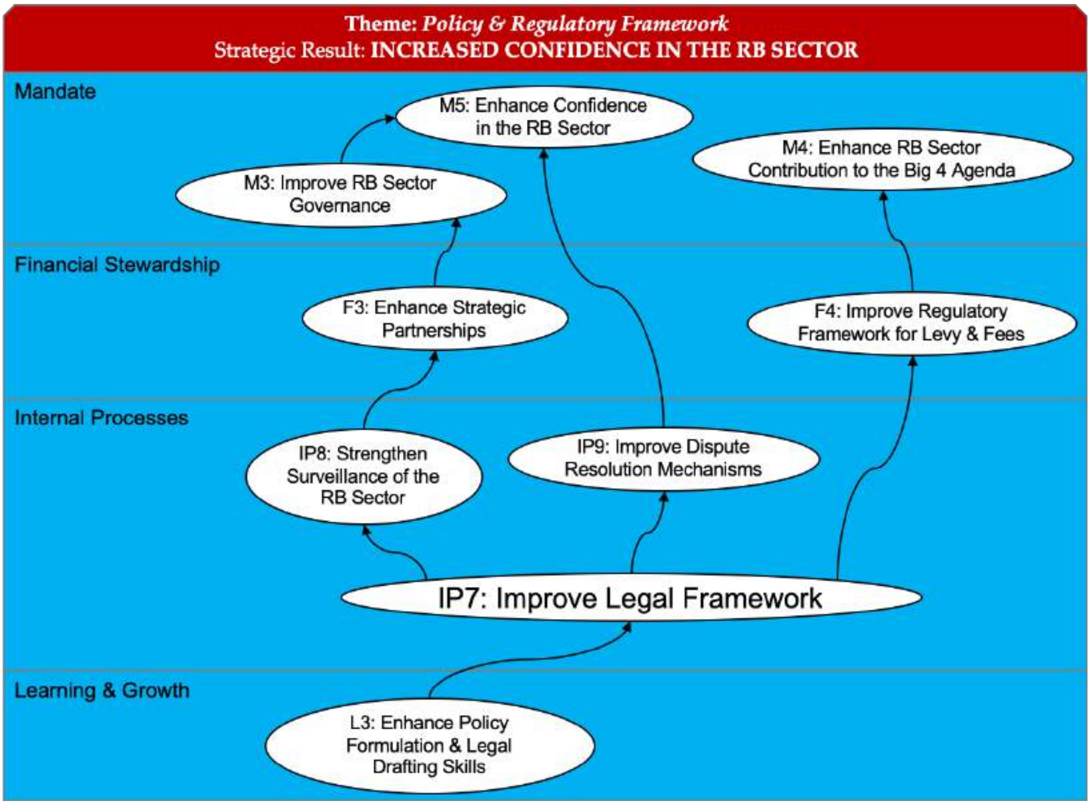


Figure 9: Policy & Regulatory Strategy Map.

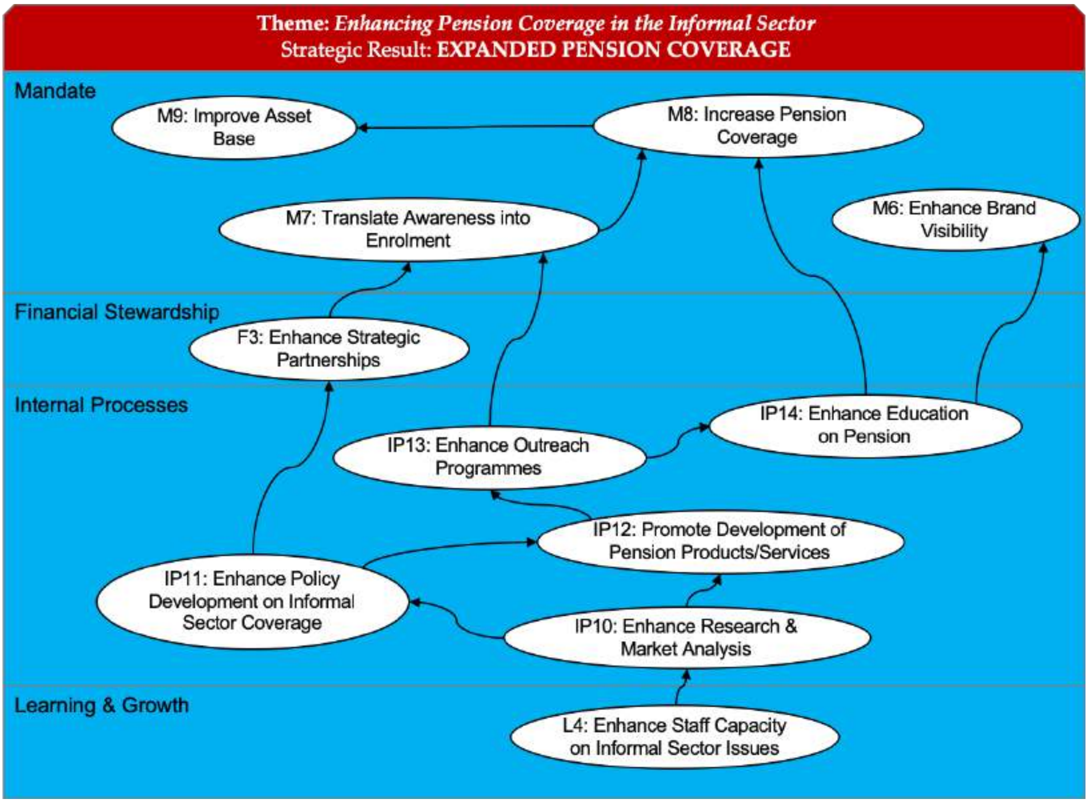


Figure 10: Enhancing Coverage in the Informal Sector Strategy Map.

4.1 CORPORATE THEMATIC PERFORMANCE SCORECARDS

The thematic corporate performance scorecards constitute the implementation matrices for the Strategic Plan. The scorecards, detailing the measures, targets, strategic initiatives, timelines and budget for each strategic objective, are presented in Annex I. For each objective: the measure indicates how progress towards the realization of the objective will be tracked; the target represents the level of performance expected by the end of the plan period; while the strategic initiatives are the key programmes/projects that must be undertaken to close the gap between the current level of performance and the set target.

Each strategic objective is driven by identified officers and the total budget for realizing that objective, which typically caters for the cost of implementing the strategic initiative(s) associated with the objective, is also indicated. The scorecards, with their associated strategic initiatives, constitute the implementation matrix for the strategic plan.

4.2 CORPORATE THEMATIC RISK SCORECARDS

The thematic corporate risk scorecards, detailing the risk factors, risk assessment and mitigations for each strategic objective, are presented in Annex II. The Corporate Four-Perspective Risk Map, presented in Figure 11, was derived from the risk scorecards presented in Annex II. This risk map enables the visualization of the key risks that the Authority faces and provides a mechanism of focusing on risks in specific perspectives and to explore the relationship between risks across perspectives when used together with the thematic strategy maps. It reveals how the Authority's risks are clustering and where its main exposures are, thus allowing for the prioritization of their mitigations.

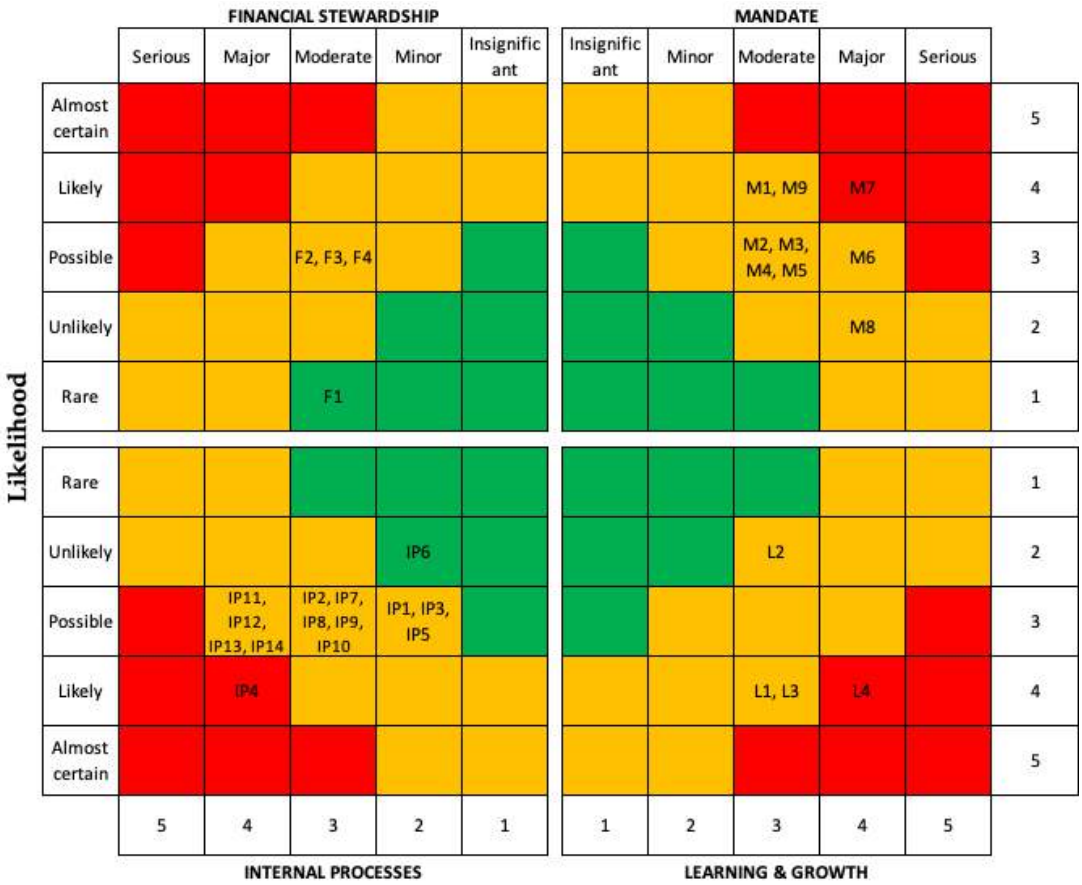


Figure 11: Corporate Four Perspective Risk Map.

Key: Label	**Strategic Objective**
L1: Improve Capacity	IP13: Enhance Outreach Programmes
L2: Enhance Employee Engagement	IP14: Enhance Education on Pension
L3: Enhance Policy Formulation & Legal Drafting Skills	F1: Improve Levy Collection
L4: Enhance Staff Capacity on Informal Sector Issues	F2: Enhance Resource Utilization
IP1: Promote Creativity & Innovation	F3: Enhance Strategic Partnerships
IP2: Enhance Automation	F4: Improve Regulatory Framework for Levy & Fees
IP3: Enhance Knowledge Mgt.	M1: Improve Access to Authority Services
IP4: Enhance M&E	M2: Improve Customer Experience
IP5: Enhance Authority's Governance	M3: Improve RB Sector Governance
IP6: Enhance Service Delivery	M4: Enhance RB Sector Contribution to Big 4 Agenda
IP7: Improve Legal Framework	M5: Enhance Confidence in the RB Sector
IP8: Strengthen Surveillance of the RB Sector k	M6: Enhance Brand Visibility
IP9: Improve Dispute Resolution Mechanisms	M7: Translate Awareness into Enrolment
IP10: Enhance Research & Market Analysis	M8: Increase Pension Coverage
IP11: Enhance Policy Dev. On Informal Sector Coverage	M9: Improve Asset Base
IP12: Promote Dev. Of Pension Products/ Services	

05

Chapter Five

COMMUNICATION AND ADVOCACY PLAN

This chapter presents the purpose and objectives of the Authority's corporate communications and advocacy efforts. The chapter then identifies the key communications issues that the organization must take into account to excel. It concludes by identifying three main audiences, the messaging for each of this and recommends appropriate tactics informed by a recent IPSOS Kenya research on the Authority's communications effectiveness.

5.0 RBA'S COMMUNICATION'S PURPOSE

The corporate communications department function at the Authority is charged with three main responsibilities. These are to:

- Enhance visibility, awareness on the mandate and the pension sector.
- Provide a linkage between the Authority and the external stakeholders.
- Advise top management on matters of communication, branding and crisis management.

5.1 A REVIEW OF KEY ISSUES ON COMMUNICATIONS WITHIN THE AUTHORITY

Below are the key communications issues as identified from:

(a) The SWOT analysis carried out as part of development of this strategic plan;

(b) A survey with both internal and external stakeholders; and

(c) A research conducted by IPSOS to evaluate the effectiveness of the Authority's pension education program.

The objective of the previous communications plan was largely to create awareness about savings for retirement. This has led to the widely accepted challenge that the Authority's communication in the previous strategic period served to create a high-level awareness but less than desired enrolment.

Continued pension education, therefore, remains relevant. However, it calls for the need to critically reconsider the Authority's communications tactics to ensure that these are appropriate for the various priority audiences. The messaging also needs to speak to the various customer segments.

(i) The previous communication plan targeted over 10 audiences, notably a very broad array of audiences. Besides the inherent lack of focus, this may have resulted in the existing perception of the Authority being a pension scheme as opposed to a regulator.

It is, therefore, necessary to review the key messages, especially those targeting the general public. To further reduce this perception, the Authority will in this strategic period rethink which stakeholder is best placed to deliver what kind of message.

(ii) Having achieved a pension coverage of 20%, it is desirous that the Authority continues to further tap from the remaining huge customer potential at 80%; predominantly composed of the growing informal sector.

Recommendations from the stakeholder survey, SWOT analysis with stakeholders and the IPSOS communications effectiveness research that have implications for how the Authority communicates include:

(i) The need to conduct public education, which should be done in conjunction with more trusted organizations such as Telcos and banks. If achieved, this presents an opportunity to leverage on strong existing brands that are already servicing the desired market segments.

(ii) Member education and employer sensitization. Unlike in the past, strong emphasis is to ensure that this is done in collaboration with pension schemes, *Huduma* centres and (or) county governments to ensure enrolments, follow-ups and, as a result, spur growth.

(iii) Enhance campaigns to improve pension uptake especially by the growing informal sector. The Authority will also need to conduct a segmentation of the informal sector while being cognizant of criteria such as level of formality. This may, for instance, include semi-informal entities, e.g., law firms and medical practices, as well as the fully informal *Jua Kali* sector, each of which require different products and messages.

(iv) There is a strong desire to conduct advocacy on GoK to have funded public pensions, as well as to ensure improvement of NSSF's offering.

(v) As 50% of respondents of the IPSOS survey stated that they don't intend to retire but rather engage in other income generating activities, it is paramount that the Authority's messaging addresses other interests. This includes opportunity for a favourable return on investment.

5.2 COMMUNICATION'S GOALS AND OBJECTIVES 2019-2024

The goal will be adapted from the broader organizational goal, which is to increase pensions coverage from 20% to 30%.

Communications objectives, presented in Table 3, were drawn from the BSC process. This is critical to ensure that communication aligns to the broader organizational goal and serves to achieve its purpose.

Table 3: Communication Objectives and Strategic Initiatives.

Operati Excelle	Services	with pension providers.
	IP3: Enhance Knowledge Management	Create awareness and training.
Policy & Advocacy	M5: Enhance Confidence in the RB Sector	Create awareness through public campaigns, Enhance stakeholder engagement
	F3: Enhance Strategic Partnerships	Partnership engagement plan.
	L3: Enhance Policy Formulation and Legal Drafting Skills	Train staff.
Enhancing Pension Coverage in the Informal Sector	IP12: Promote Development of Pension Products/Services	Create a conducive environment for creativity and innovation; Develop an awards framework for pension sector players
	IP13: Enhance Outreach Programmes	Improve content/message of the programs
	IP14: Enhance Education on Pension	Identify the target segments, develop and implement curricula
	F3: Enhance Strategic Partnerships	Partnership engagement plan
	M6: Enhance Brand Visibility	Establish baseline and conduct brand awareness surveys
	M7: Translate awareness into enrollment	Implement the recommendations from the studies on pension awareness
	M8: Increase Pension Coverage	Sensitize employers to establish pension schemes for their employees
		Develop appropriate communication strategies
		Target the informal sector workers
	M9: Increase Asset Base	Conduct outreach programmes that aim at having more employers establish pension schemes; advocate (implementation of NSSF Act, Public Service superannuation act, National RB Policy

5.3 Key Audiences and messages

For the strategic period 2019-2024, the Authority will prioritize three key audiences in

5.3 KEY AUDIENCES AND MESSAGES

For the strategic period 2019-2024, the Authority will prioritize three key audiences in its messaging:

(i) Employers/Potential Customers;

(ii) Current Customers; and

(iii) The Informal Sector.

Table 4 highlights these key audiences and the desired outcomes, which answers the question "What do we want them to do as a result of our message?" This then informs the message column, which answers the question "What message shall we tell them, so they can do it?"

Table 4: Audiences, Desired Outcomes, Key Messages and Tactics.

AUDIENCE	DESIRED OUTCOMES	MESSAGE
EMPLOYERS/ POTENTIAL CUSTOMERS	• Afford their employees a retirement saving mechanism • Staff enrolment • Consistent contributions • AGMs • Member education	• Advantages of establishing pension arrangement, e.g., tax benefit on the side of the employer when they contribute. • Provide conducive environment; employee attraction/retention. • Secure income for the retired employees. • Available options of pension arrangement. • Pension industry trends. • About RBA (mandate) • Compliance with the NSSF Act; accountability. • Sensitization of employers; follow-up.
INFORMAL SECTOR	• Uptake of pensions products to secure a better future • Member enrolment • Consistent contributions • Retention	• Secure retirement benefits in old age. • Tangible benefits/importance of saving through a pension scheme for saving for retirement; tax benefits. • Options available for pension saving. • About RBA (mandate). • Importance of informal sector to the economy. • Accountability. • Fund growth (returns). • Consequences of not saving.
CURRENT CUSTOMERS	• TRUSTEES: Compliance with laws and regulations • Enhanced contributions • Member education • Compliance to Act & regulations • Timely payment of benefits	• Engagement to ensure compliance. • Conducive environment. • New industry trends. • Changes in retirement regulations. • Member rights (members). • Additional voluntary contributions (AVC). • Risk mitigation mechanism; governance. • Introduction of new products. • Tax benefits. • Sustained contributions. • Compliance benefits. • Returns on investment. • Industry information sharing. • Best practices.

5.4 COMMUNICATION TACTICS

In line with the IPSOS research, the recommended communication channels for the informal sector and general public are radio (especially vernacular radio stations), TV and social media, especially Facebook. Employers on the other hand, will be more effectively targeted through TV, newspapers and social media.

The communication will be tailor-made in order to be appropriate for various customer segments.

5.4.1 Communication Towards Trust Building

A critical consideration in developing the objectives of the messaging is to consider communication aimed at building trust. Building trust will entail both usage of trusted channels and appropriate messaging. One major approach to achieving this is to use testimonials of persons who have already benefited from pension schemes. The Authority will employ various media stations while considering factors such as diversity of customer segments and the reach of each media channel selected. Trust will also be built by engaging celebrity influencers which is expected to be particularly useful for more youthful customers.

06

Chapter Six

RESOURCES FOR STRATEGY IMPLEMENTATION

The strategy implementation budget and the income that will finance it are presented in this chapter.

6.0 IMPLEMENTATION BUDGET

The implementation budget, shown in Tables 5, 6 and 7, gives the expected strategy expenditure (STRATEX) for every objective over the period of the plan.

The estimated budget to implement this Strategic Plan is approximately KES 1.5 billion. Out of this, KES 505.50 million is expected to be spent on the “Operational Excellence” theme; KES

454.50 million on the "Policy & Regulatory Framework" theme; and KES 518.75 million on the "Enhancing Pension Coverage in the Informal Sector" theme. Salaries and operational expenses are not included in the costing of the implementation of the Strategic Plan. These will be catered for in annual budgets of the Authority, which are approved by the National Treasury and Planning. The detailed costing of the respective strategic initiatives, from which the strategic objective budgets were derived, appear under the corporate performance scorecards in Annex I.

6.0.1 Operational Excellence Theme Strategy Expenditure

Table 5: Operational Excellence Theme STRATEX.

Mandate		Financial Stewardship		Internal Processes		Learning & Growth	
Strategic Objective	**Budget (KES Million)**	**Strategic Objective**	**Budget (KES Million)**	**Strategic Objective**	**Budget (KES Million)**	**Strategic Objective**	**Budget (KES Million)**
M1: Improve Access to Authority Services	62.50	F1: Improve Levy Collection	----	IP1: Promote Creativity & Innovation	5.00	L1: Improve Capacity	295.00
M2: Improve Customer Experience	16.00	F2: Enhance Resource Utilization	15.00	IP2: Enhance Automation	50.00	L2: Enhance Employee Engagement	32.50
				IP3: Enhance KM	3.00		
				IP4: Enhance M&E	1.50		
				IP5: Enhance Authority's Governance	10.00		
				IP6: Enhance Service Delivery	15.00		
Perspective Total:	**78.50**	**Perspective Total:**	**15.00**	**Perspective Total:**	**84.50**	**Perspective Total:**	**327.50**
Total Strategy Expenditure for the Theme (KES Millions):							**505.50**

6.0.2 Policy &Regulatory Framework Theme Strategy Expenditure

Table 6: Policy & Regulatory Framework Theme STRATEX.

Mandate		Financial Stewardship		Internal Processes		Learning & Growth	
Strategic Objective	**Budget (KES Million)**	**Strategic Objective**	**Budget (KES Million)**	**Strategic Objective**	**Budget (KES Million)**	**Strategic Objective**	**Budget (KES Million)**
M3: Improve RB Sector Governance	35.00	F3: Enhance Strategic Partnerships	0.00	IP7: Improve Legal Framework	65.00	L3: Enhance Policy Formulation & Legal Drafting Skills	10.00
M4: Enhance RB Sector Contribution to the Big 4 Agenda	30.00	F4: Improve Regulatory Framework for Levy & Fees	2.00	IP8: Strengthen Surveillance of the RB Sector	15.00		
M5: Enhance Confidence in the RB Sector	292.50			IP9: Improve Dispute Resolution Mechanisms	5.00		
Perspective Total:	**357.50**	**Perspective Total:**	**2.00**	**Perspective Total:**	**85.00**	**Perspective Total:**	**10.00**
Total Strategy Expenditure for the Theme (KES Millions):							**454.50**

6.0.3 **Enhancing Coverage in the Informal Sector Theme Strategy Expenditure**

Table 7: Enhancing Coverage in the Informal Sector Theme STRATEX.

Mandate		**Financial Stewardship**		**Internal Processes**		**Learning & Growth**	
Strategic Objective	**Budget (KES Million)**	**Strategic Objective**	**Budget (KES Million)**	**Strategic Objective**	**Budget (KES Million)**	**Strategic Objective**	**Budget (KES Million)**
M6: Enhance Brand Visibility	95.50	F3: Enhance Strategic Partnerships	23.50	IP10: Enhance Research & Market Analysis	107.50	L4: Enhance Staff Capacity on Informal Sector Issues	38.75
M7: Translate Awareness into Enrolment	10.00			IP11: Enhance Policy Development on Informal Sector Issues	11.00		
M8: Increase Pension Coverage	170.00			IP12: Promote Dev. Of Pension Products/Services	11.00		
M9: Improve Asset Base	22.50			IP13: Enhance Outreach Programmes	0.00		
				IP14: Enhance Pension Education	29.00		
Perspective Total:	**298.00**	**Perspective Total:**	**23.50**	**Perspective Total:**	**158.50**	**Perspective Total:**	**38.75**
Total Strategy Expenditure for the Theme (KES Millions):							**518.75**

6.1 FINANCING THE PLAN (INCOME)

The Strategic Plan will be funded by levy collections and funds from income investment. The projected figures for levy collections and other income are presented in Table 8.

It is projected that the levy collections over the plan period will amount to KES 4,816 million while proceeds from income investment will bring in KES 232 million. Part of this monies will be used to implement the strategic objectives identified by the Strategic Plan, while the rest will be used to finance other expenditures of the Authority.

Table 8: Financing the Plan.

Source of Income	2019/20	2022/21	2021/22	2022/23	2023/24	Total (KES Thousands)
Levy Collections	871,500	915,075	960,828	1,008,870	1,059,313	4,815,587
Other Income	45,410	45,864	46,322	46,786	47,253	231,635
TOTAL INCOME (KES Thousands)	**916,910**	**960,939**	**1,007,150**	**1,055,656**	**1,106,566**	**5,047,222**

07

Chapter Seven

MONITORING AND EVALUATION FRAMEWORK

The goal of monitoring and evaluation (M&E) of the strategic plan is to:

(a) Determine how well the organization's strategies realized desired results;

(b) Identify which of its strategic objectives is working;

(c) Establish why some are working while others are not; and

(d) Whether the organization is measuring the right things.

In this regard, M&E provides performance information that can be used for decision-making in new and improved ways.

7.0 MONITORING AND EVALUATION PROCESS

Monitoring and evaluating this plan will involve the steps indicated in Table 9.

Table 9: M & E Steps.

	STEP		ACTION
A	Collecting Data and Monitoring Performance	(i)	Monitor performance trends
B	Analyse and Draw Conclusions	(i)	Identify underperformance
		(ii)	Report and share information
		(iii)	Enable data-driven discussion around performance
C	Improve Performance	(i)	Identify and implement improvement actions
		(ii)	Continuously review strategy

For effective monitoring and evaluation of the strategy execution, the Authority has constituted a Strategy Management Committee (SMC) chaired by the Chief Executive Officer. Other members of this committee are the respective managers responsible for reporting on strategic objectives, who are the heads of department identified in the thematic scorecards presented in Annex I and summarized in Tables 10, 11 and 12.

Table 10: Reporting Responsibility for Objectives – Operational Excellence Theme.

	Strategic Objective	Responsible Managers
(a)	L1: Improve Capacity	CMHCDA
(b)	L2: Enhance Employee Engagement	CMHCDA
(c)	IP1: Promote Creativity and Innovation	CMHCDA
(d)	IP2: Enhance Automation	MICT
(e)	IP3: Enhance Knowledge Management	MR
(f)	IP4: Enhance Monitoring and Evaluation	CMR&S
(g)	IP5: Enhance Authority's Governance	BS&CMLS

	Strategic Objective	Responsible Managers
(h)	IP6: Enhance Service Delivery	MR
(i)	F1: Improve Levy Collection	CMS
(j)	F2: Enhance Resource Utilization	CMF
(k)	M1: Improve Access to Authority Services	CMCC
(l)	M2: Improve Customer Experience	CMR&S

Table 11: Reporting Responsibility for Objectives– Policy & Regulatory Framework Theme.

	Strategic Objective	Responsible Managers
(a)	L3: Enhance Policy Formulation and Legal Drafting Skills	CMHCDA
(b)	IP7: Improve Legal Framework	CMR&S/CMS/CMMC
(c)	IP8: Strengthen Surveillance of the RB Sector	CMS/CMMC
(d)	IP9: Improve Dispute Resolution Mechanisms	CMMC
(e)	F3: Enhance Strategic Partnerships	CMR&S
(f)	F4: Improve Regulatory Framework for Levy and Fees	CMS
(g)	M3: Improve RB Sector Governance	CMMC
(h)	M4: Enhance RB Sector Contribution to the **Big 4 Agenda**	CMR&S/CMS
(i)	M5: Enhance Confidence in the RB Sector	CMR&S/CMS/ CMMC/BS&CMLS

Table 12: Reporting Responsibility for Objectives– Enhancing Coverage in the Informal Sector Theme.

	Strategic Objective	Responsible Managers
(a)	L4: Enhance Staff Capacity on Informal Sector Issues	CMHCDA/CMMC/CMS
(b)	IP10: Enhance Research and Market Analysis	CMR&S

(c)	IP11: Enhance Policy Development on Informal Sector Coverage	CMR&S/CMCC/CMMC/ CMS
(d)	IP12: Promote Development of Pension Products/Services	CMR&S/CMCC/ CMHCDA
(e)	IP13: Enhance Outreach Programmes	CMCC
(f)	IP14: Enhance Education on Pension	CMMC/CMR&S/MICT
(g)	F3: Enhance Strategic Partnerships	CMR&S
(h)	M6: Enhance Brand Visibility	CMCC
(i)	M7: Translate Awareness into Enrolment	CMCC
(j)	M8: Increase Pension Coverage	CMCC/CMR&S
(k)	M9: Improve Asset Base	CMR&S/CMS

The CEO shall be accountable for all corporate level strategic objectives.

7.1 STRATEGY REVIEW MEETINGS

The SMC shall hold a strategy review meeting every quarter to discuss only strategy implementation matters. Inputs for these meetings shall be the thematic strategy maps (Figures 8, 9 and 10), corporate performance and risk scorecards (Annexes I and II) and annual work plans developed from the scorecards. Prior to the meeting, performance data, including actual performance against set targets, status of implementation of the strategic initiatives and the effectiveness of the risk controls, for each objective would have been collected and compiled by the manager accountable for the objective. The formats presented in Table 13 will be used for reporting on performance on the achievement of strategic objectives, while the one given in Table 14 will be used for reporting on areas of underperformance and mitigations for improving performance.

For assessing the effectiveness of controls (mitigations) for each strategic objective, a Control Map similar to the one shown in Figure 12 will be used. This map assesses control performance and control dimensions on a matrix. Performance is assessed on the vertical axis from 1 to 4 (where 1 equates to the control not being applied or applied incorrectly; 2 equates to the control being applied inconsistently; 3 equates to the control being applied consistently but not in the way intended; and 4 means the control is applied when it should be and in the way intended). Control design is assessed through a 1 to 4 rating score (where 1 equates to the control providing little or no protection; 2 equates to the control significantly reducing the risk; 3 equates to the control reducing the residual risk to an acceptable level; and 4 means the control is designed to eliminate the risk entirely). This process will enable the Authority to continually assess the risk exposure against the Risk Appetite statements captured in Annex III.

PERFORMANCE				
4	4	8	12	16
3	3	6	9	12
2	2	4	6	8
1	1	2	3	4
	1	2	3	4
	DESIGN			

Figure 12: Control Map.

At the Strategy Review Meeting, one strategic theme, its objectives (see Tables 10, 11 and 12), measures and targets, will be selected and be considered in detail. The reporting on achievement of the targets and the progress on implementation of the associated strategic initiatives, and any challenges that might have been encountered during the implementation, will be led by the manager responsible for the selected objective. Any significant issue, which may affect the implementation of the strategy or necessitate a review of the strategic plan, will be identified as a "Hot Topic" for discussion during the meeting. A summary of the other three strategic themes, including achievement of performance targets, will then be given by a designated manager. A Communication Summary, to be communicated to all staff on the strategy implementation, shall then be prepared by the SMC secretary. A Strategy Assessment Report, capturing the minutes of this meeting and the realization of performance targets, shall also be prepared.

At the next meeting, a different strategic theme shall be identified for detailed consideration and the procedure outlined in the paragraph above repeated with respect to the new theme. This way, all three themes would have been discussed in detail by the end of the year.

The Strategic Review Committee with be required to report to the Board, through the relevant Committee of the Board, regularly on the progress on the implementation of this Strategic Plan including any necessary review(s).

Table 13: Reporting Framework for Strategic Objectives.

Strategic Objective	Measure (Indicator)	Target	Actual Performance	Strategic Initiative	Timelines for Initiative Implementation	Comments (on objective achievement & initiative implementation)	Responsible Manager

Table 14: Reporting on Areas of Underperformance.

	Strategic Objective	Target	Actual Performance	Mitigations to Improve Performance	Comments (on challenges encountered and how they will be addressed)
(a)					
(b)					

Date of Meeting: ____

ANNEX I: CORPORATE THEMATIC PERFORMANCE SCORECARDS

I.0. Operational Excellence Theme Performance Scorecard

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
Mandate	M2. Improve Customer Experience	Customer Satisfaction Index	2% increase p.a.	Redesign current survey tools	30-Sep-19	CMR&S	1,500,000
				Conduct baseline survey	30-Jun-20	CMR&S	3,500,000
				Conduct annual customer satisfaction surveys	6/30/2021, 22,23,24	CMR&S	10,500,000
				Implement survey recommendations	July of every year	HoDs/CMR &S	500,000
	M1. Improve Access to Authority Services	Representation in the Counties	8 Regional HQs by 2024				
				Partnership with *Huduma* Centres at Regional headquarters	July 2020 (2 p.a.)	CMMC	12,500.000 p.a.
Financial Stewardship	F2: Enhance Resource Utilization	Percentage Utilization	100%	Aligning budgets to strategic initiatives	31-Jan each year	CMF/HoDs	3,000,000 p.a.
				Monitoring of budget utilization	Quarterly		-
				Enhance Resource Planning	Quarterly		-

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
	F1: Improve Levy Collection	Level of Levy Collection	100%	Enforcement of penalties for late payments	Within 30 days after levy due date	CMS	- -
Internal Processes	IP6: Enhance Service Delivery	Level of Compliance with RBA QMS Manual and Service Charter	100%	Conduct process audits	Half yearly	MR/HoDs	-
				Adherence to SOPs and service charter		HoDs	-
				Monitor implementation of service charter	Quarterly	CMR&S	-
				Review SOPs	Biennially	MR/HoDs	15,000,000
				Harmonize Management Systems e.g., ERM, ISMS, QMS	Annually	MR/MIA&RM	
	IP5: Enhance Authority's Governance	Compliance with Governance framework	100%	Governance audit	Annually	BS&CMLS	10,000,000
	IP4: Enhance Monitoring & Evaluation	Percentage of Outcomes Delivered	100%	Develop M&E Framework	30-Sep-19	CMR&S	-
				Continuous M&E	Quarterly	CMR&S/HoDs	1,500,000
				Annual evaluation	Annually	CMR&S/HoDs	-
	IP3: Enhance Knowledge Management	KM Maturity level	Level 3	Establish KM framework	31-Dec-19	MR	2,000,000
				Creating awareness and training	30-Mar-20	MR	1,000,000

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
	IP2: Enhance Automation	Level of automation	85%	Identify processes to be automated (e.g., Media Monitoring, Balanced Scorecard, Contract, complaints management and Case Management) and procure appropriate solutions	30-Jun-21	MICT/HoDs	50,000,000
	IP1: Promote Creativity & Innovation	No. of Innovations p.a.	Two (2) p.a.	Develop and implement Innovation Policy	30-Jun-20	CMHCDA	1,000,000 p.a.
				Monitor the impact of the innovation	Annually	CMHCDA	
Learning & Growth	L2: Enhance Employee Engagement	Employee Satisfaction Index	75%	Conduct annual employee satisfaction surveys and Implement recommendations	Annually	CMHCDA	500,000 p.a.
				Conduct culture assessments and implement recommendations	Biennially		5,000,000
				Enhance staff performance review processes	Annually	CMHCDA	-
				Implement rewards and recognition policy	Annually		-
				Enhance Safe Work Environment	Annually		5,000,000 p.a.
	L1: Improve Capacity	Human Capital Readiness	70%	Review and implement the establishment audit findings	Biennially	CMHCDA	5,000,000

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
				Carry out TNA and implement appropriate interventions	Annually		52,000,000 p.a.
		Infrastructure Capital Readiness	80%	Establish infrastructure readiness baseline level	30-Jun-20	CMHCDA	30,000,000
				Monitor implementation of infrastructure readiness recommendations	Annually	CMHCDA	
				Establish and implement Business Continuity Plan	30-Jun-20	CMHCDA	

I.1. Policy & Regulatory Framework Theme Performance Scorecard

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
Mandate	M5: Enhance Confidence in the RB Sector	Percentage Increase in Confidence Index	2% p.a.	Establish the baseline index	30-Jun-20	CMR&S	10,000,000
				Conduct confidence index surveys	Biennially	CMR&S	15,000,000
				Create awareness on the regulatory framework through targeted campaigns	Annually	CMCC	30,000,000 p.a.
				Enforce regulatory framework	Quarterly	CMS	20,000,000 p.a.
				Review the regulatory framework	Dec 2019	BS&CMLS	10,000,000
				Enhance stakeholder engagement	Quarterly	CMMC/CMS	7,500,000
	M4: Enhance Retirement Benefits Sector Contribution to Big 4 Agenda	No. of Initiatives Supporting the Big 4 Agenda	Two (2)	Recommend review of the legal framework to enable pension schemes and members participate in the Big 4 agenda projects	Annually	CMR&S/CMS	6,000,000 p.a.
				Collaborations with key stakeholders and sector players on the implementation of the Big4 Agenda	Continuous	CMR&S	
				Monitor the uptake of the post-retirement medical scheme as part of	Continuous	CMR&S/CMS	

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
				promoting universal healthcare			
	M3: Improve RB Sector Governance	Average risks score	2.5 and below	Enforcement of good governance framework	30-Jun-20	CMMC	1,500,000 p.a.
				Capacity build the service providers on the governance framework	Continuous	CMMC	15,000,000
				Develop and review guidelines and practice notes on scheme governance	Biennially	CMMC	12,500,000
Financial Stewardship	F4: Improve Regulatory Framework for Levy & Fees	Percentage Growth in Levy & Fees	5% p.a.	Policy recommendations to review the forms and fees regulations	31-Dec-20	CMS	2,000,000
	F3: Enhance Strategic Partnerships	Proportion of Budget Financed by Development Partners	5%	Develop a Partner Engagement Plan	June 2020	CMR&S	1,000,000
				Identify development areas and partners	Annually	CMR&S	0

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
Internal Processes	IP9: Improve Dispute Resolution Mechanisms	Percentage of complaints resolved within 20 days	95%	Improve complaint management system	Dec-2020	CMMC	5,000,000
	IP8: Strengthen Surveillance of RB Sector	Level of Compliance with RB Regulations	100%	Review and implement the regulatory monitoring framework (Toolkit and risk analysis)	Dec 2021	CMS	5,000,000
				Monitoring compliance with the regulatory framework	Quarterly	CMS/CMMC	-
				Enforce sanctions and penalties	Quarterly (Investment returns, Administrators returns), Monthly (Member and sponsor Contributions)	CMS	2,000,000 p.a.
	IP7: Improve Legal Framework	Percentage of proposals to improve legal framework accepted	60%	Identify the gaps, review and make recommendations to amend relevant legislations	Annually	CMR&S	5,500,000 p.a.
				Establish linkages with other regulatory bodies	Annually		2,500,000 p.a.

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
		Number of regulatory guidelines developed and issued	Five (5)	Develop need-based guidelines	Annually	CMS/CMMC	25,000,000
L&G	L3: Enhance Legal Drafting & Policy formulation Skills	Percentage of Target Staff Trained on Policy Development and Legal Drafting Skills	100%	Identify and train staff	Annually	CMHCDA	10,000,000

I.2. Enhancing Coverage in the Informal Sector Theme Performance Scorecard

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
Mandate	M9: Increase Asset Base	Growth in the asset base	2.4 Trillion (KES)				
				Promote investment in alternative assets	Half yearly	CMR&S	1,500,000 p.a.
				Advocate for the implementation of NSSF Act	Continuous	CMS	15,000,000
				Advocate for the implementation of the Public Service Superannuation Scheme Act	Continuous	CMS	
				Advocate for the implementation of the National Retirement Benefits Policy	Continuous	CMR&S	
	M8: Increase Pension Coverage	Percentage increase	30%	Sensitize and follow up with employers to facilitate access to pensionsavings for their employees	Quarterly	CMCC	35,000,000
				Sensitize the informal sector workers to start saving for retirement	Quarterly	CMCC	75,000,000
				Develop and implement appropriate communication	Biennially	CMCC	55,000,000

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
				strategies targeting different demographics			
				Advocate for the implementation of the financial literacy curriculum	Continuous	CMCC	5,000,000
				Advocate for the implementation of the National Retirement Benefits Policy	Continuous	CMR&S	-
	M7: Translate High Levels of Awareness into Enrolment	No. of new members enrolled in RB arrangements per annum	600,000 p.a.	Implement the recommendations from the studies on pension awareness	30-Jun-20	CMCC	10,000,000
				Collaborate with sector players in increasing enrolment, including providing incentives	Quarterly	CMCC	-
	M6: Enhance Brand Visibility	Increase in Brand Equity	3% p.a.	Establish baseline	31-Dec-19	CMCC	15,000,000
				Implement the baseline survey recommendations	July 2020		
				Targeted sponsorship to enhance brand visibility	Annually	CMCC	37,500,000
				Conduct brand awareness surveys	Dec 2022	CMCC	10,000,000 -

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
				Conduct awareness campaigns	Continuous	CMCC	
				Brand policing- Clear and consistent brand communication	Continuous		3,000,000
				Stakeholder engagements	Continuous		-
				Merchandising	Quarterly		30,000,000
				Implement recommendations from the education campaign effectiveness review report	30-Jun-20		0
Financial Stewardship	F3: Enhance Strategic partnerships	Proportion of Development Expenditure Financed by Development Partners	25%	Identify and engage partners for the program areas where RBA require partnerships	Annually	CMR&S	17,500,000
				Prepare project proposals for funding	Annually	CMR&S	-
				Prepare proposal for technical assistance	Annually	CMR&S	-
				Undertake joint proposal preparation with other regulators within the EAC to address common pensions issues in the region	Annually	CMR&S	5,000,000

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
Internal Processes	IP14: Enhance Education on Pension	No. of needs Based training Programmes Successfully Executed in Different Market Segments	Four (4)	Identify the target segments	30-Sep-19	CMMC	-
				Develop the curricula	30-Jun-20	CMMC	5,000,000
				Partner and implement the curricula with existing institutions to deliver the curricula	Annually- First roll out July 2021	CMMC	2,500,000
				Prepare concept paper to establish pension training institute	30-Jun-20	CMR&S	3,000,000
				Monitor and evaluate the effectiveness of the programs	Biennially	CMR&S	17,000,000
				Leverage technology to deliver the training	31-Jul-21	MICT	1,500,000
	IP13: Enhance Outreach Programmes	No. of Needs Based Outreach Programmes	Three (3) p.a.	Conduct outreach programs	Quarterly	CMCC	0
				Improve content of the outreach programs	30-Jun-20	CMCC	0
				Conduct impact assessment study on the outreach programs	30-Jun-21	CMCC	0
	IP12: Promote Development of Pension Products/Services	No. of Initiatives on Development of New	One (1) p.a.	Create conducive environment for creativity and innovation in the industry	Continuous	CMR&S	0

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
		Products/Services		Make recommendations for legislative changes to allow for development of new products and services	Annually		0
				Promote establishment of innovation labs/sandboxes	Quarterly		5,000,000
				Develop an awards framework for pension sector players	30-Jun-20	CMCC	1,000,000
		No. of innovations for expanding coverage in the informal sector	One (1) p.a.	Identify innovations and provide enabling environment by providing for regulatory sandboxes	30-Sep-19	CMHCDA	5,000,000
	IP11: Enhance Policy Development on Informal Sector Coverage	No. of Policy Initiatives Implemented	One (1) p.a.	Develop policy and regulations for the informal sector	30-Jun-21	CMR&S	10,000,000
				Implement the policy initiatives	31-Dec-21	CMCC/CMMC/CMS	1,000,000
		No of policy briefs	One (1) p.a.	Develop policy briefs from the research papers	Annually	CMR&S	0

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
	IP10: Enhance Research & Market Analysis	No. of Issue Based Research Papers	Four (4) p.a.	Undertake research on topical issues	30th June of every year	CMR&S	17,500,000 p.a.
		No. of Industry Reports	Four (4) p.a.	Develop a database on the respective stakeholders in the retirement benefits sector	30-Jun-21	CMR&S	7,500,000
				Obtain insights on behaviour of stakeholders	31-Dec-21	CMR&S	0
				Collaboration with other pension sector players across the world on pension coverage/regulations	Continuous	CMR&S	2,500,000 p.a.
Learning & Growth	L4: Enhance Staff Capacity on Informal Sector Issues	No. of Staff Trained on Informal Sector Needs	Two (2) p.a.	Train staff on skills of how to deal with the informal sector	Annually	CMHCDA	1,500,000 p.a.
				Empower employees through local and international exposures	Annually	CMHCDA	5,500,000 p.a.
				Facilitate staff interactions with industry players and use outcomes to generate new ideas	Continuous	CMMC/CMS	750,000 p.a.

I.2. Enhancing Coverage in the Informal Sector Theme Performance Scorecard

Perspective	Strategic Objective	KPI	Target	Strategic Initiative	Timelines for Initiative Implementation	Responsible	Budget (KES)
Mandate	M9: Increase Asset Base	Growth in the asset base	2.4 Trillion (KES)				
				Promote investment in alternative assets	Half yearly	CMR&S	1,500,000 p.a.
				Advocate for the implementation of NSSF Act	Continuous	CMS	15,000,000
				Advocate for the implementation of the Public Service Superannuation Scheme Act	Continuous	CMS	
				Advocate for the implementation of the National Retirement Benefits Policy	Continuous	CMR&S	
	M8: Increase Pension Coverage	Percentage increase	30%	Sensitize and follow up with employers to facilitate access to pensionsavings for their employees	Quarterly	CMCC	35,000,000
				Sensitize the informal sector workers to start saving for retirement	Quarterly	CMCC	75,000,000
				Develop and implement appropriate communication	Biennially	CMCC	55,000,000

ANNEX II: CORPORATE THEMATIC RISK SCORECARDS

II.0. Operational Excellence Theme Risk Scorecard

Perspective	Strategic Objective	Risks	KRI	Likelihood (L)	Impact (I)	Average Exposure	Mitigation (Treatment)	Responsible
Mandate	M2. Improve Customer Experience	Failure to regulate and supervise the establishment and management retirement benefits sector.	• Increase in scheme risk score • Increase in non-compliant service providers • Increase in failed schemes	2.90	3.50	9.97	• Strengthen enforcement of the RB Act • Build staff capacity and skills	CMS
		Failure to protect Retirement Benefits member's interests – benefits, rights and responsibilities	• Increase in member complaints • Percentage decrease in member satisfaction	3.00	3.26		• Enforce governance in the RB sector • Review complaints management system	CMMC
	M1. Improve Access to Authority Services	Failure to access Authority services	Percentage coverage of the informal sector	4.50	3.00	12.75	Enhance outreach programs targeting the informal sector	CMMC
		Inadequate capacity(numbers)	Low number of staff	4.00	3.00		Capacity building through employment of more skilled staff	CMHCDA
Financial Stewardship	F2: Enhance Resource Utilization	Non-realization of corporate goals/objectives/ performance targets	Low absorption level	3.30	2.78	9.17	Ensure implementation of program-based budgeting based on strategic plan	HODs

Perspective	Strategic Objective	Risks	KRI	Likelihood (L)	Impact (I)	Average Exposure	Mitigation (Treatment)	Responsible
	F1: Improve Levy Collection	Inadequate revenue to finance Authority operations	Increase in deficit	1.00	3.50	3.25	Enforcement of levy collection and penalties	CMS
			Low revenue collection	1.00	3.00		Ensure 100% collection of levies	CMS
Internal Processes	IP6: Enhance Service Delivery	Poor service delivery	• Increase in number complaints • Increase in number of non-conformities with QMS manual and service charter	2.00	2.30	4.60	• Enforce compliance with QMS manual and service charter • Continuous monitoring	HODs
	IP5: Enhance Authority's Governance	Ineffective governance practices	• Percentage of ERM action plans not completed • Percentage of audit recommendations not implemented • Lack of accountability	3.30	2.26	7.46	• Enhance good governance and leadership through compliance with Mwongozo, PFMA and other related governance regulations • Effective internal communication	HODs
	IP4: Enhance Monitoring & Evaluation	Failure to achieve desired results	Low achievement level of set performance targets	4.00	4.00	16.00	Develop and implement M&E framework	CMR&S

Perspective	Strategic Objective	Risks	KRI	Likelihood (L)	Impact (I)	Average Exposure	Mitigation (Treatment)	Responsible
	IP3: Enhance Knowledge Management	Lack of business continuity	Ineffective knowledge management process	3.30	2.16	7.13	• Develop and implement knowledge management policy and system • Avoid overreliance on one vender • Sign escrow agreements	CMR&S/CMHCDA/MICT
	IP2: Enhance Automation	Low uptake and adoption of ICT and emerging technologies	• Percentage level of operations not automated • Low level of ICT literacy	3.10	2.94	9.11	• Develop and implement technology monitoring framework • Capacity building	MICT/CMHCDA
	IP1: Promote Creativity & Innovation	Non-responsiveness to changes and emerging trends in the industry	Lack of conducive environment for promoting creativity and innovation	3.00	2.00	6.00	Develop and implement innovation policy	CMR&S
Learning & Growth	L2: Enhance Employee Engagement	Ineffective HR practices	Employee satisfaction index	2.00	3.00	6.00	• Implement reward and recognition policy • Leadership development programmes • Practice organization values • Enhance internal communication	CMHCDA
	L1: Improve Capacity	Inadequate human resource competence and inadequate infrastructure	Low productivity levels	3.50	3.34	11.69	• Conduct staff planning and forecasting • Establish and implement business continuity plan	CMHCDA/MICT

II.1. Policy & Regulatory Framework Theme Risk Scorecard

Perspective	Strategic Objective	Risks	KRI	Likelihood (L)	Impact (I)	Average Exposure	Mitigation (Treatment)	Responsible
Mandate	M5: Enhance Confidence in the RB Sector	Failure to build and protect RBA Brand/ reputation	% decrease in confidence index	3.3	3.26	9.75	Enhance communication and complaints handling processes	CMMC
		Failure to protect members interests (Benefits rights and responsibilities	Low Customer Satisfaction level	3	3.26		• Enhance surveillance of the RB sector • Strengthen the consumer Protection framework	CMS/CMMC
		Inadequacies in the regulatory framework,	Membership/ Asset decline	3	2.84			
	M4: Enhance Retirement Benefits Sector Contribution to Big 4 Agenda	Inadequacies in the regulatory framework,	Number of legislative frameworks put in place to support Big 4 Agenda	3	2.84	8.58	Make policy recommendations for review of the legal and regulatory framework to be responsive to the RB Sector	CMR&S/CMS/BS&CMLS
	M3: Improve RB Sector Governance	Ineffective Governance Practices,	Level of compliance, increase in the overall risk score	2.6	3.24	8.42	Enhance good governance framework	CMS/CMR&S/CMS

Perspective	Strategic Objective	Risks	KRI	Likelihood (L)	Impact (I)	Average Exposure	Mitigation (Treatment)	Responsible
Financial Stewardship	F4: Improve Regulatory Framework for Levy & Fees	Litigation, resistance from stakeholders	Submissions gotten from the industry	3.4	2.96	10.40	• Make Policy proposals to review the levy and fees • Ensure 100% Levy & fees collection • Write proposals for strategic partnerships and funding of key projects and programmes	CMF/ CMR&S, BS& CMLS, CMS
	F3: Enhance Strategic Partnerships	Negative reputation of RBA	Decline in number of new programmes/ projects funded by development partners	3.3	3.26	10.78	Enhance stakeholder engagement, address negative media reports, disciplinary actions for members of staff and board with disciplinary issues, address unethical practices in the authority	CMF/ CMR&S/B S&CMLS
Internal Processes	IP9: Improve Dispute Resolution Mechanisms	Low reputation	Delays in complaint resolution customer satisfaction level	3.00	3.00	9.00	Strengthen complaint management system	CMMC
	IP8: Strengthen Surveillance of RB Sector	Failure to regulate and supervise the establishment and management retirement benefits sector.	Increase in the overall risk score	2.9	3.5	9.43	Undertake the enforcement actions on non-compliance schemes	CMS/CM MC
			No. of failed schemes					
		Ineffective Governance Practices within the	No. of failed schemes	2.6	3.24		Strengthen governance practices	CMS/CM MC

Perspective	Strategic Objective	Risks	KRI	Likelihood (L)	Impact (I)	Average Exposure	Mitigation (Treatment)	Responsible
		authority and unethical practices	No. of public complaints					
	IP7: Improve Legal Framework	Resistance from stakeholders	Number of provisions contested	3.4	2.96	10.40	Periodic review of the Retirement Benefits Act and Regulations	CMR&S
							Training/Sensitization of Staff on retirement benefits industry	CMR&S
							Develop guidelines on emerging areas in the retirement benefits sector	CMR&S
							Undertake legal audit of compliance with the Retirement Benefits Act	CMS/CMMC
							Make policy recommendations through the budget memorandum	CMR&S HODS
Learning & Growth	L3: Enhance Policy Formulation & Legal Drafting Skills	Misaligned priorities in training	% of target staff trained on policy development and legal drafting skills	3.5	3.34	11.70	Implement the training needs assessment	CMHCDA /CMR&S/ BS&CMLS

II.2. Enhancing Coverage in the Informal Sector Theme Risk Scorecard

Perspective	Strategic Objective	Risks	KRI	Likelihood (L)	Impact (I)	Average Exposure	Mitigation (Treatment)	Responsible
Mandate	M9: Increase Asset Base	Failure to regulate and supervise the establishment and management retirement benefits sector	Rigid registration requirements.	4	4	11	Review the regulatory framework to incorporate regulations suitable for the informal sector	BS CM & LS
		Inadequate research and development practices - Mismatch of RBA operations with global good practice standards	Inadequate understanding of the informal sector	3	2		• Undertake research targeted at the informal sector • Promote development of suitable products	CM, R& S CM CC
	M8: Increase Pension Coverage	Failure to regulate and supervise the establishment and management of RB sector	Rigid registration requirements	1	4	8	Review the regulatory framework to incorporate regulations suitable for the informal sector	BS &CM LS
		Failure to build and protect Retirement Benefits member's interests – benefits, rights and responsibilities	• Increase in complaints by members • % of Public Complaints not resolved • Increase in number of failed schemes	1	4		Ensure compliance to the law	BS & CM LS CMS
		CR9 Failure to protect or build RBA Brand/ reputation	Negative media mentions index	4	4		• Proactive stakeholder engagement • Continuous engagement with stakeholders	CMCC CMMC

Perspective	Strategic Objective	Risks	KRI	Likelihood (L)	Impact (I)	Average Exposure	Mitigation (Treatment)	Responsible
							Correct negative reportage in the media	
	M7: Translate Awareness into Enrolment	Inadequate research on relevant products for the informal sector	Low number of products for the informal sector	4	4	16.67	Promote innovation of products targeting the informal sector	CM R&S
		Lack of innovative products & services attractive to informal sector.	Low coverage level of informal sector	4	4.5		Hold stakeholder forums on innovations targeting the informal sector	
		Competition from other saving products	Number of employers without pension schemes	4	4		Incentivize service providers to target the informal sector	
	M6: Enhance Brand Visibility	Failure to build & protect reputation	Negative media mentions index Corruption Perception Index	3	4	12	• Enhance brand awareness campaigns • Establish & Maintain Media monitoring framework • Enforce compliance with Public Ethics Act & the code of Ethics	CMCC/CM HCDA & CEO
		Failure to regulate and supervise the establishment and management of retirement benefits sector.	Increase in failed schemes Risk score	3	4		Enhance risk-based supervision	CMS

Perspective	Strategic Objective	Risks	KRI	Likelihood (L)	Impact (I)	Average Exposure	Mitigation (Treatment)	Responsible
Financial Stewardship	F3: Enhance Strategic Partnerships	Ineffective governance	Corruption Perception Index Lack of accountability	2.5	3	7.83	Enforce adherence to the code of conduct	CMR&S
		Failure to build and protect RBA Brand and reputation	Integrity and Ethical Issues among staff and Board of RBA	3	4		Enforce strict adherence to the Code of Conduct, Leadership and Integrity Act & Chapter 6 of the constitution	CMHCDA / CEO/Board
		Substandard partnership proposals	% of proposals accepted or rejected	2	2		Capacity building on proposal development on partnerships	CMHCDA / CMR&S
Internal Processes	IP14: Enhance Education on Pension	Untargeted training modules	Number of targeted training modules	3	4	12	• Develop targeted training modules for the informal sector • Segment the retirement benefits sector • Implementation of research findings	CM R&S/ CMCC
		Untargeted messages	% level of awareness	3	4		• Develop the right messages. • Segment the Audience • Implementation of research findings	CMCC
	IP13: Enhance Outreach Programmes	Inadequate research on innovation of informal sector issues	Inadequate research on innovation of informal product & services	3	4	12	• Undertake research on informal sector pension issues • Implement recommendations of the research	CM R&S/ CMCC/ CMMC

Perspective	Strategic Objective	Risks	KRI	Likelihood (L)	Impact (I)	Average Exposure	Mitigation (Treatment)	Responsible
	IP12: Promote Development of Pension Products/Services	Inadequate research on innovation of informal sector issues	Inadequate research on innovation of informal product & services	3	4	12	• Undertake research on informal sector pension issues • Implement recommendations of the research	CM R&S/ CMCC/ CMMC
	IP11: Enhance Policy Development on Informal Sector Coverage	Inadequate support from key stakeholders	• Number of stakeholder engagement • Negative feedback from stakeholder forums • Number of contested policies	3	4	12	Consensus building during policy development	CMR&S
	IP10: Enhance Research & Market Analysis	Inadequate capacity	Number of vacant key technical positions to be filled	2.5	3	7.5	Outsource Recruit the required technical staff	CMR&S/CMHCDA
Learning & Growth	L4: Enhance Staff Capacity on Informal Sector Issues	Inadequate training opportunities on informal sector needs	Number of staff to deal with informal sector	4	4	16	Establish a dedicated unit to deal with the informal sector	CM HCDA

ANNEX III: AUTHORITY'S RISK APPETITE & TOLERANCE

Risk ID	Risk(s)	KRIs	Risk Appetite/ Tolerance
CR01	Failure to regulate and supervise the establishment and management retirement benefits sector.	Increase in the schemes risk score.	No more than 5% of schemes above risk score 1
		Increase in schemes and service providers non-compliance.	5%
		Percentage of service providers not registered.	0%
		No. of schemes not registered.	0%
		Increase in failed schemes.	5%
		% of enforcement action not taken.	0%
		Slow registration of schemes and service providers.	Registration not more than 6 days
CR02	Failure to protect Retirement Benefits member's interests – benefits, rights and responsibilities	Increase in complaints by members.	8%
		Increase in failed schemes.	5%
		% of Trustees not certified.	5%
		% of Schemes not adhering to guidelines.	5%
		% Decrease in customer satisfaction/confidence levels.	0%
		% of Public Complaints not resolved.	2%

Risk ID	Risk(s)	KRIs	Risk Appetite/ Tolerance
CR03	Limitations in creation of an enabling environment for growth of Retirement Benefits sector	Decrease or low growth rate of pension assets.	Pension assets growth below 10%
		Percentage growth in pension coverage.	Not less than 20%
		Percentage growth in pension awareness.	Not less than 10%
		No. of employers without pension schemes.	5%
CR04	Inadequacies in the regulatory framework in the RB Act	No. of cases taken to court or submitted to Tribunal.	Threshold of 30 No. of cases
CR05	Ineffective Governance, Leadership and Management at RBA – Failure to deliver mandate	Increase in the schemes risk score.	No more than 5% of schemes above risk score 1
CR06	Ineffective Governance practices: Board operations, Company secretarial, Audit and risk operations	Compliance with operational Charter for Board and Board Committees.	Compliance rate of 85% of all charter requirement by Board, Board Committees and the secretariats
CR07	Cascading of Corporate strategy – Misalignment between corporate strategy and departmental plans and activities	Engagement in non-strategic activities.	0%

Risk ID	Risk(s)	KRIs	Risk Appetite/ Tolerance
CR08	Non-compliance with legal and regulatory requirements in RBA operations	Baseline Compliance Audits Findings.	0%
CR09	Failure to protect or build RBA Brand/ reputation	Positive vs negative media mentions index.	5%
CR10	Interference of RBA operations by government policies, activities and politics	No of reported interferences.	5%
CR11	Ineffective governance practices: Audit and ERM practices	Percentage of ERM action plans not completed.	5%
		Percentage of audit recommendations not implemented.	5%
CR12	Integrity and Ethical Issues among staff and Board of RBA	No. of ethical and integrity cases reported.	0%
CR13	Inadequate Human Resource Management (Numbers, Skills, Competence and succession planning)	Develop indicator based optimal establishment vs actual establishment.	5 %
		% Decrease in employee satisfaction.	5 %

Risk ID	Risk(s)	KRIs	Risk Appetite/ Tolerance
CR14	Inadequate Supply chain management processes	No. of cases reported to PPADA.	0
		Non-Compliance with Procurement Charter.	0%
		% of the procurement plan not executed.	10%
CR15	Accident / Injury/ occupational illness to staff during operations	No of accident reported.	2
CR16	Failure of RBA to carry out planned (Budgeted) activities leading to Under absorption of Funds	Absorption of funds vs budget ratio.	0%
CR17	Liquidity/cash-flow management risks	% of idle or non-interest earning cash held per month.	5%
		% increase in revenue growth.	Not less than 10% p.a.
CR18	Inadequate Internal financial controls	% of Audit (Internal & External) findings not implemented.	5%
		% cost reduction.	Not less than 5%
CR19	Inadequate research and development practices - Mismatch of RBA operations with global good practice standards	No. of research papers applied in the pension industry.	At least 2 research papers
		No. of new innovations in RB.	At least 2 innovations

Risk ID	Risk(s)	KRIs	Risk Appetite/ Tolerance
CR20	Ineffective Knowledge management processes	No. of training / conferences not reported and presented to staff.	5%
CR21	Uptake and adoption of ICT and emerging technologies in RBA operations	% level of operations not automation.	10%
		% of ICT literacy.	98%
CR22	Vulnerability to IT infrastructure to both internal and external exposure	No of attempted hacking activities 24 hrs.	2
		No. of successful hacking.	0
		No. of minutes downtime.	10 minutes
CR23	Inadequate security of data and other RBA assets	No of reported leakages.	2 per year
CR24	Cyber risks exposure	Vulnerability assessment finding.	At least two annually

*For queries regarding the Retirement Benefits Industry or your pension scheme please call RBA on toll free number: 0800720300 or just dial *870# for free and follow the prompts.*

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