

KWS STAFF SUPERANNUATION SCHEME & RETIREMENT BENEFITS SCHEME, 2006

STRATEGIC PLAN **2022-2026**

Retire Bila Stress







Document Information

Concept and Design by:

Boniface Gor, www.digimatt.co.ke @digimattsol

Photos: Shutterstock | Freepik | KWS

Published in August 2022 by Kenya Wildlife Service (KWS)

Any Reproduction in full or in part must mention the title and credit the above mentioned publisher as the copyright owners

© Text August 2022 KWS

All Rights Reserved

CONT

Foreword	iv
List of Tables	vi
List of Figures	vii
Acronyms & Abbreviations	viii
Definition of Terms	ix
Executive Summary	xi

BACKGROUND OF THE SCHEMES	1
----------------------------------	----------

METHODOLOGY	5
--------------------	----------

2.1	Industry Analysis	6
2.2	PESTEL Analysis	7
2.3	SWOT Analysis	9
2.4	Stakeholder Analysis	10

STRATEGIC OBJECTIVES AND ACTION PLANS	13
--	-----------

3.1	Strategic Objectives, Strategic Initiatives' and Action Plans	15
-----	---	----

01

02

03

ENTS

04

KEY PERFORMANCE INDICATORS (KPIS)	19
--	-----------

05

KEY RISKS AND RISK MANAGEMENT STRATEGIES	21
---	-----------

06

FINANCIAL IMPLICATION	25
------------------------------	-----------

6.1	Budgetary Considerations/Assumptions	26
6.2	Budget	26
6.3	Audit	26

07

MONITORING AND EVALUATION	27
----------------------------------	-----------

08

THE PROPOSED SCHEMES STRUCTURE	29
---------------------------------------	-----------

09

REVIEW OF THE PLAN	31
---------------------------	-----------

10

CONCLUSION	33
-------------------	-----------

11

APPENDICES	35
-------------------	-----------

11.1	Appendix I: Risk Management Matrix	36
11.2	Appendix II: Past AGM Meetings Delegate Pictorial	37

Foreword



The Boards of Trustees of Kenya Wildlife Service Staff Superannuation Scheme (DB) and Kenya Wildlife Service Staff Retirement Benefits Scheme (DC) herein referred to as “the Schemes” have the pleasure to launch the second Strategic Plan (2022–2026). This marks a milestone and the culmination of a governance process that has seen the Trustees, make significant progress in streamlining operations of the Schemes.

The Strategic Plan (“The Plan”) clearly articulates how the Schemes will be managed over the period and complies with requirements of the Retirement Benefits Authority (RBA) for Trustees to have a basis for the Scheme’s Annual Performance Evaluation. The Plan focuses on three (3) thematic areas; People, Governance and Communication. These

reflect commitment to serving the members by embedding a culture of proactive communication, efficient decision-making and implementation of processes that yield excellence in service delivery.

The Schemes have an established foundation hence the Trustees have a stable base to consolidate gains and chart the way forward with clarity. In this regard, we shall remain true to ***Our Vision: “Well Managed Schemes for a Noble Retirement”***.

We extend our gratitude to our fellow Trustees for their unwavering commitment to the Schemes and for their insights and active participation in developing the Plan. The current composition of the Boards of Trustees is as follows:

DB Scheme

Sponsor Appointed

1. Mr. Edwin Wanyonyi
2. Mr. Japheth Kilonzo
3. Mr. Valentin Kanani
4. Ms. Nancy Kabete
5. Mr. Simon Gitau

Member Elected

1. Mr. Bernard Ogwoka
2. Mr. Aron Chepkwony
3. Mr. Stephen Ondieki

DC Scheme

Sponsor Appointed

1. Prof. Charles Musyoki
2. Mr. Elema Saru
3. Ms. Agnes Kilel
4. Mr. Peter Mwangi

Member Elected

1. Mr. Jackson Chesang
2. Mr. Kelvin Juma
3. Mr. Sydney Tsuma
4. Mr. Abdirizak Ahmed

The total value of the Schemes is approximately **Ksh. 9.1 billion** categorised as large as per the industry classification. We endeavour to deliver sustainable competitive returns to members even as we navigate the challenges ahead. We appreciate and truly thank all service providers and regulators for the support accorded in growth of the Schemes and the sector in general.

Strategic Planning is not just about allocation of resources and planning for an “ideal future”,

but also involves making strategic decisions on areas not in focus. Formulation of the Plan has taken into account scarcity of resources hence prioritized activities to ensure delivery of quality service to members.

We look forward to the successful execution of the plan for the benefit of members.

Signed on behalf of Boards of Trustees:



Edwin Wanyonyi

Chairman
KWS DB Scheme



Prof. Charles Musyoki

Chairman
KWS DC Scheme

List of Tables

Table 1:	PESTEL Analysis	7
Table 2:	SWOT Analysis	9
Table 3:	Stakeholder Analysis	10
Table 4:	Strategic Objectives, Strategic Initiatives and Action Plans	15
Table 5:	Key performance indicators	20
Table 6:	Summary of key risks	22



List of Figures

Figure 1:	Age Analysis as at 31st December 2021 - DB Scheme	2
Figure 2:	Age Analysis as at 31st December 2021 - DC Scheme	3
Figure 3:	Proposed structure to drive implementation of the plan	30



Acronyms & Abbreviations

AGM:	Annual General Meeting
AVC:	Additional Voluntary Contribution
BOT:	Board of Trustees
DB:	Defined Benefit
DC:	Defined Contribution
ICT:	Information, Communication and Technology
IPS:	Investment Policy Strategy
KPI:	Key Performance Indicator
KWS:	Kenya Wildlife Service
NSSF:	National Social Security Fund
PESTEL:	Political, Economic, Social, Technological, Environmental and Legal
PIPAS:	Professionalism, Innovation, Passion, Accountability and Stewardship
RBA:	Retirement Benefits Authority
SLA:	Service Level Agreement
SMS:	Short Message Service

Definition of Terms

Action Plan	A detailed description of the strategies and steps used to implement a plan.
Actuarial	An art of computing insurance risks and premiums based on statistical records.
Actuarial valuation	Fund value determined by computing its normal cost, actuarial accrued liability, actuarial value of its assets, and other relevant costs and values.
Actuarial Value	A mathematical calculation often of financial condition of a pension plan. It includes the computation of the present monetary value of benefits payable to present members, and the present monetary value of future employer and employee contributions, factoring in mortality among active and retired members and to the rates of disability, retirement, withdrawal from service, salary and interest.
Asset	A resource with economic value that an individual or corporation owns or controls with expectation that it will provide future benefit. The property, investments, debtors, cash and other items of which the trustees of a pension scheme are the legal owners.
Baseline Survey	Refers to a minimum/starting point used for comparison of previous or current performance that can be used to set improvement goals and provide basis for assessing future progress.
Benchmark	A concept of gathering information about best practices by other organizations engaged in similar activities. Target or measure against which performance will be judged – used to assess the performance of a fund or investment portfolio.
Beneficiary	A person other than a member who is receiving or is entitled to receive benefits under the Scheme.
Capacity Building	Planned development and strengthening of skills, instincts, abilities/ process, resources and other capacities in order to improve the Scheme's effectiveness and sustainability.
Capital	Financial assets or financial value of assets.
Deed	A written document signed under seal and delivered which records a legal transaction.
Dependents	A person who relies on another person for support.
Financial Year	The period of twelve months ending on 31st December in each year
Liability	Scheme's obligations to pay another party.

Definition of Terms

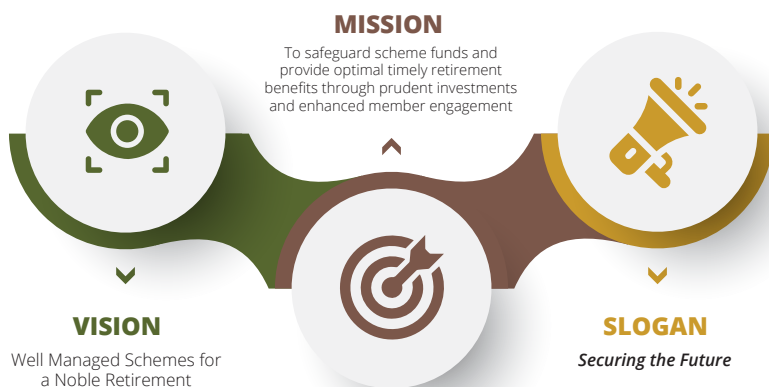
Member	Eligible employee duly admitted to membership of the Scheme in accordance with trust Deeds and Rules.
Performance Measure	Tools or information used to measure results and ensure accountability.
Retiree	A member who has retired from the service
Scheme	Refers to KWS Staff Superannuation Scheme and KWS Staff Retirement Benefit Scheme, 2006
Scheme Administrator	Refers to an officer appointed by trustees to manage the internal administrative affairs of the Scheme
Service Provider	Refers to a firm or person appointed to offer services to the Scheme i.e. Fund Manager, Custodian, Administrator Auditors, Legal Advisors and Actuaries
Sponsor	Refers to a person/entity who establishes a scheme (Kenya Wildlife Service)
Stakeholder	Any person or group with a stake in the outcomes of the Scheme.
Strategic Plan	A practical, action oriented guide based on an examination of internal and external factors that directs goal setting and resource allocation to achieve meaningful results over time
Trustee	An individual person or member of the Scheme's board given control or powers of administration of property in trust with a legal obligation to administer it solely for the purposes specified.

Executive Summary

The Plan provides a framework to guide Trustees in discharging their mandate in a rapidly changing and challenging environment. It has a long-term view of ensuring sustainability of the Schemes for the benefit of members in retirement and enables stakeholders to understand and appreciate critical matters considered during preparation of the plan.

As governments, private organizations and citizens globally continue to grapple with the Covid-19 pandemic and its myriad effects, the long-term nature of Retirement Schemes makes them more resilient and achieve in-built flexibility to manage upcoming developments.

The Trustees identify the foundation of the Plan as follows:



Professionalism:	Uphold responsibility, excellence and integrity in all its undertakings.
Innovation:	Find ingenious ways of exceeding members' expectations as well as wowing them.
Passion:	Unwavering commitment to our higher purpose of providing a noble retirement life.
Accountability:	Be accountable to all stakeholders in all scheme activities
Stewardship:	Embrace fiduciary by offering servant leadership

The Plan contains a brief history of the Schemes highlighting commencement, membership size, computation of benefits and fund value. The Trustees carried out detailed analysis of external and internal environment the Schemes operate in and identified priority areas and risks anchored on the following three (3) key pillars:-

- i. People;
- ii. Governance; and
- iii. Communication

The Pillars are accompanied by well thought out and synthesized strategic perspectives that demonstrate the Trustee's aspirations over the plan period. The perspectives are as follows: -

- i. To enhance operational efficiency and attain excellence in governance;
- ii. To improve member contribution and grow the Scheme by at least 3% per annum above the inflation rate; and
- iii. To increase member engagement and awareness on Scheme matters.

The Plan identifies three (3) strategic objectives each with initiatives, budget estimate, performance measure and the task owner that aims to:-

- i. Strengthen institutional capacity
- ii. Enhance investment and risk mitigation

- iii. Strengthen stakeholder communication and service delivery

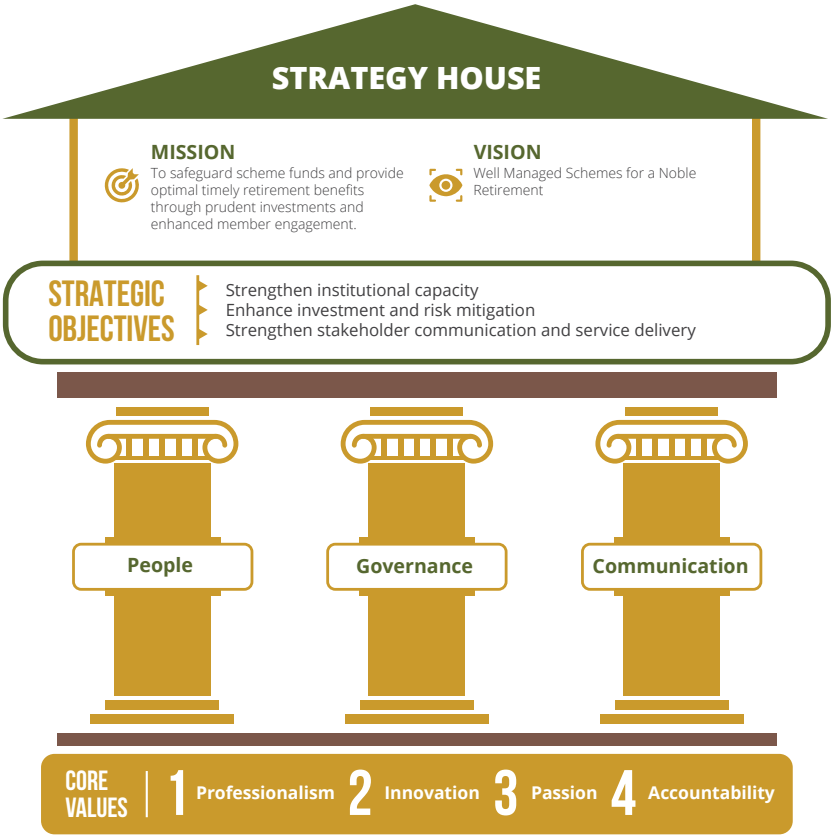
The Trustees identified eight (8) risks that may adversely affect the execution of the plan and proposed mitigation measures. In addition, they have provided for regular monitoring and evaluation as well as continuous review over the period.

The financial budget estimate for implementation of the plan is Ksh. 280 million which represents an annualized approximate rate of 0.42% of the projected fund value of the Schemes. This retains the overall Scheme costs within the best practise limit of 2%.

Trustees reaffirm their commitment to members in providing excellent service that aims at delivering a sustainable return on their retirement benefits in line with the Schemes' vision. This is summarised in its strategic intent as depicted in the Scheme's strategy house.

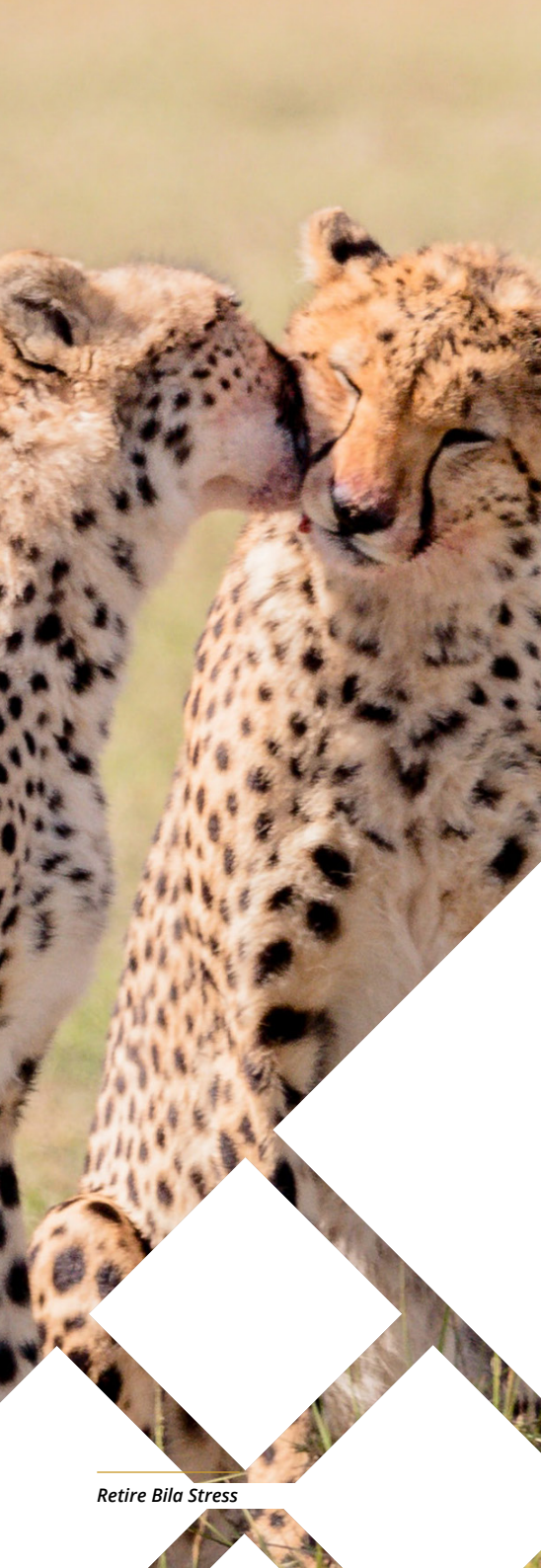


Pension Scheme Strategy House



STRATEGIC PLAN 2022/2026





Chapter

01

BACKGROUND OF THE SCHEMES

The Kenya Wildlife Service Staff Superannuation Scheme (DB) was established under an irrevocable Trust on 1st July 1991 through the Trust Deed and Rules between the sponsor, KWS and the Trustees. The scheme has **1,909** active and **409** deferred members with an assets value of **Ksh. 3.1 billion** as at 31st December, 2021. The Scheme was closed to new entrants and contributions effective **31st December 2006** and is expected to reduce in value and membership over time as members exit.

The Kenya Wildlife Service Staff Retirement Benefit Scheme (DC), 2006 was established under an irrevocable Trust on 1st January 2007 through the Trust Deed and Rules between the sponsor, KWS and the Trustees. The Scheme has **4,502** active and **649** deferred members with an assets value of **Ksh. 6 billion as at 31st December 2021**. The Scheme has a youthful population with the fund value projected to grow through contributions and investment returns.

The purpose of the Schemes is twofold:-

- i. To provide pension benefits to eligible employees of the Service; and
- ii. To provide benefits to dependants of deceased members of the Schemes.

Upon retirement, members are entitled to a cash lump sum payment subject to a maximum of one third of the total accumulated benefits and a monthly pension payable directly from the Scheme in the case of the DB Scheme. With regard to the DC Scheme, monthly pension is paid by an insurance company as an annuity or income drawdown as opted by a member.

Members exiting the Service before attaining the age of fifty (50) years are entitled to payment of benefits within the access provisions contained in the Trust Deed & Rules. The normal retirement age is 60 years while early retirement is allowable “under the 50 year rule”. The Average age of members is 48 years for the DB Scheme and 40 years for the DC Scheme.

Age Analysis as at 31st December 2021 - DB Scheme

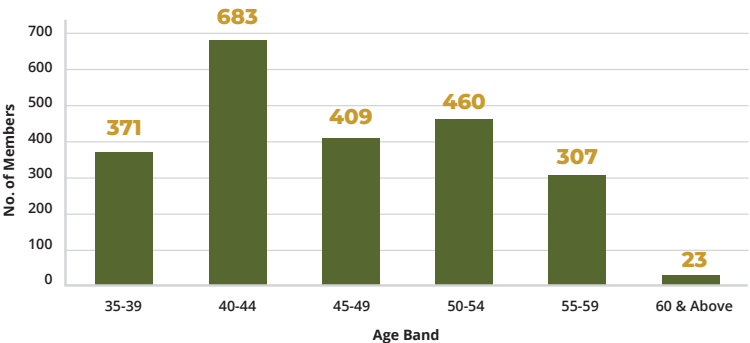


Figure 1: Age Analysis as at 31st December 2021 - DB Scheme

Age Analysis as at 31st December 2021 - DC Scheme

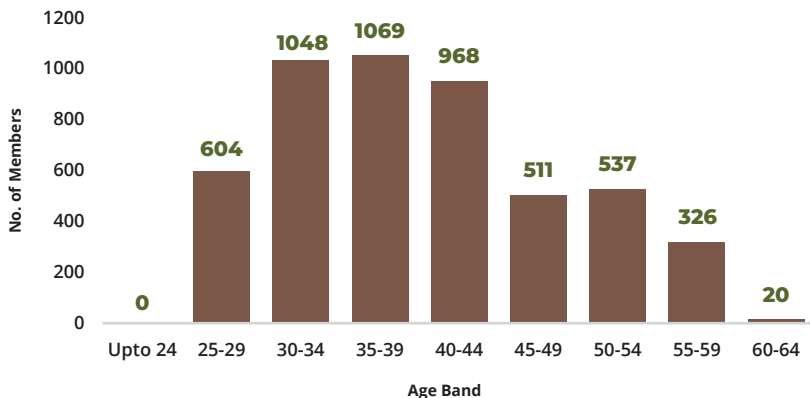


Figure 2: Age Analysis as at 31st December 2021 - DC Scheme

Trustees recognize that success of the Plan is informed by improved members' experience upon retirement. In this regard, they engage Service Providers (*Fund Manager, Custodian, Administrator Auditors, Legal Advisors and Actuaries*) to provide

various specialized services. In addition, the Schemes have an experienced and efficient secretariat supported by the Sponsor that improves service delivery.





Chapter 02

METHODOLOGY

In developing the plan, Trustees undertook an in-depth analysis of the status of the Schemes' external and internal environment and applied the following tools:-

- i. Industry analysis;
- ii. Political, Economic, Social, Technological, Environment and legal factors (PESTEL) analysis;
- iii. Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis;
- iv. Stakeholder Analysis; and
- v. Review of the previous plan (2015/2019).

Through the above analyses, the Trustees noted the present, considered the future and identified the key areas of focus and specific objectives for the plan period. Also identified, through consultation

and research, were strategic actions and initiatives consolidating into a strategic framework for the Schemes.

Here below are the key findings from the analysis

2.1 Industry Analysis

The retirement benefits industry in Kenya has experienced tremendous growth, under the supervision of the Retirement Benefits Authority (RBA), with overall assets under management at **Ksh. 1.5 trillion**. Majority of Schemes are Defined Contribution and there is increased supervision and guidelines prescribed to safeguard members' rights and benefits.

Legislative changes intended to improve the industry are regularly made through the National Budget process and issuance of guidelines and practice notes by the National Treasury and the Regulator. The regulations introduced include Mortgage Regulations, Good Governance Guidelines and the Post-Retirement Medical Guidelines. Schemes periodically review their Trust Deed & Rules, Policies and Procedures for purposes of compliance and implementation.

The industry continues to embrace increased product innovation that include annuity (pension)

products, drawdown funds and post-retirement medical funds, among others.

The capital market has witnessed increased innovation with development of products like private equity funds, infrastructure funds, and other alternative asset classes such as commodities, derivatives and exchange-traded funds introduced by the Nairobi Securities Exchange. Schemes are encouraged to consider exposure to some of these asset classes for diversification and risk management while taking appropriate professional advice.

Kenya's population is largely youthful and yet the formal sector continues to contract with an emerging "gig economy". As the informal sector grows, the regulator and policymakers are concerned with "old age poverty" and the need to encourage pension savings for formal and informal workers.



2.2 PESTEL Analysis

A PESTEL analysis reveals the broad macro-risks that could affect execution of the Plan as follows:-

Table 1: PESTEL Analysis

PESTEL (a)	Overview (b)	Low (c)	Medium (d)	High (e)
Political	Across the region, the East African countries are gearing up for election during the planning period. In Kenya, the political environment is currently geared up for the General Election scheduled for 2022. The government's Big Four Agenda – manufacturing, universal healthcare, affordable housing, and food security, continues to be the focus in the run-up to the General Election. The government has undertaken to ensure a secure environment during the electioneering period.			
Economic	In 2020, real GDP growth has slowed down to 1.5% from an average of 5.7% (2015 – 19), mainly due to the impact of the covid-19 pandemic. This trend has reversed and is expected to be sustained with increased awareness of the virus and vaccination drives happening across the globe. Inflation continues to be range-bound with a maximum of 7.5% closely managed by the Central Bank. However, the economic stability may be impacted by the elections based on past trends.			
Social/Cultural	Low employment rates in the country has burdened retirees due to high dependency ratio. In addition, the increasing life expectancies with non-escalating pension arrangements have diminished the values of pension received in retirement. Cultural norms have made it difficult for some retirees to seek professional advice when exiting employment.			
Technology	Kenya has been lauded for the fast adoption and use of mobile technology. However, there has been an increase in incidents of fraud and cyber-attacks, especially in the financial sector. Whilst the pension sector as a whole is not as highly affected, individual retirees continue to be victims of financial scams and fraud, largely for lack of knowledge. Further, the introduction of sophisticated administration systems which give members portal access may require user training to ensure users are comfortable. Ease of access to credit has reduced the ability of members of the schemes to create capital and optimise savings compromising their readiness for retirement. Trustees should continue being vigilant and set intervention measures to assist members with financial planning.			
Environmental	Climate change has been identified by the World Bank as an area that may present challenges to our economy. With reliance on agriculture and tourism, weather-related shocks can adversely affect our economy. Further, experience has shown that some retirees go into commercial farming without fully appreciating the potential losses. Member engagements must focus on education to members			

PESTEL (a)	Overview (b)	Low (c)	Medium (d)	High (e)
	on this risk and include perspectives on rainfed agriculture versus irrigation.			
Legal	There is a clear acknowledgement that this risk is not just related to compliance with the laws/statutes and regulations, but it encompasses the potential lawsuits that may arise from challenges as Trustees exercise their fiduciary decision making. Frequent legislative changes have increased the cost of compliance and some changes may reduce the retirement benefits to members due to easing of access provisions. Recent amendments to taxation laws have reduced incentives enjoyed by members and may make retirement schemes less attractive.			



2.3 SWOT Analysis

The SWOT analysis revealed the internal and external factors affecting the execution of the Plan as follows:-

Table 2: SWOT Analysis



Strengths

- Goodwill and support from the Sponsor
- Guaranteed and timely contributions
- Knowledgeable and experienced Trustees
- Strong liquidity management
- Swift investment turnaround time
- Strong ethical culture
- Informed membership
- Youthful membership
- Experienced, efficient, and effective service providers
- Robust governance system



Weaknesses

- Declining DB Scheme funding
- Limited awareness amongst some members
- Attrition of older members with higher contributions
- Lower fund value contribution by majority of members
- Secretariat not fully fledged
- Low uptake of Additional Voluntary Contributions (AVC)



Opportunities

- Increase of contribution rates
- Long term investment horizon
- New allowable investment classes
- Leveraging ICT
- Use of Sponsor structures to enhance member education
- Increased AVC uptake



Threats

- Change in legislation
- Potential early access of benefits
- Member attrition
- Potential lawsuits
- Investment risks
- Adverse effects on the Sponsor activities.

2.3 Stakeholder Analysis

The table below indicates roles, expectations and current mapping of key stakeholders that will form the basis for on-going performance

evaluation to be undertaken annually as per the Good Governance Guidelines: -

Table 3: Stakeholder Analysis

Name of Stakeholder	Role	Expectations	Rating (Green- Good, Amber - Average, Red - Poor)	Influence/ power (Low, medium, high)	Interest (low, high)	Level of Involvement (high, low)
Sponsor	<ul style="list-style-type: none"> Establish the scheme Fund the scheme Recruit members Appoint Trustees Operational support Make contributions promptly Provide oversight role in the Management of the Scheme 	<ul style="list-style-type: none"> Prompt settlement of retirement benefits Trustees must run the scheme as per the Trust Deed and Rules Growth of the fund Scheme sensitive to member needs and obligations Secure future for employees Ensure retention of employees in the Service Prudent management of the Scheme funds 		High	High	Low
Trustee	<ul style="list-style-type: none"> Manage the Scheme on behalf of Members Educate members on pension matters Act in the best interest of the scheme and members Provide good governance for the operations of the Scheme Ensure prudent investment and returns Ensure timely collection of contributions Appoint Professional Service Providers 	<ul style="list-style-type: none"> Members to have a comfortable retirement Investments yield the desired returns The Sponsor shall remit contributions of members in time Service providers engaged will carry out mandate as per SLAs A fully equipped and functional secretariat is in place Scheme is well Managed Satisfied Membership Scheme is compliant Continuous Trustee education Risk management including Trustee indemnity to enable them to perform effectively 		High	High	High
Member	<ul style="list-style-type: none"> Contribute to the scheme Elect Trustees Provide feedback on scheme matters Attend scheme activities Whistle blowing Provide Accurate beneficiary information 	<ul style="list-style-type: none"> Prompt settlement of retirement benefits Good returns Growth of the fund Prudent Scheme Management Resolve member issues expeditiously Safe and secure contributions Reasonable/Good Return Efficiency in claims settlement 		Medium	High	Low

Name of Stakeholder	Role	Expectations	Rating (Green - good, Amber - Average, Red - Poor)	Influence/ power (Low, medium, high)	Interest (low, high)	Level of Involvement (high, low)
	<ul style="list-style-type: none"> Make additional voluntary contributions 	<ul style="list-style-type: none"> Minimal turnaround time for response to queries Empathetic Treatment Post-Retirement Medical Cover Regular information on the Scheme Performance. Accurate member benefit statements 				
Fund manager	<ul style="list-style-type: none"> Prudent investment of scheme funds Investment of Scheme funds to maximize returns while minimizing risks Identify Investment opportunities as per the IPS Timely provision of Funds for disbursement to the beneficiaries. Offer professional advice on investment matters 	<ul style="list-style-type: none"> Investment Policy Statements (IPS) Settlement of service fees Timely remittance of contributions Opportunity to present and discuss reports Timely payment of dues Clear contract documentation Empower Trustees through capacity development 		Medium	High	High
Fund Administrator	<ul style="list-style-type: none"> Maintain records Compliance management Communication Secretarial services Assist the Trustees in administration of benefits. Provide general administrative and advisory services to the Trustees 	<ul style="list-style-type: none"> Operational support Opportunity to present and discuss reports Settlement of service fees Clear contract documentation Timely payment of dues 		Medium	High	High
Custodian	<ul style="list-style-type: none"> Safekeeping of scheme assets Regular reporting to Trustees Disbursement of funds for payment of benefits and/or purchase of assets 	<ul style="list-style-type: none"> Opportunity to present and discuss reports Settlement of service fees Clear contract documentation 		Medium	High	High
Scheme Secretariat	<ul style="list-style-type: none"> Coordination of scheme activities Implementation of Board decisions 	<ul style="list-style-type: none"> Customer satisfaction Continuous training & development 		High	High	High

Name of Stakeholder	Role	Expectations	Rating (Green - Good, Amber - Average Red - Poor)	Influence/ power (Low, medium, high)	Interest (low, high)	Level of Involvement (high, low)
	<ul style="list-style-type: none"> • Liaison with service providers • Management of regulator relationship • Facilitating member registration • Processing payments • Maintain Membership Records • Facilitation of member engagement and awareness • Member and beneficiary communication • Maintain contact with retirees and deferred members 	<ul style="list-style-type: none"> • Adequate systems & equipment • Sustainability of the scheme • Informed and enlightened members • Efficient and effective running of scheme activities • Scheme achieves set objectives 				
Auditor	<ul style="list-style-type: none"> • Audit Scheme books of accounts • Report to the BOT and AGM • Ensure compliance with the existing regulations and standards. 	<ul style="list-style-type: none"> • Opportunity to present and discuss reports • Timely payment of fees • Clear contract documentation • Proper accounting systems 		Medium	Low	Low
Regulator	<ul style="list-style-type: none"> • Regulate and support the development of industry • Protect members and beneficiaries • Exercise risk-based supervision mandate • Provide value additions. Eg. Industry surveys, Member sensitisation 	<ul style="list-style-type: none"> • Scheme is sustainable • Informed and enlightened members • Continuous training and development • Need to engage on areas of member education and training of Trustees 		High	High	Low



Chapter

03

STRATEGIC OBJECTIVES AND ACTION PLANS

The Plan comprises a three-tier strategic framework conceptualised into:



3.1

Strategic Objectives, Initiatives, and Action Plans

Table 4: Strategic Objectives, Strategic Initiatives' and Action Plans

Perspective	Strategic Objective	Performance Measures	Targets	Initiatives	2022	2023	2024	2025	2026	Owner
To enhance Operational Efficiency and attain excellence in governance	Strengthen institutional capacity	Number of policies developed/revied.	20	Review the following documents:- (i) Board Evaluation policy (ii) Board Charter (iii) Trustee Remuneration policy (iv) Committees of the Board policy (v) Trustees Appointment & Resignation policy (vi) Trustees Induction policy (vii) Trustee Training policy (viii) Communication policy (ix) Conflict of Interest policy (x) Risk management & Governance policy (xi) Code of Conduct (xii) Income distribution & reserving Policy (xiii) Investment Policy Statement (xiv) Trustees Elections	4,300	3,300	-	5,000	-	BoT
				Develop the following documents:- (i) Data protection Policy (ii) Mortgage Scheme Policy (iii) Procurement Policy (iv) Whistleblowing Policy (v) Death benefits Policy (vi) Member education booklets (vii) Audit Assurance Policy (viii) Governance Audit Policy (ix) ICT Policy (x) Business Continuity Policy (xi) Environmental, Social and Governance Policy (xii) Post-retirement medical Scheme policy (xiii) Treat Customer Fairly Policy (xiv) Develop Scheme's service charter	200	-	-	-	-	BoT
		Number of charters	1							

Perspective	Strategic Objective	Performance Measures	Targets	Initiatives	2022	2023	Budget (KES '000)			Owner		
							2022	2023	2024	2025	2026	
Strategic Objectives	Strategic Objectives	% Implementation	100%	Review and implement service level agreements	2,000	500	1,000	3,000	1,000	700	TS	
		% Implementation	100%	Develop Standard Operating Procedures (SOPs)	2,000	-	-	-	-	-	TS	
		% Updated	100%	Periodic review and update of Trust Deed and rules	600	600	600	600	600	600	TS	
		% Compliance	100%	Timely preparation and submission of returns to comply with statutory requirements.	-	-	-	-	-	-	TS	
		No. of meetings	100%	Conduct AGM	4,000	4,000	4,840	5,320	5,850	5,850	BoT & TS	
		Audit reports	5	Quarterly meetings	2,000	2,000	2,000	2,000	2,000	2,000	BoT	
		Certification of Trustees	18	Scheme Audits	1,000	1,100	1,100	1,100	1,100	1,100	BoT	
		Compliance certificates	5	Trustee Training & Development	450	450	900	450	450	450	TS/Admin	
		Actual reports	5	Tax, Levies & other deductions	10,000	10,000	10,000	10,000	10,000	10,000	BoT	
		No. of personnel recruited	5	Actuarial Valuation	1,200	-	1,200	-	-	-	BoT	
		No. of personnel assigned office space and equipment	6	Recruit optimal staff to strengthen the Scheme Secretariat	2,400	2,400	10,200	10,200	10,200	10,200	BoT	
		Functional information management system in place	8	Furnish the acquired office space for the eight (8) staff members.	2,500	500	500	500	500	500	BoT	
		No. of hires	1	Procure & implement a Scheme Information Management System	1,000	20,000	1,000	1,000	1,000	1,000	TS	
		Per Activity	2	Replicate at secretariat Scheme members information held by service providers	250	250	250	250	250	250	TS	
No. of Benchmark missions	5	Hire a vehicle for the Scheme	1,000	1,000	1,000	1,000	1,000	1,000	BoT			
No. of annual work plans	2	Benchmark with best practices in the market.	-	600	-	-	-	650	BoT & TS			
No. of training needs assessment	5	Develop annual work plans	50	50	50	50	50	50	50	TS		
		Undertake training needs assessment for capacity building.	10	10	10	10	10	10	10	10	TS	

Perspective	Strategic Objective	Performance Measures	Targets	Initiatives	2022	2023	2024	2025	2026	Owner
To improve member contribution and grow the Scheme by at least 3% per annum above the inflation rate		No. of Trustees trained	16	Train Trustees	6,000	6,000	6,000	6,000	6,000	TS
		No. of Scheme staff trained	6	Train staff	600	600	1,200	1,200	1,200	TS
		No. of awareness programs conducted	40	Carry out member's awareness programs.	3,000	3,000	3,000	3,000	3,000	TS
		Proportion of members reached by awareness programs	100%	Attendance registers, feedback forms & member surveys	-	-	-	-	-	TS
		No. of members trained	1,000	Conducting pre-retirement training	3,100	3,100	3,100	3,100	3,100	TS
	Enhance investment and risk mitigation	% Growth	15% year-on-year	Engage members to enrol for Additional Voluntary Contributions to improve income in retirement.	-	-	-	-	-	BoT
			0.5%p.a	Engage Sponsor to increase contribution rates as per the Sponsor's Strategic Plan						
			5%p.a	Encouraging members to increase the amounts contributed as Additional Voluntary Contributions						
			2	Undertake annual risk assessments	500	500	500	500	500	TS/Committee/administrator
		No. of risk mitigation measures adopted		Undertake Scheme market intelligence gathering	50	50	50	50	50	TS/IC
				Implement the risk management policy	100	100	100	100	100	BoT
		Reward Scheme in place	1	Develop a reward Scheme for contributors	100	100	100	100	100	BoT
		No. of additional investment portfolio	2	Identify additional investment portfolios to increase fund value.	-	-	-	-	-	BoT/FM

Perspective	Strategic Objective	Performance Measures	Targets	Initiatives	2022	2023	2024	2025	2026	Owner
To Increase member engagement and awareness on Scheme matters		% Growth in Investment Income	25% Pa	Undertake investment in additional portfolios	-	-	-	-	-	BoT/FM
		Revised property strategy	100%	Review the property strategy	2,000	-	-	-	-	BoT/FM
	Strengthen member communication and service delivery	Functional website in place.	1	Develop a website for the Scheme	500	100	100	100	100	DO
		Toll-free hotline in use	1	Acquire a toll-free hotline for the Scheme	100	50	50	50	50	TS
		Bulk Short Message Service (SMS) in place	1	Create a bulk Short Message Service (SMS) for the Scheme	20	20	20	20	20	TS
		No. of stakeholders engaged.	8	Collaborate with stakeholders to enhance partnership.	10	10	10	10	10	BoT
		No. of Service Level Agreement in place.	5	Negotiate and appraise service level agreements (SLA).	2,000	-	-	2,000	-	BoT
		No. of reports on Surveys conducted	5	Carry out annual member satisfaction surveys	-	1,000	-	-	1,000	TS
		No. of meetings	20	Analyze member feedback	-	-	-	-	-	TS
			5	Trustee quarterly meetings	-	-	-	-	-	TS
			10	Hold Annual General Meetings	-	-	-	-	-	-
			40	Hold bi-annual meetings with the Sponsor	10	10	10	10	10	10
		40	Special Trustees & Committee Meetings	2,500	1,500	2,500	1,500	1,500		
Total				55,550	62,900	51,390	58,220	52,100		



Chapter

04

KEY PERFORMANCE INDICATORS (KPI)

Trustees have set out measurable metrics that will be applied to ensure successful execution of the action plan that also meet the objectives. The table below indicates overall success metrics for the Strategic Perspectives to be achieved through execution of action plans as per the strategic framework:-

Table 5: Key Performance Indicators

Key Perspective		Overall Success Metric
1.	To enhance operational efficiency and attain excellence in governance	Ensure 100% compliance, fast and efficient processing and payment of benefits and proper verification of beneficiaries for deceased members.
2.	To improve member contribution and grow the Scheme by at least 3% per annum above the inflation rate	<ul style="list-style-type: none"> • Ensure 15% year-on-year growth in number of members contributing AVCs and improve amounts contributed; • Increase contribution rates in line with the Sponsor's Strategic Plan; • Review of policy on NSSF contributions; • Achieve real rate of return of at least 3% per annum; and • Grow the Fund and Scheme to Ksh. 14 billion by 2026
3.	To increase member engagement and awareness on Scheme matters	<ul style="list-style-type: none"> • Carry out baseline survey to determine the members' satisfaction level; and • Target improvement of 5% per annum on customer satisfaction level.





Chapter

05

KEY RISKS AND RISK MANAGEMENT STRATEGIES

The table below provides summary of key identified risks that may adversely affect execution of the Plan:-

Table 6: Summary of key risks

#	Key Risk	Description	Likely-hood	Impact	Overall rating	Mitigating measures	Assigned
1.	Inadequate resources	The risk of inadequate financial resources for implementing the Plan	Unlikely	Moderate	Medium	<ul style="list-style-type: none"> Monitoring & evaluation Cost control measures Prioritization of planned activities 	Trustees/ Secretariat/ Admin
2.	Funding challenges	The risk of non/delayed remittance of contributions	Unlikely	Major	Medium	<ul style="list-style-type: none"> Sustain engagement with the Sponsor for timely remittance of contribution and funding deficit. 	Trustees
3.	Investment returns below inflation	The risk where investment returns are lower the inflation rate	Possible	Critical	High	<ul style="list-style-type: none"> Prudent investments in line with Investment Policy Statement while considering alternative investment classes to generate a competitive return 	Fund manager
4.	Misuse of retirement benefits	Risk arising from unsound decisions by retirees/ beneficiaries resulting to loss of benefits	Possible	Major	High	<ul style="list-style-type: none"> Continuous training/ education of members Avail access to innovative products 	Trustees/ Secretariat
5.	Inaccurate computation of benefits	The risk where benefits are wrongly computed causing under/overpayment.	Possible	Major	High	<ul style="list-style-type: none"> Install Pension Management System Professional Indemnity Cover Enhance controls in Scheme operations 	Trustees/ Administrator/ Secretariat
6.	Technology risk	The risk that technology may be misused through fraud, and cyber risk-related crimes	Possible	Moderate	Medium	<ul style="list-style-type: none"> Continuous education for members and robust ICT assurance process for fraud control. 	Secretariat/ Administrator
7.	Liquidity	The risk of inadequate funds to pay out benefits and expenses.	Likely	Critical	High	<ul style="list-style-type: none"> Classify and actively monitor liability and liquidity needs while making investment decisions. 	Administrator/Secretariat/ Investment Manager.
8.	Membership	The risk of diminishing membership through exits without corresponding replacement.	Likely	Moderate	Low	<ul style="list-style-type: none"> Engage the sponsor for recruitment/engagement of new members. 	Trustees/ Sponsor







Chapter

06

FINANCIAL IMPLICATION

Trustees will adopt a robust and prudent budgeting system as well as sound financial management for optimal returns, safety of assets and well managed liabilities.

6.1 Budgetary Considerations/ Assumptions

The estimates provided in the plan are for indicative purposes and not to over-ride the annual budgeting process that is in line with the Scheme's financial policies and procedures as well as the applicable law.

The adjustment for inflation and/or changes in other macro-economic indicators such as forex and interest rates or changes in investment asset allocation have not been considered; these will be

captured during the annual budgeting process.

Fund mobilization and resource allocation estimates assume that the Schemes continue to receive support from the Sponsor. Current support includes office space, supplies and staff members. Nonetheless, the Schemes will take up more responsibility in line with this Plan by strengthening the secretariat.

6.2 Budget

In preparing the Plan, Trustees focused allocation on the strategic initiatives proposed for the Plan period. The cost of the 5-year plan is approximately Ksh. 280 million representing less than 1% of annualized expense rate. Any other expenses to be incurred outside this plan will be considered during the annual budgeting process. This is an affirmation of the Trustees aspiration to minimize Schemes' expenses.

The Schemes fund value is expected to grow to Ksh. 14 billion based on budgetary projections with assumptions that; investments will attract 10% return per annum, contributions remittances will grow at the rate of 2% per annum and expenses will be in line with the cost of implementation of the plan. This amount will be budgeted within the "actuarial determined target expense rate" to ensure members' benefits are not eroded.

6.3 Audit

The annual audit process provides quality assurance on books of accounts and include review of processes applied in financial management in line with the applicable laws, policies and procedures as

well as best practice. Over the years, the Schemes registered unqualified audit reports affirming sound financial management and adequate controls.



Chapter

07

MONITORING AND EVALUATION

Trustees shall be responsible for ensuring that desired outcomes are achieved, while secretariat and administrator shall update Trustees on quarterly basis on status of implementation of the strategic activities. Trustees shall appoint a committee to undertake mid-term evaluation of the plan.





Chapter

08

THE PROPOSED SCHEMES STRUCTURE

The structure to drive implementation of the plan is as follows:

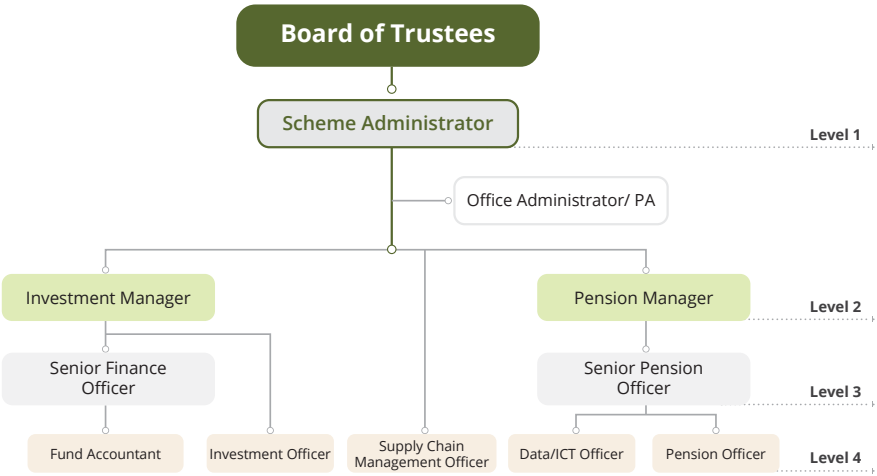


Figure 3: Proposed schemes structure





Chapter

09

REVIEW OF THE PLAN

This is a five (5) year plan and will be reviewed annually to ascertain the progress of implementation.





Chapter 10

CONCLUSION

The success of this plan is dependent on its execution. Trustees commit to ensure continuous monitoring and evaluation of the plan to deliver on its mandate and invites stakeholders to support the Scheme attain its vision.

The Trustees adopted this Plan during the special joint meeting held on **3rd February, 2022.**





Appendices

1. Risk Management Matrix
2. Strategic Planning Pictorials

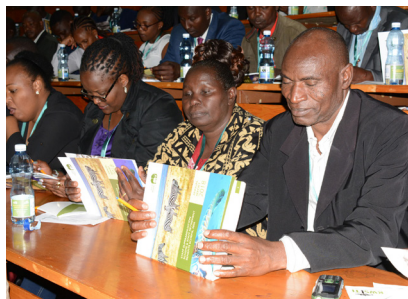
11.1 Appendix I: Risk Management Matrix

This table is a guide for interpretation of the risk matrix.

	CONSEQUENCE				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost Certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

NB: Risk identification, mapping and management should be an on-going activity

11.2 Appendix II: Past AGM Meetings Delegate Pictorial









KWS Pension Scheme Office
KWS Headquarters, Langata Road
P.O.Box 40241 -00100
NAIROBI



+254 (0) 775 680 888
+254 (0) 113856 883



pensions@kws.go.ke
www.kws.go.ke