



VISION

An exceptional pension Scheme offering comfort in retirement.



MISSION

To ensure prudent investments of Scheme Funds and provide timely benefits to members and their beneficiaries



CORE VALUES

- Integrity ○ Equity and fairness ○ Respect for members
- Accountability ○ Innovativeness



KEY RESULT AREA

- | | | |
|----------------|------------|---------------------|
| 1. Financial | 2. Scheme | 3. Service Delivery |
| Sustainability | Governance | Innovations |



GOALS

1. Attaining an average income Replacement Ratio of 70%
2. Strengthen the governance of the scheme
3. Modernization of scheme services



CONTENTS

LIST OF ABBREVIATIONS AND ACRONYMS	v
DEFINITION OF TERMS	vi
FOREWORD	viii
PREFACE	x
EXECUTIVE SUMMARY	xii
CHAPTER ONE.....	1
1.0 INTRODUCTION	1
1.1 BACKGROUND	1
1.2 MANDATE OF THE SCHEME	1
1.3 ORGANIZATION STRUCTURE	2
1.3.1 SPONSOR	2
1.3.2 TSC SS&RBS Board Of Trustees.....	2
1.3.3 Scheme Service Providers	2
1.4 PURPOSE OF THE STRATEGIC PLAN.....	3
1.5 METHODOLOGY OF DEVELOPING THE PLAN.....	3
CHAPTER TWO	5
2.0 SITUATIONAL ANALYSIS	5
2.1 PERFORMANCE OF THE SCHEME DURING THE PERIOD 2018-2022.....	5
2.1.1 ACHIEVEMENTS OF THE 2018-2022 STRATEGIC PLAN.....	5
2.1.2 KEY LESSONS LEARNT	10
2.1.3 EMERGING ISSUES.....	11
2.2 ANALYSIS OF THE EXTERNAL ENVIRONMENT.....	11
2.2.1 POLITICAL FACTORS	11
2.2.2 ECONOMIC FACTORS.....	12
2.2.3 SOCIAL-CULTURAL FACTORS	12
2.2.4 TECHNOLOGICAL FACTORS.....	13
2.2.5 ENVIRONMENTAL FACTORS.....	13
2.2.6 LEGAL FACTORS.....	13
2.2.7 ETHICAL FACTORS	14
2.3 ANALYSIS OF THE INTERNAL ENVIRONMENT	14
2.4 STAKEHOLDER ANALYSIS.....	17
CHAPTER THREE.....	23
3.0 STRATEGIC DIRECTION	23

3.1	VISION STATEMENT	23
3.1.1	MISSION STATEMENT.....	23
3.1.2	CORE VALUES.....	23
3.2	KEY RESULTS AREAS.....	24
3.2.1	KRA 1: Financial Sustainability.....	24
3.2.2	STRATEGIC OBJECTIVE 1	24
3.2.3	KRA 2: Scheme Governance.....	24
3.2.4	STRATEGIC OBJECTIVE 2:.....	25
3.2.5	KRA 3: Service DELIVERY INNOVATIONS	25
3.2.6	STRATEGIC OBJECTIVE 3.....	25
3.2.7	STRATEGIC OBJECTIVE 4:.....	25
	CHAPTER FOUR.....	26
4.0	IMPLEMENTATION AND COORDINATION FRAMEWORK	26
4.1	IMPLEMENTATION PLAN	26
4.2	ORGANIZATION STRUCTURE	26
4.2.1	THE BOARD OF TRUSTEES.....	26
4.2.2	THE TRUST SECRETARY.....	27
4.2.3	SERVICE PROVIDERS	27
	CHAPTER FIVE	29
5.0	RISK ANALYSIS AND MITIGATION MEASURES	29
5.1	RISK mapping.....	29
5.2	THE IDENTIFIED CORPORATE RISKS	29
5.3	RISK MITIGATION MEASURES.....	30
	CHAPTER SIX	31
6.0	MONITORING, EVALUATION AND REPORTING	31
6.1	MONITORING AND EVALUATION FRAMEWORK.....	31
6.2	THE MONITORING AND EVALUATION PROCESS	31
6.3	FREQUENCY OF MONITORING AND REPORTING.....	32
	CHAPTER SEVEN	33
7.0	RESOURCE REQUIREMENTS AND MOBILIZATION STRATEGIES	33
7.1	OVERALL COST IMPLICATIONS.....	33
7.2	MAIN SOURCES OF INCOME.....	33
7.3	CONTRIBUTIONS.....	33
7.3.1	RETURNS ON INVESTMENT	34
	ANNEXES	36
	ANNEX 1: IMPLEMENTATION MATRIX (LOGICAL FRAMEWORK)	36

ANNEX II: TSC SS&RBS: CORPORATE RISKS AND MITIGATION MEASURES	48
ANNEX III: TSC SS&RBS: MONITORING AND EVALUATION FRAMEWORK	54

LIST OF TABLES

Table 2.1(a):	Financial Performance of TSC Staff Superannuation and Retirement benefit Scheme: 2018-2022.....	7
Table 2.1(b):	Performance Scorecard on implementation of the 2018-2022 Strategic Plan as at 30th June, 2022	9
Table 2.2:	SCHEME STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS	15
Table 2.3:	TSC SS&RBS Stakeholder Analysis.....	18
Table 6.1:	Monitoring and Evaluation Process	32
Table 7.1:	SUMMARY OF COSTS FOR THE 2024-2028 STRATEGIC PLAN	35

LIST OF FIGURES

Figure 1:	Achievements per Strategic Focus Area: 2018-2022.....	9
Figure 2:	Percentage implementation of 2018-2022 Strategic Plan.....	10
Figure 4:	SCHEME ORGANIZATIONAL CHART	28

LIST OF ABBREVIATIONS AND ACRONYMS

AGM	Annual General Meeting
APTAK	Association of Pension Trustees and Administrators of Kenya
ARBS	Association of Retirement Benefits Schemes
AVC	Additional Voluntary Contribution
CMA	Capital Markets Authority
DB	Defined Benefits
DC	Defined Contributions
ICT	Information Communication Technology
IEC	Information Education and Communication
IPS	Investment Policy Statement
KEPFIC	Kenya Pension Funds Investment Consortium
KPI	Key Performance Indicators
KRA	Key Result Area
KRI	Key Risk Indicators
M&E	Monitoring and Evaluation
NSSF	National Social Security Fund
PPADA	Public Procurement and Asset Disposal Act
PRMF	Post-Retirement Medical Fund
RBA	Retirement Benefits Authority
SFA	Strategic Focus Area
SLA	Service Level Agreements
SMIS	Scheme Management Information System
SMS	Short Message Service
TSC	Teachers Service Commission
TSC SS&RBS	TSC Staff Superannuation and Retirement Benefit Scheme
UFAA	Unclaimed Financial Assets Authority

DEFINITION OF TERMS

<i>Annuity</i>	Regular payments received during retirement.
<i>Beneficiary</i>	Existing and potential pension Scheme members, retirees, and their dependents, who benefit from the services provided by the Scheme.
<i>Defined Benefits</i>	Arrangement that caters for employees whose benefits are pre-determined using a formula set under provisions of the Trust Deed and Rules.
<i>Defined Contributions</i>	Arrangement which caters for employees whose benefits are based on accrued contributions, interest and returns from investments.
<i>Income Draw Down</i>	A way of getting your pension income when you retire while allowing your pension fund to keep on growing.
<i>Key Performance Indicator</i>	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 as appropriate.
<i>Key Risk Indicator</i>	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 the same.
<i>Member</i>	Employee of the Commission, actively contributing or has deferred benefits in the Scheme.
<i>Risk Appetite</i>	The level and type of risk that an organization is willing to accept, and must take, to achieve its strategic objectives.
<i>Stakeholder</i>	A person with an interest in the success of the Scheme,

	including citizens, the government, vendors, suppliers, collaborators and other organizations.
<i>Scheme</i>	TSC Staff Superannuation and Retirement Benefit Scheme.
<i>Trust Deed and Rules</i>	A legal document that sets up and governs the Scheme.
<i>Trust Secretary</i>	A person responsible for the day-to-day running of the Scheme and serves as a link between the Board and the service providers.
<i>Trustee</i>	A person who is responsible for managing and administering the Scheme on behalf of members.
<i>Scheme Secretariat</i>	Employees attached to the TSC staff superannuation and Retirement Benefits Scheme.

FOREWORD

I am extremely pleased to present the third **TSC SS&RBS** Strategic Plan for the period 2024-2028. The Plan comes at a time when the retirement benefits industry is showing some positive growth trends after minor setbacks experienced in the last 3 years as a result of economic depression and the COVID-19 pandemic.

The Plan deliberately sets out the strategic direction the Scheme needs to pursue in responding to the challenges and opportunities emerging in this rapidly growing sector. The ambitious programmes and initiatives in this Plan lay emphasis on how to grow and sustain the Scheme's fund, and embrace technology for efficiency and effectiveness. Besides the promise of meeting members' expectations of growing and sustaining the Scheme Fund, the Board of Trustees has committed to focus on key drivers and enablers of stability and development that guarantee financial security to the members in the long term.

Broadly, the **TSC SS&RBS** Strategic Plan has identified three key results areas namely: Financial Sustainability; Improved Governance and Service Delivery Innovations. In line with the Scheme's redefined Vision of '*An exceptional pension Scheme offering comfort in retirement*' the Board of Trustees have set out the overall Strategic direction and herein have identified strategies, key initiatives and expected outcomes against the aforementioned key results areas.

The Board recognizes and appreciates the critical role played by the Sponsor (TSC), especially in providing an enabling working environment to the members, general oversight and by maintaining a timely flow of the monthly contributions and up-to-date data. To this effect, the Board of Trustees has outlined initiatives that will strengthen collaboration not only with the Sponsor but also improve engagement with other key stakeholders and regulatory authorities. This shall enhance sharing of knowledge and lessons learnt during implementation. The Scheme shall also mobilize both technical and financial resources from its stakeholders to support the programme priorities whenever the need arises.

Like any commercial oriented entity, the Scheme faces numerous challenges which include volatility of the business environment and the dynamic government policies and regulatory guidelines. Nevertheless, with the strong support and

co-operation from the Sponsor and the guidance of the Retirement Benefits Authority, the challenges encountered shall be surmounted.

We look forward to working together to ensure that members get the best possible outcomes from their retirement savings and that the Scheme meets its objectives for generations to come in line with our vision.

**COMMISSIONER MBAGE N. NG'ANG'A, MBS
CHAIRMAN, BOARD OF TRUSTEES**

PREFACE

The **TSC SS&RBS** has existed for thirty years since its establishment. Over this period, the Scheme has been transformed from its original structure of a purely Defined Benefit Scheme at inception to its current mixed status of both Defined Contributory and Defined Benefit Structure.

The Scheme has maintained its primary goal of providing a safety net, through progressive retirement benefits to TSC Secretariat employees upon exit of service from the Commission. Throughout its operations, the Scheme has established and maintained systems and structures responsive to the dynamic environment of the retirement benefits sector. These include the fidelity to the Scheme Trust Deed and Rules, a robust Risk Management Framework and implementation of enabling institutional policies, procedures and guidelines.

The third Strategic Plan for the Teachers Service Commission Staff Superannuation and Retirement Benefits Scheme covers the period 2024-2028. The Plan is a product of a detailed assessment of the internal and external factors that may influence the operations and performance of the Scheme over the Plan period. It was developed through a process of extensive consultations, analysis and benchmarking in the context of developments in the retirement benefits industry. The Plan has identified the necessary enablers for the transformation of the Scheme in the next five years and beyond.

Remarkable achievements were witnessed over the last five years. During the period 2018-2022 Plan period, the fund value grew from **Ksh.10.3 billion in 2018 to Ksh.15.4 billion** as at June, 2023. In addition, a number of institutional policies were developed and rolled out to enhance the Scheme governance. The successful implementation of the 2018-2022 Strategic Plan was however hampered by certain critical factors. These include uncertainties in investments in the property market and the outbreak of COVID-19 pandemic that slowed down member education and awareness initiatives.

The 2024-2028 Strategic Plan has, therefore, drawn specific interventions based on the lessons learnt from the implementation of the previous Plan. These interventions include the design of a detailed Risk Management Framework that has been integrated into this Plan. Other emerging issues in the retirement

benefits sector have also been analysed through both internal and external environmental scanning and appropriate responses incorporated in the identified strategies. In addition, a robust monitoring and evaluation system has been designed to track progress in the achievement of targets set out in the Plan.

I am confident that this Strategic Plan shall facilitate fulfilment of the Scheme's mandate as articulated by the three key results areas. The ultimate goal is to promote financial security of Scheme members upon exit of service from the Teachers Service Commission. The Secretariat commits to deliver the envisaged initiatives and ensure effective and efficient use of the resources deployed for the prioritized projects and programmes.

I wish to thank the Board of Trustees for their unwavering support and active participation throughout the planning process and the staff of the Teachers Service Commission, service providers and other stakeholders for their commitment and engagement. It is my hope that this spirit will be upheld during the implementation process and that all actors shall remain focused on the roadmap towards achievement of the objectives set out in this Plan.

SALOME K. MWITI

TRUST SECRETARY

EXECUTIVE SUMMARY

The TSC Staff Retirement Benefit Scheme was established in January, 1993 with the overall goal of promoting financial security of Scheme members upon exit of service from the Teachers Service Commission. Currently, the Scheme operates a dual structure that includes; a **Defined Benefits (DB)** and a **Defined Contributions (DC)** provisions in managing retirement savings for TSC Secretariat Staff.

The **TSC SS&RBS** Strategic Plan sets out the direction the Scheme needs to pursue for the period 2024-2028. As a response to the challenges and opportunities emerging in this rapidly growing retirement benefits sector, the ambitious programmes and initiatives in this Plan lay emphasis on how to grow and sustain the Scheme's fund, and embrace technology for efficiency and effectiveness. Besides the promise of meeting members' expectations of growing and sustaining the Scheme Fund, the Board of Trustees has committed to focus on key drivers and enablers of stability and development that guarantee financial security to the members in the long term.

During the period 2018-2022, the Strategic Plan had four Strategic Focus Areas, namely: Financial Sustainability; Governance; Operational Efficiency and Compliance. Notable achievements include the significant growth in terms of fund value from Ksh.10.3 billion in 2018 to Ksh.15.4 billion as at June, 2023. At the same time the Scheme disbursed **Ksh.3.5 billion** as pension lumpsum, withdrawals and benefits to members and their dependants over the same period.

Overall, the Scheme attained a **Performance Index of 68.2%** in the execution of the 2018-2022 Strategic Plan. Emerging issues that impeded the rate of strategy execution include the conversion of a number of senior officers from the Permanent and Pensionable to Contract terms of service in 2019. These deferred members have been increasing gradually as officers get appointments to senior positions at the Commission. Equally devastating was the outbreak of the COVID-19 pandemic that slowed down member education and awareness creation, especially during the 2020/21 period.

In line with the Scheme's redefined Vision of '*An exceptional pension Scheme offering comfort in retirement,*' the 2024-2028 TSC SSRBS outlines the roadmap

that will help attain key milestones towards the Scheme's overall goal. The Plan intends to build on the successes of the 2018-2022 Strategic Plan and address some of the emerging issues experienced during the previous Plan period. These factors could have long term effects on the Scheme and thus, appropriate strategies must be put in place to leverage the opportunities and mitigate the challenges posed.

The Plan has identified and prioritized three Key Results Areas, namely:

- i. **Financial Sustainability**, aimed at growing the Scheme fund through aggressive investments and prudent cost cutting measures. The fund value currently stands at **Ksh.15.4 billion** (as at June, 2023). Despite the upward trend fund value witnessed over the last five years, the volatility in the financial market may impact on this upward trend. The average projected growth rate over the next five years is 8% per annum.
- ii. **Scheme Governance** is expected to enhance compliance levels and adoption of best practices in management of the Scheme. The Trustees have so far put into place mechanisms that will ensure good governance of the Scheme and guided by Trust Deed and Rules. Areas of improvement which the Trustees shall prioritize during the next five years include aligning the Scheme governance policies with the RBA guidelines and industry benchmarks while at the same time building the capacity of Trustees on best practice in Scheme management.
- iii. **Service Delivery Innovations** are aimed at improving efficiency and effectiveness in provision of services to the members. Members who exit before retirement also deserve to be paid withdrawal benefits without unnecessary delays. For improved efficiency in the operations of the Scheme and interactions with the various service providers, the Scheme has prioritized automating its key processes as one of the strategic objectives. The strategies to achieve this include establishing an on-line Scheme Information Management System and developing a Business Continuity Plan for the Scheme. The Board of Trustees have also committed to improve the customer satisfaction rating from 92% to 94% as an objective to be pursued in the next five years.

The Plan has integrated a detailed Risk Management Framework in the context of operational; agency; brand and reputation and financial risks being the major ones. In addition, a robust monitoring and evaluation framework has been designed. Key performance indicators to be tracked during implementation include the average growth in fund value; the average net returns on investments; governance performance index and member satisfaction index.

Implementation of this Strategic Plan over the five years is estimated to cost **Ksh.79 million**. The largest portion of this will be spent on the Service Delivery Innovations Focus Area, (**Ksh.40.3m**); while initiatives on the Scheme Governance Focus Area are estimated to cost **Ksh.20.3 million**. Priorities under the Financial Sustainability and stewardship will cost approximately **Ksh.18.1 million**. These costs will be borne mainly through monthly contributions from the sponsor and interest on investments. Strategies to mobilize additional resources from other stakeholders and selected development partners shall also be pursued during the Plan period.

CHAPTER ONE

1.0 INTRODUCTION

This chapter provides background information on the TSC Staff Superannuation and Retirement Benefits Scheme. It outlines the mandate of the Scheme and its organization structure. The Chapter further articulates the purpose of the Strategic Plan and the process that informed and realized its development.

1.1 BACKGROUND

The TSC Staff Superannuation and Retirement Benefit Scheme was established in January, 1993 under irrevocable Trust and registered under the Retirement Benefits Act in 1997. This was to provide financial security to employees upon retirement and to improve attraction and retention of highly qualified staff at the TSC Secretariat. At inception, the Scheme operated as a **Defined Benefit** Scheme in which the employer contributed 25% of the employees' basic salary while the employees contributed 5% to the fund.

The Scheme has grown from a membership of one thousand four hundred and thirty-nine (1,439) at inception in January, 1993 to three thousand one hundred and sixty-three (3,163) as at 30th June, 2023. In July, 2012, the Scheme was transformed from a single **Defined Benefit** Scheme to a dual structure that includes; a **Defined Benefits (DB)** provision and **Defined Contributions (DC)**. The Defined Benefit component is expected to be phased out by 2027 when most of its members will have exited service.

1.2 MANDATE OF THE SCHEME

The TSC SS&RBS was established under the RBA Act No.3 of 1997 with the broad mandate of providing retirement and other benefits for TSC Secretariat staff and their respective dependants on a sustainable basis. In the execution of this mandate, the Scheme has engaged various service providers to help attain the following broad objectives:

- i. To ensure that the fund value does not decrease.
- ii. To ensure continuous contribution to the Scheme and a positive return on investment.
- iii. To maintain easily disposable assets to enable the fund meet all its cash flow obligations as and when required.
- iv. To broaden the Scheme portfolio as provided by the RBA guidelines in order to minimize risks.
- v. To provide regular information to active members and make due payments and other benefits to exiting members and dependants on a timely basis.

1.3 ORGANIZATION STRUCTURE

The TSC SS&RBS is managed under a three-tier organization structure, composed of the following elements:

1.3.1 SPONSOR

The Scheme is an occupational retirement benefits entity, exclusive to the Teachers Service Commission Secretariat Staff. The Commission therefore acts as the Sponsor and is responsible for the overall policy direction and leadership of the Scheme.

1.3.2 TSC SS&RBS Board Of Trustees

The Board of Trustees and Secretariat are responsible for day-to-day operations of the Scheme. The Trustees and Secretariat provide the linkages between the members, beneficiaries and the Scheme Administrator. The Board of Trustees consists of:

- i. A Chairperson appointed by the Sponsor
- ii. Three Officers nominated by the Sponsor
- iii. Four members elected by the Secretariat Staff

1.3.3 Scheme Service Providers

The Scheme Service Providers are engaged and supervised by the Board of Trustees in provision of specialized services.

The main Service Providers include: -

- i. Fund Managers
- ii. Administrator
- iii. Custodian
- iv. External Auditor
- v. Actuary
- vi. Property Manager

1.4 PURPOSE OF THE STRATEGIC PLAN

The development of the 2024-2028 Strategic Plan is in compliance with the Retirement Benefits Authority Regulatory Framework, under the RBA Act. The Strategic Plan is intended to amplify the Scheme's broad objectives with the ultimate goal of providing retirement and other benefits for TSC Secretariat staff and their respective dependants on a sustainable basis.

The Plan will reinforce the initiatives articulated in the two previous Strategic Plans (2013-2017 and 2018-2022). The Scheme Board of Trustees and the various service providers shall use the Plan as the basis for resource allocation and strategic initiatives.

Annual Work Plans will also be used to address the emerging challenges and opportunities in the Retirement Benefits industry. The Strategies outlined in the Plan are expected to build on the successes of the 2018-2022 Strategic Plan.

1.5 METHODOLOGY OF DEVELOPING THE PLAN

The development of the TSC SS&RBS was initiated in May, 2022 with a review of the 2018-2022 Strategic Plan. The lessons learnt from this review greatly informed the 2024-2028 Plan. In addition, an internal audit undertaken in 2021-2022 recommended development of the next cycle of Strategic Plan to roll over initiatives that had not been realized from the previous Plan. The Board of Trustees then constituted a Planning Team to spearhead the process of developing the 2024-2028 Strategic Plan, with the support of experts from the Sponsor. The development process commenced in May, 2022. The Scheme Administrator was also engaged in the development process to help align the Plan with RBA policies and industry benchmarks.

Stakeholder participation to validate the Strategic Plan was undertaken in the month of September, 2023. The draft was uploaded on the Scheme website <https://tscrbs.or.ke/> for input and feedback from TSC staff and other stakeholders. The stakeholder input was presented to the Board of Trustees who approved the finalization process, undertaken in the month of November, 2023.

CHAPTER TWO

2.0 SITUATIONAL ANALYSIS

This chapter provides an overview of the performance of the Scheme for the period 2018-2022 and an assessment of its operating environment. The assessment of external environment is presented through a PESTLE Analysis while the internal environmental scan is done using the Strengths, Weaknesses, Opportunities and Threats (SWOT) tools. The Chapter concludes with an analysis of key stakeholders in the TSC SS&RBS, in terms of their roles and interests.

2.1 PERFORMANCE OF THE SCHEME DURING THE PERIOD 2018-2022

During the period 2018-2022, the Strategic Plan pursued four Strategic Focus Areas, namely: financial sustainability; governance; operational efficiency and compliance.

The Scheme has improved significantly in terms of growth of the fund value from Ksh.10.3 billion in 2018 to Ksh.15.4 billion as at June, 2023. In addition, the Scheme made significant achievements in the areas of operational efficiency, governance and compliance.

2.1.1 ACHIEVEMENTS OF THE 2018-2022 STRATEGIC PLAN

The Scheme implemented its Strategic Plan and the following milestones were attained:

- i. Development and implementation of a Risk Management Policy
- ii. Development and implementation of a Trustees Code of Conduct and Ethics.
- iii. Development and implementation of a Board of Trustees Charter.
- iv. Development and implementation of a Scheme Communication Policy.
- v. Re-designed and updated the Scheme website www.tscrbs.or.ke
- vi. Development and implementation of a Scheme Operational Manual.

- vii. Reviewed the Trust Deed and Rules and filed with RBA.
- viii. Introduction of Income Draw Down product as an alternative to the Annuity for retirees.
- ix. Member Education Campaigns on new products and return on investments done (43 Counties and headquarters covered)
- x. Investment in Infrastructure Bond.

Over the last 5 years, the Scheme has disbursed **Ksh.3.5 billion** as pension lumpsum, withdrawals and benefits to members and their dependants. In 2018, the Scheme introduced the Income Draw Down as an alternative to the traditional annuities offered by various insurance companies. This new product has the potential to offer more flexibility in terms of control of a retiree's finances. Retirees are increasingly accepting the same as an alternative or complimentary retirement funding vehicle.

Table 2.1(a) provides a summary of the growth of the Scheme fund between 2018 and 2022, while **Table 2.1(b) and Figure 1** capture a summary of the Scheme performance against four Strategic Focus Areas, namely: Financial Sustainability; Governance; Operational Efficiency and Compliance during the Plan Period.

Table 2.1(a): Financial Performance of TSC Staff Superannuation and Retirement benefit Scheme: 2018-2022

	2018	2019	2020	2021	2022
Fund at the beginning	8,591,080,762	11,940,788,390	12,839,420,547	13,818,578,407	15,631,413,543
Contributions	850,029,088	807,688,969	811,934,648	790,741,637	807,242,329
Benefit payments	(430,319,663)	(664,712,611)	(616,096,369)	(682,696,241)	(1,153,197,010)
Adm. Expenses	(31,269,809)	(76,856,947)	(29,463,639)	(34,928,978)	(47,237,579)
Mgt. Expenses	(41,440,847)	(48,306,700)	(51,140,036)	(57,780,335)	(66,167,026)
Change in fair value	305,682,755	(93,139,999)	(272,742,279)	563,773,353	(1,515,400,219)
Tax	(11,410,027)	(15,551,835)	(17,066,809)	(22,896,096)	(31,726,884)
Investment income	904,260,275	989,511,280	1,153,732,344	1,256,621,796	1,452,386,180
Fund at the end	11,940,788,390	12,839,420,547	13,818,578,407	15,631,413,543	15,077,313,334
% increase in fund		7.53	7.63	13.12	(3.54)

	2018	2019	2020	2021	2022
Annualised rate of investment return	7.61	7.69	8.30	8.01	9.59

Source: TSC SS&RBS Secretariat:2022

There was a marginal drop in the growth of the Fund between 2021 and 2022. This could be attributed to the decline in contributions from deferred members and the economic depression caused by the COVID-19 Pandemic between 2020 and 2021.

Table 2.1(b): Performance Scorecard on implementation of the 2018-2022 Strategic Plan as at 30th June, 2022

Strategic Focus Area	Number of Initiatives (activities) reported		
	Key initiatives/ Strategies (No)	Initiatives/ strategies successfully undertaken (No)	%completion Rate
i. Financial Sustainability	5	3	60%
ii. Scheme Governance	6	6	100%
iii. Operational/service delivery	9	4	44.4%
iv. Compliance	2	2	100%
TOTAL	22	15	68.2%

Source: SP Logical Framework Matrix

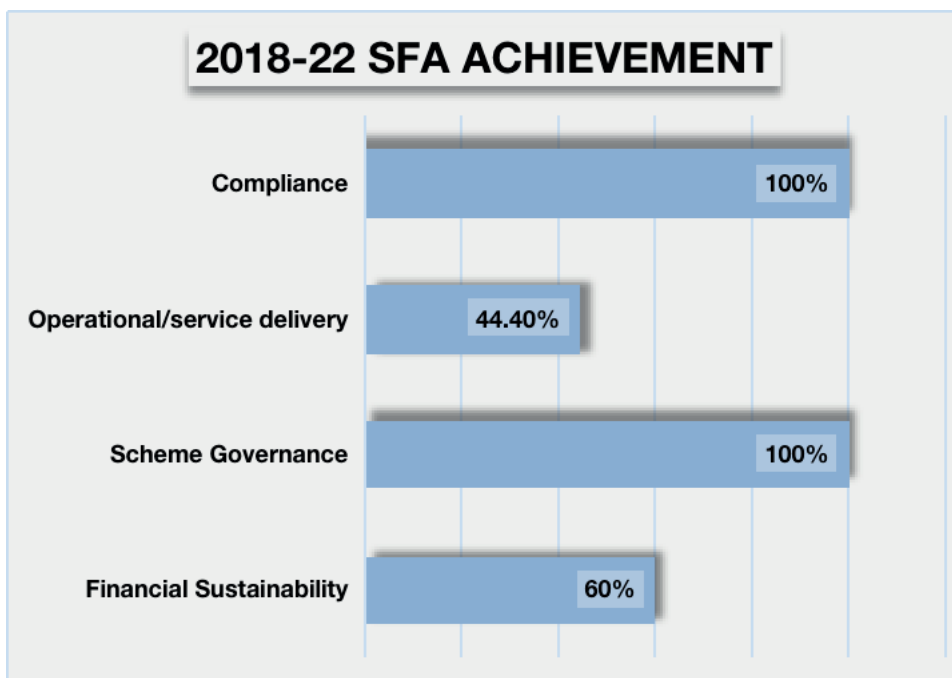


Figure 1: Achievements per Strategic Focus Area: 2018-2022

The Scheme Trustees and service providers performed commendably well in governance and compliance with set regulations. These two Strategic Focus Areas attained a score of 100%. The Scheme attained a low score of 44.4% under the Operations Strategic Focus Area. This was as a result of slowed down member education and awareness creation in 2020/21 period due to restrictions imposed by the COVID-19 Pandemic. The Scheme was also unable to establish a Scheme Management Information System as envisaged in the Strategic Plan.

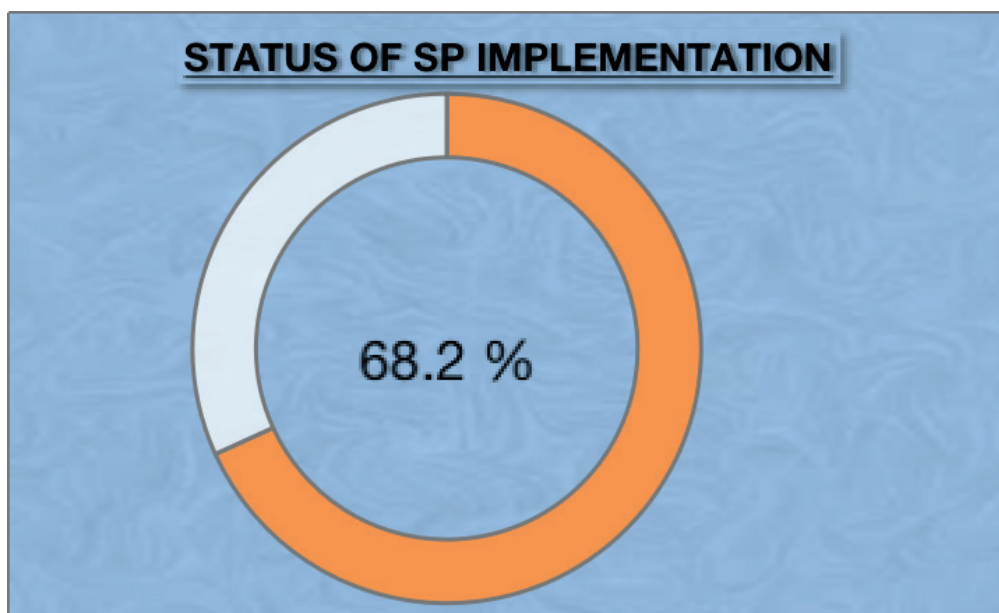


Figure 2: Percentage implementation of 2018-2022 Strategic Plan.

Overall, the Scheme attained a **Performance Index of 68.2%** in the execution of its Strategic Plan. This implies that there are opportunities for improvement especially in the areas of service delivery initiatives and financial sustainability and stewardship.

2.1.2 KEY LESSONS LEARNT

Some of the lessons learnt during the execution of the 2018-2022 Strategic Plan include:

- i. The need to engage real estate experts to advise on the appropriate investments in property and better public private partnership engagements.

- ii. The need to carry out an impact assessment of the Scheme since establishment to establish value for money spent and missed opportunities.
- iii. The need to establish a robust Monitoring and Evaluation System to report on the Strategy implementation.

2.1.3 EMERGING ISSUES

- i. In 2019, a number of officers serving on Contract terms of service remained in the Scheme. Most of these members are largely inactive since they do not make contributions towards this occupational retirement benefits Scheme but have instead locked their savings as at the time of conversion from permanent and pensionable to contract terms of service.
- ii. The outbreak of COVID-19 pandemic slowed down member education and awareness creation in 2020/21 period.
- iii. There has been emergence of alternative investment options, e.g., private equities that widens the scope of investment in asset classes.
- iv. Through the RBA, new products have been introduced in the market. These include the Mortgage Policy and Post-Retirement Medical Fund (PRMF) that might have long term effects on the Scheme's financial sustainability.
- v. Adoption of virtual working spaces by organizations imply less demand for physical offices, hence could affect the market for commercial property.

2.2 ANALYSIS OF THE EXTERNAL ENVIRONMENT

Performance of the Scheme may be affected or influenced by elements and trends in the business environment. These elements include Political, Economic, Socio-cultural, Technological, Environmental, Legal and Ethical factors. This section assesses the influence or effect of the external factors in a PESTLE Analysis.

2.2.1 POLITICAL FACTORS

Pension Schemes heavily rely on a stable political climate for investment prosperity. At the national level, political stability, especially the post-election

recovery process could influence the Scheme's operations. At the international level, geopolitics and the artificial trade barriers among countries could have a significant effect on developing economies and their respective financial markets. Implications of such political dynamics include:

- i. Increased risks in investing in off-shore asset classes.
- ii. Declining returns on investments in property at the local level.

2.2.2 ECONOMIC FACTORS

Economic growth has a direct relationship with growth in the pension sector. The macro-economic variables such as interest, exchange and inflation rates greatly affect the domestic market conditions. Opportunities available to the Scheme may include investment in capital markets, commodities markets and economic infrastructure. On the other hand, the Finance Act 2023 has introduced a series of taxation measures that may impact directly on the disposable incomes of the members. As a consequence, this may dampen their ability to make additional voluntary contributions towards savings for retirement. The anticipated growth of the fund will inevitably be stunted. Trustees and service providers shall be called upon to make strategic decisions in response to these macro-economic dynamics. Responses to these trends may include:

- i. Review of the property valuation policy.
- ii. Changing the interest declaration policy from annual to quarterly intervals.
- iii. Support the Sponsor's initiatives on Secretariat Staff remuneration review.

2.2.3 SOCIAL-CULTURAL FACTORS

Major socio-economic/cultural trends that may influence the Scheme's business decisions include the demographic profile of the TSC staff characterized by increasing younger employees' salary structures and housing arrangements. In addition, the changing work culture where young people move from one job to another is also an emerging socio-cultural trend. The appropriate response to such socio-cultural phenomena may include:

- i. Managing the demand by employees to access their contributions before attaining the retirement age, as they move between jobs.

- ii. Expectations and pressure to invest in property development due to new demand for affordable housing for younger employees.
- iii. Continuous and consistent sensitization of employees on saving culture and early preparation for retirement.

2.2.4 TECHNOLOGICAL FACTORS

The role of Information Technology is vital in any commercial and service delivery enterprise. Modern information technology supports accuracy, integrity and speed of information shared between the Scheme Trustees, service providers and the various members and clients. Technological trends therefore serve both as enablers and threats in the Scheme business transactions. Besides investment in establishment of a Scheme Management Information System and a robust ICT infrastructure, other implications on capacity development may include:

- i. Training of staff and Trustees on big data analytics, the Internet of Things (IOT), artificial Intelligence and cyber turbulence.
- ii. Conducting of business through the emerging non-traditional media channels.

2.2.5 ENVIRONMENTAL FACTORS

Some of these trends include environmental protection and transactions involving land set aside for public utilities and other social amenities such as schools, hospitals, markets and dumping sites, among others. Trustees will be called upon to conduct due diligence before committing funds to specific asset classes such as real estate and property.

2.2.6 LEGAL FACTORS

The Scheme operates under the guidelines as per the Retirement Benefits Act (1997), the Scheme's Trust Deed and Rules and other financial management regulations. Over the years, there has been increased pressure to comply with regulations issued by the Retirement Benefits Authority from time to time. In addition, the implementation of the National Social Security Fund (NSSF) Act, 2013 is expected to drastically transform the retirement benefits sector. The new rates require a monthly remittance equivalent to 12% of an employee's salary, comprising a 6% contribution deducted directly from the employee's basic pay that is to be matched by a similar value remitted by the employer. The upper limit for those earning a monthly salary of Ksh.18,000 or more translates

to a monthly contribution of Ksh.2,160 per month that must be remitted to the NSSF. The obvious and immediate effect of this move is reducing the disposable incomes of the employees, thus negating any motivation for additional voluntary contributions to the Scheme. In the long term, this provision of the law could force the employers/sponsor of the Scheme to migrate the members' savings for retirement to the NSSF or adjust the rates of employer contribution downwards. The ultimate impact of these actions is that members will be disadvantaged by the lower rates of contributions and thus, diminished pension savings.

Appropriate response to these legal/statutory trends may include:

- i. A continuous awareness creation to both the Trustees and service providers on the prevailing government tax policies and new regulations in the Retirement Benefits industry.
- ii. Accommodation of new products (eg, the newly introduced mortgage and post-retirement medical Schemes) for both active and non-active TSC SS&RBS members.
- iii. Lobby for exemption and/or concessions for occupational retirement benefits Schemes from contributing to NSSF at the prescribed rates.

2.2.7 ETHICAL FACTORS

Ethical factors influence operations of the scheme. Some of the issues that may arise include:

- i. Submission of misleading information on market trends by service providers.
- ii. Scheme staff colluding with beneficiaries in payment of benefits.
- iii. Conflict of interest in awarding of contracts.

2.3 ANALYSIS OF THE INTERNAL ENVIRONMENT

The analysis of the Scheme internal environment was conducted to identify the strengths the Scheme must optimize while building capacity to address its weaknesses in order to ensure successful implementation of the 2024-2028 Strategic Plan. In addition, there are emerging opportunities that the Scheme could leverage and threats that must be mitigated. **Table 2.2** presents a summary of the SWOT Analysis based on the three core functional areas of the Scheme.

Table 2.2: SCHEME STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
FINANCIAL	<ul style="list-style-type: none"> i. Consistent growth of the Scheme ii. Strong financial base iii. Existing investment in real estate iv. Good corporate image v. Supportive sponsor. 	<ul style="list-style-type: none"> i. Inadequate knowledge on alternative investments options ii. Inadequate mechanisms to evaluate Fund Managers. 	<ul style="list-style-type: none"> i. Investment in alternative asset classes ii. Changes in the macro-economic environment iii. Technological advancement iv. Internal management of Income Draw Down v. Development of existing land under the new government low-cost housing initiative. 	<ul style="list-style-type: none"> i. Increasing cost of compliance due to rapid changes in RBA Regulations ii. Changes in the macro-economic environment causing decrease in investments in the money market iii. Engagement of employees on contract terms.
GOVERNANCE	<ul style="list-style-type: none"> i. Clear policies on election and appointment of Trustees ii. A competent team of Trustees to guide the Scheme operations. 	<ul style="list-style-type: none"> i. Lack of a comprehensive M&E System ii. Inadequate Standard operating Procedures on Scheme Governance. 	<ul style="list-style-type: none"> iii. Availability of Trustee Capacity Building programmes iv. Available Schemes of similar stature to benchmark and learn. 	<ul style="list-style-type: none"> i. Potential collusion and conflict of interest among the service providers ii. Possible migration of Scheme fund to the NSSF due to the increased statutory contributions.

STRENGTHS		WEAKNESSES		OPPORTUNITIES		THREATS	
	<ul style="list-style-type: none"> iii. Availability of governance documents iv. Committees v. Effective governance structures in place vi. Enabling organizational culture 	<ul style="list-style-type: none"> vii. Gender and age imbalance at Board of Trustees viii. Inadequate engagement and education of members on Scheme policies and benefits. 					
OPERATIONAL	i. Competent Scheme Secretariat staff	i. Delayed monitoring reports on tracking and payment of claims	i. Leverage RBA awareness campaigns	iii. Cultural /Religious bias in identifying beneficiaries and dependants			
	ii. Goodwill from the Sponsor	ii. Lack of Scheme Management Information System (SMIS)	ii. Leverage technology advances for improvement of member services e.g. SMS, online benefits statement.	iv. Rapid changes in Information Technology.			
	iii. Timely remittance of member and employer contributions by the Sponsor	iii. Lack of commitment and interest on Scheme's activities					

STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
iv. Regular and consistent reporting mechanisms.	iv. Lack of up to date database on deferred members v. Member apathy on Retirement Benefits issues.		

2.4 STAKEHOLDER ANALYSIS

The Scheme interacts with a wide range of stakeholders, some of whom have key roles and expectations in its operations. The primary stakeholders are the members while some key stakeholders include the sponsor, the Trustees, and the RBA. An analysis of the Scheme's stakeholders was undertaken with the Stakeholders' expectations vis a vis the Scheme's expectation from the stakeholders. This is summarized in **Table 2.3**.

Table 2.3: TSC SS&RBS Stakeholder Analysis

STAKEHOLDERS		ROLE	INTEREST
1.	Scheme Members	<ul style="list-style-type: none"> ▪ Contribute to the Scheme ▪ Elect member representative Trustees ▪ Provide accurate information on beneficiaries ▪ Attendance of AGMs. 	<ul style="list-style-type: none"> ▪ Secure future ▪ Attractive benefits ▪ Regular information on performance of the Scheme ▪ Prudent management of the Scheme.
2.	Sponsor/ Employer	<ul style="list-style-type: none"> ▪ Establish a Pension Scheme to provide employees with retirement benefits ▪ Contribute the employer's portion to the Scheme ▪ Contribute a portion of employee's salary towards the Scheme ▪ Appoint Sponsor representative Trustees ▪ Timely remittance of monthly contributions ▪ To receive reports from the Trustees on the performance of the Scheme. 	<ul style="list-style-type: none"> ▪ Secure future for employees ▪ Ensure attraction and retention of employees in the service ▪ Prudent management of the Scheme funds.

STAKEHOLDERS	ROLE	INTEREST
<p>3.</p> <p>Board of Trustees</p>	<ul style="list-style-type: none"> ▪ Receive contributions from the Sponsor in relations to the members' retirement benefits ▪ Manage the Scheme on behalf of the members. ▪ Grow and sustain the Scheme funds ▪ Pay benefits to members and their dependants ▪ Develop policies to guide the Scheme governance ▪ To provide periodic reports to the members, the regulator and the Sponsor on the operations of the Scheme ▪ Appointment of service providers to support management of the Scheme ▪ Identify, develop and implement investment strategies ▪ Protect the interests of beneficiaries. 	<ul style="list-style-type: none"> ▪ Secure the future of the members ▪ Good will from the sponsor and members ▪ Honest and commitment professional advice from service providers ▪ Supportive and progressive regulations from RBA ▪ Timely submission of documents to process payments.
<p>4.</p> <p>Retirement Benefits Authority</p>	<ul style="list-style-type: none"> ▪ Provide regulatory framework on fund management ▪ Provide supervision and oversight 	<ul style="list-style-type: none"> ▪ Ensure Scheme compliance with RBA regulations

STAKEHOLDERS	ROLE	INTEREST
5. Scheme Administrator	<ul style="list-style-type: none"> ▪ Assist the Trustees in benefits administration ▪ Provide advisory services to the Trustees ▪ Keep proper records of the Scheme members. 	<ul style="list-style-type: none"> ▪ Contribute to towards prudent management of the Scheme
6. Fund Managers	<ul style="list-style-type: none"> ▪ Identify and instruct the Scheme Custodian on securities to acquire and dispose off ▪ Identify and appraise investments opportunities ▪ Provide financial advisories. 	<ul style="list-style-type: none"> ▪ Retain Customer relationship
7. Property Manager	<ul style="list-style-type: none"> ▪ Letting, management and general maintenance of the Scheme property 	<ul style="list-style-type: none"> ▪ Retain Customer relationship
8. Legal Advisors	<ul style="list-style-type: none"> ▪ Renders legal advice to the Board of Trustees 	<ul style="list-style-type: none"> ▪ Retain Customer relationship

	STAKEHOLDERS	ROLE	INTEREST
9.	Scheme Custodian	<ul style="list-style-type: none"> ▪ Keep custody of Scheme assets ▪ Reconcile holdings as reported by themselves and the Fund Managers ▪ Disburse funds for payment of benefits or purchase of assets ▪ Execute transactions as authorized by Trustees and the Fund Managers. 	<ul style="list-style-type: none"> ▪ Retain customer relationships ▪ Ensure Scheme's assets are safe and secure
10.	Scheme External Auditor	<ul style="list-style-type: none"> ▪ Audit Scheme books of accounts and express opinion on Scheme governance 	<ul style="list-style-type: none"> ▪ Improve governance in Scheme management ▪ Retain customer relationships
11.	Scheme Internal Auditor	<ul style="list-style-type: none"> ▪ To offer independent advisories on compliance with regulatory requirements, Scheme policies and internal control systems 	<ul style="list-style-type: none"> ▪ Support from Trustees ▪ Access to Scheme documents
12.	Actuary	<ul style="list-style-type: none"> ▪ Assess the fund's ability to meet its obligations as and when they fall due ▪ Provide advisories on appropriate investment strategies 	<ul style="list-style-type: none"> ▪ Improve prudence in Scheme fund management. ▪ Retain customer relationships
13.	Beneficiaries/ Dependants	<ul style="list-style-type: none"> ▪ Provide accurate information for disbursement of benefits 	<ul style="list-style-type: none"> ▪ Timely settlement of their claims

STAKEHOLDERS	ROLE	INTEREST
14. Other Regulatory Institutions (e.g, UFAA; CMA; KRA)	<ul style="list-style-type: none"> ▪ Provide regulations and policy guidelines in management of retirement benefits Schemes ▪ Represent government interest in the financial market sub-sector ▪ Provide oversight role in financial market sub-sector. 	<ul style="list-style-type: none"> ▪ Ensure corporate governance ▪ Ensure compliance with statutory obligations.
15. Insurance companies	<ul style="list-style-type: none"> ▪ Provide market for annuity purchase and IDD ▪ To bear the risks of monthly pension disbursement. ▪ Underwrite Trustee Liability cover. 	<ul style="list-style-type: none"> ▪ Retain customer relationships ▪ Expand their market share
16. Other quoted and unquoted companies	<ul style="list-style-type: none"> ▪ Provide competitive environment for investment opportunities 	<ul style="list-style-type: none"> ▪ Grow their profit margins
17. Industry Associations (eg, ARBS; APTAK; KEPFIC)	<ul style="list-style-type: none"> ▪ Lobby for enabling legislation ▪ Identify best investment opportunities for the Pension Industry. 	<ul style="list-style-type: none"> ▪ Stability in the Retirement Benefits industry

CHAPTER THREE

3.0 STRATEGIC DIRECTION

This chapter outlines the strategic direction of the Scheme. The elements include the Vision and Mission Statements, the Core Values, the Key Results Areas and the Strategic Objectives to be pursued during the 2024-2028 Plan Period.

3.1 VISION STATEMENT

An exceptional pension Scheme offering comfort in retirement.

3.1.1 MISSION STATEMENT

To ensure prudent investments of Scheme Funds and provide timely benefits to members and their beneficiaries.

3.1.2 CORE VALUES

The Scheme stakeholders (staff; Trustees and Service Providers) are committed to adhere to the following core values:

- i. **Integrity:** We shall uphold the highest standard of transparency and accountability in the management of the Scheme funds.
- ii. **Equity:** We shall treat all members and beneficiaries equally and in a fair manner in the distribution of benefits and the application of rules and guidelines.
- iii. **Courtesy:** We shall conduct the affairs of the Scheme with utmost respect to the members and other stakeholders. Equally, members and other service providers related to the Scheme shall be expected to conduct themselves in a respectful manner.
- iv. **Customer Focus:** The Scheme places the member first by upholding the philosophy of customer-driven service delivery. Trustees are expected to demonstrate a high level of responsiveness to members' needs.

- v. **Innovativeness:** We shall constantly seek new ideas and opportunities to grow the Scheme funds and improve management of the Scheme for the benefit of the members.

3.2 KEY RESULTS AREAS

The overall goal of the Scheme is to promote financial security of Scheme members upon exit of service from the Teachers Service Commission. To attain this goal, the 2024-2028 Strategic Plan shall focus on three (3) Key Results Areas, namely: Financial Sustainability, Scheme Governance and Service Delivery Innovations.

3.2.1 KRA 1: Financial Sustainability

The fund value currently stands at **Ksh.15.4 billion** (as at June, 2023). Despite the upward trend witnessed in growth of the fund value over the last five years, the volatility in the financial market may impact on its performance. The Trustees and the Fund Manager therefore have an obligation to make prudent investment decisions, taking into account the unstable exchange and interest rates; and inflation, among other macro-economic variables. The Trustees shall pursue two strategic objectives under this Key Results Area:

3.2.2 STRATEGIC OBJECTIVE 1

To grow the Scheme Fund by an average of 8% per annum by 2028.

3.2.2.1 Implementation Strategies

- i. Increase the annual rate of Net Investment Returns from the current average of 5.06% to 10% per year.
- ii. Optimize utilization and management of scheme property.
- iii. Establish additional member contribution streams.
- iv. Establish an Income Draw Down facility for exiting members.

3.2.3 KRA 2: Scheme Governance

Governance of the TSC Staff Superannuation and Retirement Benefits Scheme is guided by regulations from the RBA issued from time to time. The Trustees have so far put in place mechanisms that will ensure good governance of the Scheme as guided by the Trust Deed and Rules. Over the years, the Scheme has done commendably well in complying with the regulations stipulated

by RBA. There are however a few areas of improvement which the Board of Trustees shall prioritize during the next five years.

3.2.4 STRATEGIC OBJECTIVE 2:

To improve the TSC Retirement Benefit Scheme Governance

3.2.4.1 Implementation Strategies

- i. Align the Scheme Governance Policies with the RBA guidelines and industry benchmarks.
- ii. Build the capacity of Trustees and Scheme Secretariat on best practice in Scheme management.

3.2.5 KRA 3: Service DELIVERY INNOVATIONS

Members who exit before retirement deserve to be paid withdrawal benefits without unnecessary delays. The Scheme Secretariat must improve the processes of capturing, retrieving and sharing of critical data among Trustees and service providers to enhance efficiency in its operations. The Scheme Records Management System also requires upgrading through adoption of modern information technology. To deliver on this Key Results Area, the Scheme shall pursue two strategic objectives.

3.2.6 STRATEGIC OBJECTIVE 3

To automate key service delivery processes of the Scheme

3.2.6.1 Implementation Strategies

- i. Establish an on-line Scheme Information Management System.
- ii. Establish a Business Continuity Plan for the Scheme.

3.2.7 STRATEGIC OBJECTIVE 4:

To increase member satisfaction level from the current baseline of 92% to 94% by 2028.

3.2.7.1 Implementation Strategies

- i. Expand the scope of benefits available to members.
- ii. Enhance the level of member awareness and interest on Scheme services and benefits.
- iii. Establish and implement a Performance Management System for Scheme Trustees and Service Providers

CHAPTER FOUR

4.0 IMPLEMENTATION AND COORDINATION FRAMEWORK

This chapter outlines the implementation framework for the TSC Staff Superannuation and Retirement Benefits Scheme Strategic Plan. The framework incorporates the detailed key activities against each Strategic Objective as summarized in Annex I. The decision making and reporting structures during implementation are also elaborated in this section.

4.1 IMPLEMENTATION PLAN

Successful implementation of this Strategic Plan will require the following actions:

- i. Cascading and delegating some elements of the Plan to the Scheme Administrator and other service providers.
- ii. Mobilizing, planning and allocating necessary resources.
- iii. Leveraging available skill sets from the sponsor, adoption of modern technology and benchmarking initiatives.

4.2 ORGANIZATION STRUCTURE

The organization structure for the Scheme outlines key decision-making levels and reporting relationships in the execution of its functions. The implementation of this Strategic Plan shall be anchored on this structure to facilitate assignment and delegation of responsibilities. It will also ensure effective communication on progress made at every stage of implementation.

4.2.1 THE BOARD OF TRUSTEES

The Board consists of a Chairperson and seven (7) Trustees. Four of the Trustees are nominated by the Sponsor while the others are elected by the members. In addition, the Board has further reconstituted itself in Committees along 3 main functional areas, namely:

- Finance and Investments;
- Administration and Communication;
- Audit and Risk Management Committees.

4.2.2 THE TRUST SECRETARY

The Trust Secretary is responsible for the day-to-day running of the Scheme. The Secretary serves as the link between the Board and the service providers. In addition, the Secretary has the primary responsibility of ensuring the decisions of the Board and other functions of the Scheme are executed effectively and efficiently.

4.2.3 SERVICE PROVIDERS

The main service providers interacting with the Scheme include the Fund Managers, the Scheme Custodian, the Property Manager and the Administrator. Other service providers engaged on ad-hoc basis include the External Auditors, valuers, surveyors and actuaries who are assigned specific roles based on their expertise.

TSC SCHEME ORGANOGRAM

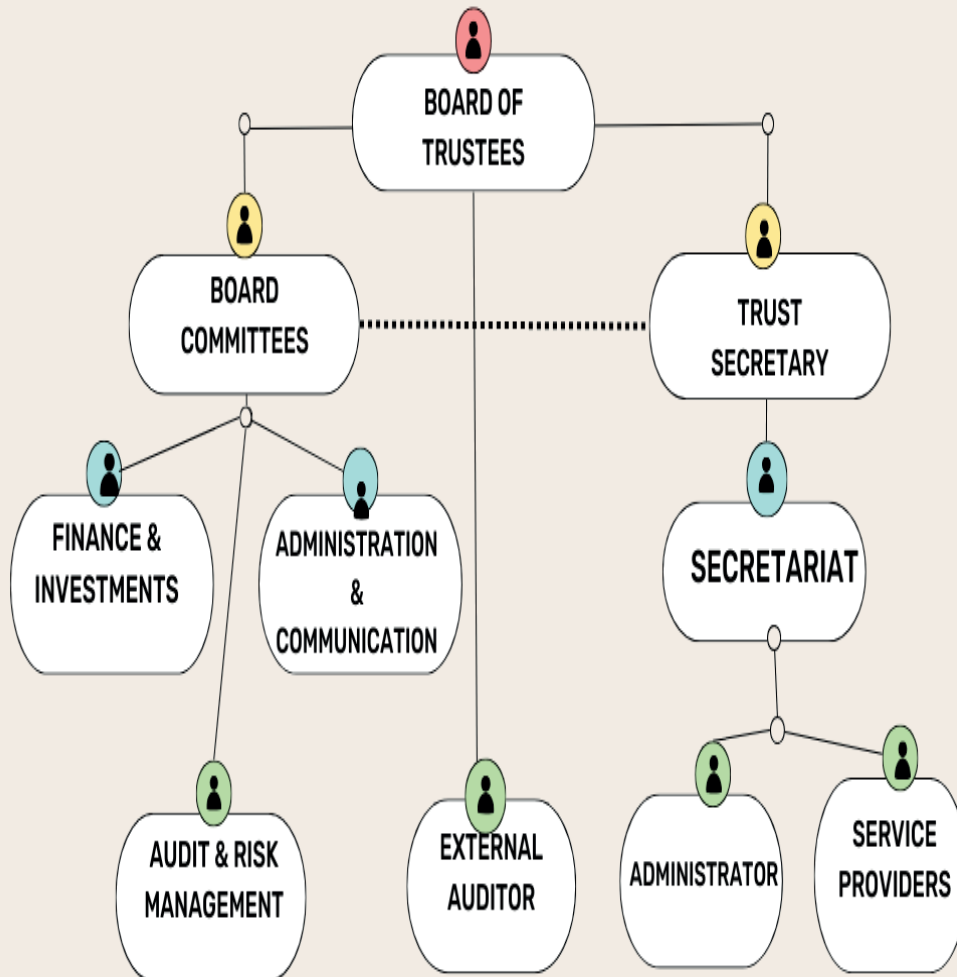


Figure3: Scheme Organizational Chart

CHAPTER FIVE

5.0 RISK ANALYSIS AND MITIGATION MEASURES

This Chapter outlines the key risks inherent in the retirement benefits sector in general and specific risks likely to affect the Scheme. A risk assessment was conducted to define the risk appetite for the Scheme and strategic mitigation measures.

5.1 RISK mapping

In promoting the financial security of members upon exit from service, the Scheme must establish a sustainable Scheme Risk Management Framework. The manner in which the Scheme assets are managed, valued and invested is therefore essential in maintaining the social contract between the Trustees and the members. To this end, the Trustees have an obligation to ensure:

- i. Adequate and sustainable benefits to members and their beneficiaries;
- ii. Safety and security of Scheme funds;
- iii. Adequate liquidity to pay all benefits to contributors/beneficiaries as and when due;
- iv. Optimal returns on investments through strategic asset allocation.

5.2 THE IDENTIFIED CORPORATE RISKS

The Scheme has developed a Corporate Risk Assessment derived from twelve (12) risk registers that may affect its operations. The Scorecard outlines the risk factors, risk assessment and mitigations against each of the five Strategic Objectives outlined in this Plan.

Specifically, the twelve risks registers established include:

- i. Inability to increase investment returns;
- ii. Liquidity and cash flow risk;
- iii. Ineffective management of Scheme properties;

- iv. Sub-optimal utilization and management of Scheme assets;
- v. Non-compliance to regulatory and legal requirements;
- vi. Agency Risk;
- vii. Ineffective Leadership & Governance;
- viii. Brand & Reputational risk;
- ix. Inadequate safeguarding and management of Scheme data;
- x. Business Continuity Risk;
- xi. Ineffective service delivery to members; and
- xii. Operational Risk.

5.3 RISK MITIGATION MEASURES

Currently, the Scheme has developed a Risk Management Policy and the same shall be reviewed from time to time to address emerging risk phenomena in the realization of its strategic objectives. During the 2024-2028 Plan period, the Scheme will continue to update the risk registers across its business processes and ensure that strategic interventions to manage and mitigate the risks are defined. The Board of Trustees and Secretariat shall be expected to develop a risk map derived from the scorecard. This will be determined mainly by the likelihood and impact rating of the twelve corporate risks identified. The Risk Mapping will enable the Board of Trustees to visualize the key risks faced by the Scheme and explore the relationships between risks across functions. The mapping of the risks will ultimately reveal where the main exposures are and guide in the prioritization of mitigation measures.

Annex II presents the Risk Assessment and mitigation measures to be mainstreamed in the 2024-2028 Strategic Plan.

CHAPTER SIX

6.0 MONITORING, EVALUATION AND REPORTING

6.1 MONITORING AND EVALUATION FRAMEWORK

The Scheme has designed a robust M&E framework that will support the Plan implementation.

Specifically, monitoring and evaluation of Scheme programmes aims at: -

- i. Learning from experiences and past lessons to improve future performance;
- ii. Enhancing internal and external accountability for the resources used and expected outputs;
- iii. Making informed decisions on the future of the Scheme; and
- iv. Promoting empowerment of the Scheme stakeholders.

6.2 THE MONITORING AND EVALUATION PROCESS

Monitoring and evaluation of the Scheme programmes will be carried out to determine and review the implementation rate as appropriate. The Scheme Secretariat shall constitute Monitoring and Evaluation teams with support and expertise from the Sponsor.

The teams will mainly use the set performance indicators to assess and determine the progress made against the set targets. They will also identify the performance gaps, undertake root cause analysis and recommend strategies that will be put in place to mitigate against the identified gaps.

Table 6.1 summarizes the key steps in the M&E process.

Table 6.1: Monitoring and Evaluation Process

	STEP	DETAILED ACTION
1	Data collection and performance observation	Monitor performance trends on key initiatives; receive feedback from customers/members on areas of concern.
2	Data Analysis and generation of reports	Identify areas of under-performance.
		Generate reports and share relevant information with Scheme Secretariat.
		Convene technical entry and exit meetings with service providers to receive feedback and appropriate responses.
3	Performance Improvement management meetings	Develop Performance Improvement Action Plans (PEAPs).
		Implement and continuously review strategies.

6.3 FREQUENCY OF MONITORING AND REPORTING

The monitoring and evaluation teams shall collect and analyze data on the Scheme’s performance on a regular basis, depending on specific programme design. They will prepare and submit the monitoring and evaluation reports to the Board of Trustees who shall then determine the type of intervention measures to address the identified performance gaps.

Annex III provides a summary of the Monitoring and Evaluation Framework.

CHAPTER SEVEN

7.0 RESOURCE REQUIREMENTS AND MOBILIZATION STRATEGIES

This chapter outlines the overall cost of implementation of this Strategic Plan. The budget is summarized along the three Key Result Areas. The main sources of income for the Scheme and resource mobilization strategies are also outlined in this Section.

7.1 OVERALL COST IMPLICATIONS

The estimated cost of implementing this Strategic Plan is **Ksh.79 Million**. This cost includes payment of service providers, professional fees, insurance cover, maintenance of Scheme property, establishment of a record management system, capacity building for Trustees, Scheme secretariat staff and members, and development/revision of governance documents. Benchmarking activities, a feasibility study, impact assessment and baseline surveys to establish key trends and patterns within the industry have also been proposed.

7.2 MAIN SOURCES OF INCOME

The Scheme generates much of its income from returns on investments and contributions from both members and the Sponsor. The average annual income generated over the last 5 years was Ksh.813,527,334 from contributions and Ksh.1,151,302,375 from investments.

7.3 CONTRIBUTIONS

The Scheme receives an average of Ksh.65 million per month from contributions by members and the Sponsor. This translates to approximately 41% of the annual income generated by the Scheme. The Trustees are expected to continuously sensitize and encourage members to make additional contributions. In addition, the Sponsor could be requested to opt out of Tier II of the NSSF contributions and channel the same to the Scheme.

7.3.1 RETURNS ON INVESTMENT

The average rate of return on investments gained by the Scheme over the last 5 years has been 7.73%. The Scheme has invested in various asset classes that include:

- i. Cash and Demand Deposits
- ii. Term Deposits
- iii. Corporate Bonds and Papers
- iv. Domestic Equities
- v. Property
- vi. Treasury Bonds
- vii. Treasury Bills
- viii. Private Equity
- ix. Offshore

The Trustees must therefore review the Scheme Investment Policy to diversify investment in more productive Asset Classes. In addition, the allocations limits within each Asset Class could be reviewed to the maximum allowable by RBA.

Table 7.1: SUMMARY OF COSTS FOR THE 2024-2028 STRATEGIC PLAN

S/NO	KEY RESULT AREA	2024	2025	2026	2027	2028	Total
1	KRA 1: Financial Sustainability	5,125,000	8,000,000	1,000,000	3,000,000	1,065,000	18,190,000
2	KRA 2: Scheme Governance	3,465,000	3,465,000	5,465,000	4,530,000	3,465,000	20,390,000
3	KRA 3: Service Delivery Innovations	20,230,000	9,265,000	4,265,000	1,265,000	5,330,000	40,355,000
	Totals	28,820,000	20,730,000	10,730,000	8,795,000	9,860,000	78,935,000

ANNEXES

ANNEX 1: IMPLEMENTATION MATRIX (LOGICAL FRAMEWORK)

KEY RESULT AREA 1: FINANCIAL SUSTAINABILITY										
Strategic Issue: Slow or declining trend in growth of the Scheme Fund.										
Strategic Goal: Attaining an average Income Replacement Ratio of 70% for employees who have served for more than 20 years.										
Strategic Objective 1: To grow the Scheme Fund by an average of 8% per annum by 2028.										
STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET				BUDGET	
					2024/25	2025/26	2026/27	2027/28		2028/29
1.1 Increase the annual rate of Net Investment Returns from the current average of 5.06% to 10% per year.	Review IPS to diversify investments in various asset classes.	Increased investments in alternative asset classes	Number of Additional asset classes introduced in investment portfolio	Diversify the portfolio by introducing at least three new alternative asset classes.	Review of IPS	100%	100%	100%	Review of IPS	-
	Increase investments in various interest asset classes.	Reviewed fixed assets portfolio	% Increase in returns on investment by an average of 1.5% annually.		10%	10%	10%	10%	10%	-

KEY RESULT AREA 1: FINANCIAL SUSTAINABILITY

Strategic Issue: Slow or declining trend in growth of the Scheme Fund.

Strategic Goal: Attaining an average Income Replacement Ratio of 70% for employees who have served for more than 20 years.

Strategic Objective 1: To grow the Scheme Fund by an average of 8% per annum by 2028.

STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET					BUDGET
					2024/25	2025/26	2026/27	2027/28	2028/29	
1.2 Optimize utilization and management of Scheme property	Undertake a feasibility study on the optimal utilization of the scheme property and implement findings.	Feasibility study conducted and recommendations implemented	Percentage implementation of recommendations	100% implementation of the recommendations. Sign MOUs with at least 2 property developers and real estate experts annually	-	Feasibility study	100%	100%	100%	5,000,000
	Engage identified property developers and real estate experts to enhance the value of existing scheme property.	Execution of MOUs with Property Developers and Real Estate Experts.	- Number of Property development experts engaged. - Number of MOUs signed.	100% disposal of redundant land 100% implementation of the recommendations.	-	-	-	1	-	1,000,000
	Dispose of land assets that are redundant or convertible.	All redundant or convertible Scheme land disposed of.	Proportion of redundant or convertible land disposed of.		20% Feasibility study	20%	100%	20%	100%	5,000,000

KEY RESULT AREA 1: FINANCIAL SUSTAINABILITY

Strategic Issue: Slow or declining trend in growth of the Scheme Fund.

Strategic Goal: Attaining an average Income Replacement Ratio of 70% for employees who have served for more than 20 years.

Strategic Objective 1: To grow the Scheme Fund by an average of 8% per annum by 2028.

STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET					BUDGET
					2024/25	2025/26	2026/27	2027/28	2028/29	
1.3. Establish additional member contribution streams	Review Trust Deed to allow members on contract to continue contributions.	Amended Trust Deed to enable members on contract to contribute	Value of contribution by members on contract	Total increase in members contributions	1	-	-	-	-	2,030,000
	Undertake regular member education to encourage additional voluntary contributions	Increased awareness and willingness among members to make additional voluntary contributions	No of seminars / workshops. Percentage increase in voluntary member contributions					2 seminars	2 seminars	-

KEY RESULT AREA 1: FINANCIAL SUSTAINABILITY

Strategic Issue: Slow or declining trend in growth of the Scheme Fund.

Strategic Goal: Attaining an average Income Replacement Ratio of 70% for employees who have served for more than 20 years.

Strategic Objective 1: To grow the Scheme Fund by an average of 8% per annum by 2028.

STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET					BUDGET
					2024/25	2025/26	2026/27	2027/28	2028/29	
1.4: Establish an Income Draw Down facility for exiting members	Establish a voluntary Income Drawdown facility.	Alternative retirement investment options available to members.	-Number of scheme members joining the facility. -Availability of funds established.	Members exiting income Drawdown and Money Market Investments	100%	100%	100%	100%	100%	-
	Undertake regular member education to promote the IDD as an alternative saving administered by the Scheme.	Exiting members opting for IDD Administered within the Scheme.	Percentage of exiting members opting for the Administered IDD facility.	A pool of IDD funds for IDD administered by the Scheme.	100%	100%	100%	100%	100%	-

KEY RESULT AREA 2: SCHEME GOVERNANCE

Strategic Issue: Rapidly changing industry benchmarks and opportunities for improvement in Governance.

Goal: Maintain sector performance standards in Scheme Governance.

Strategic Objective 2: To improve the TSC Retirement Benefit Scheme Governance

STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET					BUDGET
					2024/25	2025/26	2026/27	2027/28	2028/29	
2.1 Align the Scheme Governance Policies with the RBA guidelines and industry benchmarks	Review all existing policies and guidelines	Reviewed Policy & Guidelines aligned to RBA	Number of Policies and Guidelines reviewed.	Policies, guidelines and Standard Operating Procedures aligned to RBA guidelines	-	4	4	4	-	3,195,000
	Develop and implement Standard Operating Procedures (manual) on Scheme management	Scheme Policy Manual and SOPs in place	Proportion of Scheme governance structures and processes standardized with industry benchmarks		-	-	-	SOP development	100%	1,065,000

KEY RESULT AREA 2: SCHEME GOVERNANCE

Strategic Issue: Rapidly changing industry benchmarks and opportunities for improvement in Governance.

Goal: Maintain sector performance standards in Scheme Governance.

Strategic Objective 2: To improve the TSC Retirement Benefit Scheme Governance

STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET				BUDGET	
					2024/25	2025/26	2026/27	2027/28		2028/29
2.2: Build the capacity of Trustees and Scheme Secretariat on best practice in Scheme management	Undertake exchange programmes with schemes of similar stature for benchmarking and knowledge sharing purposes (ARBS, RBA)	Benchmarking activities and exchange programmes conducted at least twice a year.	Number of exchange programmes undertaken.	Benchmarking activities and Exchange programmes to enhance knowledge sharing.	2	2	2	2	2	12,000,000
	Establish linkages with strategic partners and stakeholders to support Scheme Initiatives	Data-base on strategic partners in place	Proportion of scheme initiatives/project outsourced or supported by partners.	Projects / initiatives co-shared with partners.	100%	100%	100%	100%	100%	1,065,000

KEY RESULT AREA 2: SCHEME GOVERNANCE

Strategic Issue: Rapidly changing industry benchmarks and opportunities for improvement in Governance.

Goal: Maintain sector performance standards in Scheme Governance.

Strategic Objective 2: To improve the TSC Retirement Benefit Scheme Governance

STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET				BUDGET	
					2024/25	2025/26	2026/27	2027/28		2028/29
	Undertake a governance audit and implement the findings	Baseline governance audit undertaken by mid-term.	Baseline Scheme Performance Index on Governance. Percentage of recommendations implemented	Scheme Performance Index	-	-	audit	-	-	2,000,000

KEY RESULT AREA 3: SERVICE DELIVERY INNOVATIONS

Strategic Issue: Inefficient service delivery systems.

Strategic Goal: Modernization of scheme services.

Strategic Objective 3: To automate Key Service Delivery Processes of the Scheme by 2028.

STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET					BUDGET
					2023/24	2024/25	2025/26	2026/27	2027/28	
3.1: Establish an on-line Scheme Information Management System	Procure and install an automated Scheme Management Information System	Scheme Management Information system installed	Speed and accuracy in management of scheme information	Functional Information Management System	100%	100%	100%	100%	100%	1,400,000
	Design and install a portal to link the Scheme database with the Sponsor's employee records database and processing of member benefits by service providers.	On-line Link between sponsors data base and scheme portal established through the EDMS	Functional scheme portal in place.	Accuracy and retrieval of member data improved	Portal installation	15%	15%	20%	50%	-

KEY RESULT AREA 3: SERVICE DELIVERY INNOVATIONS

Strategic Issue: Inefficient service delivery systems.

Strategic Goal: Modernization of scheme services.

Strategic Objective 3: To automate Key Service Delivery Processes of the Scheme by 2028.

STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET					BUDGET
					2023/24	2024/25	2025/26	2026/27	2027/28	
3.2: Establish a Business Continuity Plan for the Scheme	Procure and install Data disaster recovery equipment for the .scheme.	Disaster recovery equipment in place.	Proportion of scheme data with backup provisions.	Operational Data disaster recovery equipment.	–	Equipment installation	100%	100%	100%	8,000,000
	Develop and implement an ICT Disaster Recovery Solution for the Scheme	Disaster Recovery Policy and Plan in place.	BCP policy in place.	Fully operational Business Continuity Action Plans in various Scheme service points	BCP development	100%	100%	100%	100%	6,000,000
	Identify and activate an offsite scheme data backup solution different from Sponsor's premises.	Offsite Data Backup solution and protection.	Proportion of Scheme data maintained and retrievable offsite in the event of a disaster.	Fully functional Offsite Data Backup environment.	Offsite Data Backup development	15%	20%	15%	50%	–

STRATEGIC OBJECTIVE 4: To increase member satisfaction level from the current baseline of 92% to 94% by 2028.										
STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET				BUDGET	
					2023/24	2024/25	2025/26	2026/27		2027/28
4.1. Expand the scope of benefits available to members	Formalize the provision of post-retirement medical scheme for retired members.	Financial security and health of Scheme members after exit from service.	Proportion of funds disbursed to members for post-retirement Medical Scheme facilities beyond their working life.	Availability of Post-retirement medical Scheme.	100%	100%	100%	100%	100%	-

STRATEGIC OBJECTIVE 4: To increase member satisfaction level from the current baseline of 92% to 94% by 2028.										
STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET					BUDGET
					2023/24	2024/25	2025/26	2026/27	2027/28	
4.2: Enhance the level of awareness and interest on Scheme and services and benefits.	Develop and implement a communication strategy.	Documented Communication strategy.	Communication strategy in place.		100%	100%	100%	100%	100%	7,500,000
	Undertake regular member education on Scheme services.	All members of the scheme receive information on Scheme services and benefits.	Level of awareness among scheme members.		-	1	-	1	15,000,000	
	Convene consultative forums with Scheme stakeholders at least once every year.	Consultative forums with scheme stakeholders held regularly.	Number of stakeholder meetings held.	Improved member satisfaction index to 94%	1	1	1	1	1,000,000	

STRATEGIC OBJECTIVE 4: To increase member satisfaction level from the current baseline of 92% to 94% by 2028.										
STRATEGY	KEY ACTIVITIES	EXPECTED OUTPUT	OUTPUT INDICATOR	5 YEAR TARGET	ANNUAL TARGET					BUDGET
					2023/24	2024/25	2025/26	2026/27	2027/28	
4.3. Establish and implement a Performance Management System for Scheme Trustees and Service Providers	Finalize and implement Scheme Service Charter.	Approved Scheme Service Charter.	Approved Service Charter in place.	Set standards and commitments in service delivery improved.	Finalize Service charter	100%	100%	100%	Review of the charter	2,030,000
	Develop and implement guidelines for Board of Trustees & Service Providers evaluation.	Board Evaluation guidelines and criteria rolled out.	Evaluation guidelines in place.	Annual performance ratings for BOT and Service providers	Guidelines developed.	BOT & Service Providers Evaluation	BOT & Service Providers Evaluation	BOT & Service Providers Evaluation	BOT & Service Providers Evaluation	5,325,000

ANNEX II: TSC SS&RBS: CORPORATE RISKS AND MITIGATION MEASURES

Key Result Area	Strategic Objective	Corporate Risk No.	Risks	KRI	Likelihood	Impact	Overall Rating-COLOR SCHEME	Mitigation (Treatment)	Responsible
Financial Sustainability	Increase the annual rate of Net Investment Returns	CR01	Inability to increase investment returns	Investment growth index.	3	2.75	8.25	<ul style="list-style-type: none"> ▪ Discourage benefit access to those below 50 years through member education and lobbying. ▪ Widen membership to include employees serving under contract on voluntary basis. ▪ Engage in commercial activities through asset diversification and private partnerships. 	FINANCE AND INVESTMENT COMMITTEE
	Optimize utilization and management of Scheme of property	CR02	Liquidity and cash flow risk	<ul style="list-style-type: none"> ▪ No. of delayed Payments to pensioners. ▪ No. of complaints from members. ▪ No. and amount of pending bills. 	3	3.75	11.25	<ul style="list-style-type: none"> ▪ Adherence to budget and procurement plan. ▪ Diversification of investment portfolio. ▪ Performance-based remuneration of service providers. 	

Key Result Area	Strategic Objective	Corporate Risk No.	Risks	KRI	Likelihood	Impact	Overall Rating-COLOR SCHEME	Mitigation (Treatment)	Responsible
		CR03	Ineffective management of Scheme properties	<ul style="list-style-type: none"> Percentage of under-utilized property. Encroachment by unauthorized personnel. 	3	2	6	<ul style="list-style-type: none"> Set up proper security mechanisms for all the Scheme properties. Schedule regular site visits to the Scheme properties. Safe custodianship of property ownership documents. 	
		CR04	Sub-optimal utilization & management of Scheme assets	<ul style="list-style-type: none"> Rate of investment returns. value of assets. 	4	2.25	9	<ul style="list-style-type: none"> Engage skilled property managers. Capacity building of BOT. Diversify the portfolio mix. 	

Key Result Area	Strategic Objective	Corporate Risk No.	Risks	KRI	Likelihood	Impact	Overall Rating-COLOR SCHEME	Mitigation (Treatment)	Responsible
Scheme Governance	Improve TSC SRB Governance	CR05	Non-compliance to regulatory and legal requirements	<ul style="list-style-type: none"> ▪ Number of Sanctions imposed on the Scheme. ▪ Proportion of Litigations. 	3	3	9	<ul style="list-style-type: none"> ▪ Regular training and capacity building for Trustees and secretariat staff on legal requirements. ▪ Establish a secretariat tasked with vetting of service providers and monitoring of regulatory/legal compliance and changes on pension matters. ▪ Obtaining liability cover. 	AUDIT AND RISK COMMITTEE
		CR06	Agency Risk	<ul style="list-style-type: none"> ▪ volume of liquidity. ▪ low investment returns. ▪ Loss of funds. 	5	2	10	<ul style="list-style-type: none"> ▪ Establish multiple fund managers. ▪ Terminate unsatisfactory service providers. ▪ Adopt thorough vetting procedures. ▪ Seek redress for infringement. 	ADMINISTRATION AND COMMUNICATION COMMITTEE

Key Result Area	Strategic Objective	Corporate Risk No.	Risks	KRI	Likelihood	Impact	Overall Rating(-COLOR SCHEME)	Mitigation (Treatment)	Responsible
		CR07	Ineffective Leadership & Governance	<ul style="list-style-type: none"> Delayed disbursement of benefits to members. increased litigation. Number of sanctions. Poor customer and stakeholder ratings. 	5	4	20	<ul style="list-style-type: none"> Adherence to PPADA regulations. Compliance Trustees training. Continuous review of policies and procedures. 	ADMINISTRATION AND COMMUNICATION COMMITTEE
		CR08	Brand & Reputational risk	<ul style="list-style-type: none"> Poor customer and stakeholder ratings. low awareness by customers and stakeholders. Inadequate communication channels 	3	1.75	3.25	<ul style="list-style-type: none"> Engage in marketing strategies and CSR activities. Organize member outreach/awareness/ education programs. Develop crisis management procedures. Diversify communication channels. 	

Key Result Area	Strategic Objective	Corporate Risk No.	Risks	KRI	Likelihood	Impact	Overall Rating-Color Scheme	Mitigation (Treatment)	Responsible
Service Delivery Innovations	Automate Key Service Delivery Processes of the Scheme	CR09	Inadequate safeguarding & management of Scheme data.	<ul style="list-style-type: none"> Percentage of accurate reports. Timely availability of data as and when required. 	4	4.5	18	<ul style="list-style-type: none"> Implementation of a pension information management system. Deployment and monitoring of security tools. Establish and maintain independent Scheme data. Data awareness programs. 	ADMINISTRATION AND COMMUNICATION COMMITTEE
		CR10	Business Continuity Risk	<ul style="list-style-type: none"> Negative media reports. Summons from the Regulator. No. of sick offs among employees. Decrease in number of members. Decrease in members' contribution. 	4	3	12	<ul style="list-style-type: none"> Develop Business Continuity Plan including crisis communication and emergency plans. Conduct routine testing of the BCPs as well as reviewing and updating on regular stipulated timelines. 	

Key Result Area	Strategic Objective	Corporate Risk No.	Risks	KRI	Likelihood	Impact	Overall Rating-COLOR SCHEME	Mitigation (Treatment)	Responsible
	Improve Member Services	CR11	Ineffective service delivery to members.	<ul style="list-style-type: none"> ▪ No. of Members complaints. ▪ Rate of members' satisfaction. ▪ No. of compliments. ▪ No. of delayed payments. 	5	2.25	11.25	<ul style="list-style-type: none"> ▪ Simplification of the user interface. ▪ Sensitization/ education programs for members. ▪ Establish a Complaint Management System. ▪ Utilize social media platforms. 	ADMINISTRATION AND COMMUNICATION
		CR12	Operational Risk.	<ul style="list-style-type: none"> ▪ Amount of funds lost. ▪ No. of inaccurate payments. ▪ Frequency in loss of funds. 	4	1.75	7	<ul style="list-style-type: none"> ▪ Enforcement of the Policies and Procedures Manual. ▪ Capacity building of the Schemes Secretariat. 	

ANNEX III: TSC SS&RBS: MONITORING AND EVALUATION FRAMEWORK

Strategic Objective	Strategy	Key Performance Indicator	Baseline	Target		Current Status (As at.....)
				Mid-Term Period Target	End of Plan Period Target	
SO 1: To grow the Scheme Fund by an average of 8% per annum by 2028	Increase the annual rate of Net Investment Returns from the current average of 5.06% to 10% per year.	Annual growth rate of Fund	6.2%	8%	8%	
		Return on Investment	5.06	10%	10%	
SO 2: To improve the TSC Retirement Benefit Scheme Governance	Align the Scheme Governance Policies with the RBA guidelines and industry benchmarks.	Governance performance index	Baseline	B+3	B+5	
SO 3: To automate Key Service Delivery Processes of the Scheme by 2027	Establish a Business Continuity Plan for the Scheme	Proportion of Scheme data fully protected	NA	100%	100%	
SO 4: To increase member satisfaction level from the current baseline of 92% to 94. % by 2028.	Enhance the level of member awareness and interest on Scheme services and benefits.	Member satisfaction index	92%	93.5%	94.5%	
	Expand the scope of benefits available to members.	Number of members provided with post-retirement Medical Allocations	NA	50%	100%	