

**MAASAI MARA UNIVERSITY  
STAFF RETIREMENT BENEFITS SCHEME**

**STRATEGIC PLAN**

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**YEAR 2018-2022**



**MAY 2018**

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## ACRONYMS

MMU SRBS Maasai Mara University Staff Retirement Benefits Scheme

MMU Maasai Mara University

EAC East African Community

EE Eligible Employees

IEC Information, Education and Communication

KRA Kenya Revenue Authority

NSSF National Social Security Fund

RBA Retirement Benefits Authority

SLA Service Level Agreements

The Maasai Mara University Staff Retirement Benefits Scheme (The Scheme) has recorded considerable growth since its inception. To continue to succeed, however, the Trustees require a well thought out roadmap that provides unity of purpose for the coming years. This Strategic Plan endeavours to do just that, to be a very useful management tool for the next five (5) years (2018 – 2022). It is designed to be a living document and was informed by the need to strengthen the governance framework and compliance levels of scheme while offering exceptional services to the members and beneficiaries of the scheme.

The strategic plan identifies critical success factors which must be put in place to form the basis for achieving higher goals while providing a solid foundation for performance measurement, monitoring and evaluation.

For the next five years, trustees seek to build a Scheme that is securing quality life for the future through sustainably managed and invested members' funds for maximized returns. They plan to achieve this through the pursuit of four strategic goals conceived around the Scheme's core business as outlined in the plan.

Trustees plan to continuously build institutional capacity necessary to sustain excellent delivery of services to the membership. Towards this end, trustees will maintain a cordial and munificent relationship with the sponsor, service providers and members of the Scheme.

My sincere gratitude to the advisors from the Administrator, the Trustees, the Fund Manager and the Actuaries for making the development of this strategy a success. I would assure the stakeholders that the Trustees will be committed to ensure implementation of the strategic is undertaken successfully.

**Chairman, Board of Trustees**

**Maasai Mara University Staff Retirement Benefits Scheme**

# 1. INTRODUCTION

## 1.1 Overview

The Strategic Plan 2018-2022 for Maasai Mara University Staff Retirement Benefits Scheme provides the strategic direction that will guide the activities of the Scheme while specifying the operational mechanisms that will enable the fund meet its objectives inline with the expectations from the stakeholders.

This is the first strategic plan to be prepared and will be reviewed periodically to assess the achievements and gaps on the strategic objectives. The Board of Trustees have developed their strategic direction as dictated by the current opportunities and challenges that affect the management of members funds.

Largely, the Scheme seeks to manage the expectations of its members for sufficient retirement benefits driven by high investment returns from the Schemes financial resources, review the wide range of investment opportunities to choose from, manage the volatility in its environment, as well as the diversity of its service providers, among other factors. This has made it necessary for the Board of Trustees to document this strategic plan as it provides a framework through which it envisions its future.

## 1.2 Rationale for the Strategic Plan

The development of this Strategic Plan is expected to have the following benefits::

- Harmonization of the Scheme with the current market realities and dynamics to create a long term vision as well as strategies for improved scheme performance.
- Increased organizational effectiveness and efficiency arising from the development of a clear strategic direction and the formulation of Scheme goals and objectives. This practice will thus allow for prioritization of resource allocation by making strategic choices;
- Provision for a framework for evaluating alternative strategies. Since the planning process includes participative discussions touching on all functional areas of the scheme, the deliberations provide the Trustees, service providers and members with a clear understanding of the business key success factors and operational issues.

- An improved mechanism for stakeholder participation and motivation. This is achieved through effective internal and external communication that is used during the strategy analysis, formulation, implementation, and evaluation.
- Provision of a framework for effective monitoring and evaluation of corporate, functional, and individual performance.

### **1.3 Methodology used in Developing the Strategic Plan**

Development of this strategic plan was inclusive and participatory and it entailed the following key activities; -

- Review of documents including Trust Deed and Rules, Investment Policy Statement, scheme performance reports, service providers reports and other relevant publications;
- Three-day strategic planning retreat for Trustees, Fund Manager and Actuary to build consensus on SWOT, Vision, Mission, Strategic themes, objectives, performance targets, indicators for the planning period and investment policy statement;

### **1.4 Background of the Scheme**

#### **1.4.1 Maasai Mara University Staff Retirement Benefits Scheme**

MMU SRBS was established through an irrevocable Trust Deed on 1st April 2015 as a defined contribution scheme to provide retirement benefits to the staff of Maasai Mara University under the rules of the scheme.

Contribution rates are 15% for employer and 7.5% for employees of the members' pensionable salary. As at 30th June 2017, the scheme assets were valued at approximately Kshs. 75,653,950 with a membership of 509.

### **1.5 Main Purpose of the Scheme**

Maasai Mara University Staff Retirement Benefits Scheme was established through an irrevocable Trust and is constituted as a Defined Contribution Pension Scheme from the Commencement Date under the irrevocable trusts hereby declared for the main purpose of providing retirement benefits for Members on Retirement at a specified age and relief for certain of the Dependents of Members who die while employed by the Founder and is vested in the Trustees.

## 1.6 Benefits from the Scheme

Each Member who Retires from the Pensionable Service of the University on or after Normal Retirement Date shall be entitled to a one third cash lump sum benefit representing his total accumulated benefit. The balance of the two thirds of benefits shall be used to purchase an annuity or an Income Draw Down.

Every Member who leaves the University before Normal Retirement Age may withdraw from the Scheme in cash the value of his Member Portion plus fifty percent (50%) of the Sponsor's Portion. In the untimely case of death of a member, a lump sum representing his total accumulated benefit is paid to the nominated beneficiaries.

## 1.7 Scheme Fund Analysis

### 1.7.1

### 1.7.2 Membership as at 30th June 2017

#### 1.7.2.1 The Members data was as follows;

	Active	Deferred	Total
Count	487	22	509

### 1.7.3 Scheme Fund Valuation and investments

Based on the scheme financial statements as at 30<sup>th</sup> June 2017, the assets were valued at Kshs. 75 million.

#### 1.7.4 Asset allocation

The asset allocation of the scheme investments as at 30<sup>th</sup> June 2017 were as follows;

Asset Class	K Shs	Asset Allocation	Strategic Allocation	Strategic Allocation Range	RBA Limits
Cash & Demand Deposits	19,187	0.03%	0%	0 – 5%	5.0%
Fixed Deposits	800,000	1.33%	5%	0 – 30%	30.0%
Commercial Paper & Corporate Bonds	0	0%	5%	0 – 20%	10.0%
Government Securities	59,230,037	98.64%	55%	0 – 90%	90.0%
Equities	0	0%	25%	0 – 40%	70.0%
Property	0	0%	10%	0 – 20%	30.0%
<b>Total</b>	<b>60,049,223.70</b>	<b>100%</b>	<b>100%</b>		

The asset allocations are temporarily out of the strategic allocations ranges.

#### 1.7.5 Return Analysis

The first Scheme Audit has been carried out details of which are as below as follows;

	2016-2017
Opening market value	0.00
Contributions	75,013,652.00
Withdrawals	(0.00)
Investment return	640,298.00
Closing market value	75,653,950.00
Return	1%

## 2. ORGANIZATIONAL STRUCTURE AND FUNCTIONS OF THE SCHEME

The current structure for the Scheme is based on the Retirement Benefit Authority Act and Regulations, as amended from time to time, and the Scheme Trust Deed and rules. These documents provide for the Scheme structures and their functional relationships. The Trustees are appointed by the Sponsor and the Members. MMU SRBS has 9 Trustees. The Board of Trustees appoint the different service providers who perform the specified functions on their behalf. A summary of their roles and current appointees are as below;

OFFICE	FUNCTIONS	Current Appointees
<b>Trustees:</b>	<b>Exclusive management and administration of the Scheme</b> <ol style="list-style-type: none"> <li>i. Ensuring that proper control systems are in place;</li> <li>ii. Ensuring that adequate and appropriate information is communicated to Members informing them of their rights, benefits and duties</li> <li>iii. Convening an annual general meeting of the Members in accordance with the Rules and provisions of the Retirement Benefits Act and Regulations.</li> </ol>	Dr. Anthony Karanja Prof. Mary K. Walingo Prof. Simon K. Seno Stephen Ngetich Spencer Ololchike Dr. Wesley Omwoyo
	<b>Making Investments</b> <ol style="list-style-type: none"> <li>i. To invest any monies forming part of the Scheme Fund [and not immediately required for the payment of benefits and other outgoings] in or upon the security of such stocks, shares, debentures or other investments or property of whatsoever nature and anywhere</li> <li>ii. To vary such investments from time to time as the Trustees may think fit</li> </ol>	Sammy Leteipa Letoya Sylvia Jepkosgei (1 Position is currently Vacant)

	<p><b>Preparing Statutory Statements on Investment Decisions</b></p> <p>To prepare, and after every three years or such shorter period as may be necessary, a written statement of the principles governing decisions on investments for the purposes of the Scheme. The statement shall cover the policy of the Scheme in regard to the requirements of the investment guidelines set out in the Retirement Benefits Act and Regulations.</p>	
<p><b>Administrator</b></p>	<ol style="list-style-type: none"> <li>i. Carry out the daily administration of the affairs of the Scheme in accordance with the provisions of the Act and the Regulations, the Income Tax Act, the Trust Deed and Rules, any other legislation in force, all documents related to the Scheme and any amendments to all such instruments.</li> <li>ii. Ensure that the Scheme is at all times administered in accordance with the Act; and ensure the administration of the Scheme is in the best interests of the members and Sponsor of the Scheme.</li> <li>iii. Compute and prepare statements of payments of benefits to the members and their beneficiaries.</li> <li>iv. Compute and pay benefits directly to the members and their beneficiaries directly as provided for in law and the Trust Deed and Rules.</li> <li>v. Collect from the Sponsor of the Scheme, keep and update retirement benefits data of each member including maintenance of individual membership records.</li> <li>vi. Report to the Authority as soon as reasonably practicable, any unusual</li> </ol>	<p>The scheme is administered by Octagon Pension Services</p>

	<p>occurrence which could jeopardise the rights of the members and Sponsor of the Scheme and report to the Authority as soon as reasonably practicable, if any contributions remain due for a period of more than thirty days.</p> <p>vii. Attend meetings of the Trustees as and when convened by the Board of Trustees and present a report on the affairs of the Scheme including any other matters as may be required by the Trustees.</p> <p>viii. Remit to the Authority the requisite levy from the Scheme as provided for in the Act.</p> <p>ix. Avail the required data of the Scheme at agreed times to the other service providers appointed by the Trustees to enable the preparation of the statutory returns to the Authority and submit or cause to be submitted all the required statutory returns to the Authority.</p>	
<b>Investment Manager</b>	<p>i. To advise on investment decisions,</p> <p>ii. Assisting Trustees to formulate a prudent investment policy,</p> <p>iii. To be responsible for acquiring and for disposing of investment assets,</p> <p>iv. Prepare quarterly reports on the investment performance of the scheme and</p> <p>v. To perform such other functions as may required under the Retirement Benefits Act and Regulations</p>	GenAfrica Asset Managers Kenya Limited

<b>Custodian</b>	<ul style="list-style-type: none"> <li>i. settle all transactions in accordance with the instructions received from the Fund manager;</li> <li>ii. receive and record all dividend, interest and other income due to the</li> <li>iii. Scheme and credit them to the scheme; and provide accurate and timely periodic reports to the trustees and the Authority on holdings and transactions.</li> <li>iv. To receive and keep in safe custody the title documents, securities and cash of the Scheme Fund,</li> <li>v. Processing retirements and arranging payments of lump sums or pensions</li> </ul>	Co-operative Bank of Kenya Limited
<b>Auditor</b>	To carry out an audit of the Scheme's books of account and financial records at the end of every Financial Year	Maingi and Associates
<b>Advisors</b>	Actuaries	RCL
	Legal Adviser	

## 4. SWOT ANALYSIS

The Scheme needs to have a clear understanding of its internal and external environment: the factors that give rise to its strengths, its limitations, opportunities, as well as threats. The purpose for undertaking the analysis is to plan for optimum outcomes from its operations by taking advantage of its strengths and the available and/or emerging opportunities as well as by reducing its weaknesses and counteracting the threats.

### 4.1 Strengths

The Scheme has a number of capabilities and other factors which provide a strong foundation for undertaking prudent investments that will ensure that it earns high and increasing returns for the benefit of its members. The following factors were identified as the Scheme's major strengths;

- Strong financing – the sponsor pays contributions timely
- Membership – small size of membership provides opportunity to recruit more, knowledgeable members and the average age to retirement is high due to a young membership.
- Increasing fund value of the scheme – due to expected transfers of benefits from other schemes.
- Knowledge and experienced trustees – all the trustees are certified under the RBA programme.
- Scheme Size – nimble hence easier to run and set up structures from the beginning.

The Trustees and the Service Providers will take advantage of the above strengths to ensure that the Scheme attains high and growing returns from its investments while enhancing the quality of services to the Scheme's members.

### 4.2 Weaknesses

There exist certain limitations in the Scheme's internal environment which will constrain its ability to attain high levels of performance over the Plan period. The following were identified as the Scheme's major weaknesses:

- Low member sense of ownership of the scheme – members have a high disinterest in the scheme and leads to poor turnout in trainings and participation on scheme matters.
- High management and operational costs – scheme has relatively high costs in its initial stages especially due to the certification training by Trustees.
- Limited risk management structure, no risk policy in place
- Scheme lacks operational policies.
- Limited organizational capacity – no secretariat, scheme office or a pension officer.
- Staff Turnover – the tendency for staff to leave the University may slow down contributions increase and access of benefits may hinder scheme growth.
- Trustee Board composition – Trustees not working jointly is a weakness among the board;

The Plan contains strategies for addressing them.

### 4.3 Opportunities

A number of factors in the Scheme’s external environment provide opportunities for it to continue accumulating contributions and also facilitate or support increased and diversified investment from which increasing returns may be realized. These factors include the following:

- Location of University – there are many investment opportunities to be explored in the County
- Improved and favourable regulations – provides room for diversification into various asset classes to maximise returns;
- Emerging technological changes – service providers having system technology for administration of the schemes;
- Political stability in the country;
- Scheme going concern – guaranteed existence of the scheme and sponsor;

The Scheme’s key aim is to enhance the stock of members’ benefits with earnings from its investments. In this regard, the available opportunities will be exploited so as to maximize the realization of returns from the investments over the Plan period..

## 4.4 Threats

There exists developments in the Scheme's external environment which may limit its ability to realise satisfactory growth in its earnings from investment over the Plan period. These threats include the following:

- Contribution Remittances – are sometimes received late due to capitation;
- Staff Attrition – reduces contribution and fund value when benefits are accessed;
- Regulations changes – interest rate capping law which has had a negative impact on growth and investments;
- Cultural changes;

Taking the above threats into account, the Trustees will seek to counter the threats so as to minimize their potential negative impacts on the Scheme's operations and investments during the Plan period.

## 5. STAKEHOLDER ANALYSIS

The Scheme has a number of stakeholders who have varying interests and influences that affect the achievement of its objective in one way or the other. The Trustees appreciate that the interest of the stakeholders are closely related to the general success of the Scheme hence this analysis will be used to ensure all expectations are met.

The stakeholder analysis therefore seeks to identify the key stakeholders, determine their respective interests and/or obligations and then come up with appropriate responses, taking into account the degree to which their actions may influence the Scheme's course of events.

Stakeholder	Expectations/ Obligations	Influence/Power	Interest	Involvement	Response/Action Plan over the Plan period
<b>Internal Stakeholders</b>					
Members	Proper management of the Fund	High	High	High	Institute proper governance mechanisms Adopt a performance based culture
	High returns on their investments				Implement the investment policy Source for information on alternative investments
	Timely payments of their benefits				Engage efficient service providers
	Up to date information on the Scheme				Implement the communication policy

Trustees	High quality service from service providers	High	High	High	Institutionalize accountability, efficiency and transparency in all dealings between Scheme and service providers
	Show commitment and offer leadership				Engage the best service providers
<b>External Stakeholders</b>					
The sponsor (Maasai Mara University )	Comfortable retirement for the members	High	High	Low	Educate members and ensure returns in the scheme are maximized for them to appreciate
	Regular updates on information about the scheme				Provide periodic and accurate reports about the scheme
	Good Scheme governance				Institute proper governance mechanisms Adopt a performance based culture
Retirement Benefits Authority	Compliance with statutory requirements	High	Low	Low	Submission of returns and other reports within stipulated times

KRA	Tax compliance	High	Low	Low	Ensure correct tax deductions are made Timely submission of tax returns
Service Providers	Good member data Timely payments of contributions Timely payment of fees Extension of contracts Quality interaction with Trustees Expected to deliver services efficiently	High	High	High	Review of contracts Retention to be tied to performance

## 6. CROSS CUTTING ISSUES

There are issues that concern not only the Scheme but also all other organizations in the country as part of public/private sector initiatives at the national level. Organizations are therefore encouraged to internalize these initiatives in their programmes. Given its size, both in terms of membership and funds, the Scheme considers the following issues as meriting adoption in its programmes.

### 6.1 Pollution Control

Air, water as well as well as noise pollution have become major problems particularly in Narok and other urban areas where the Scheme operates. The Scheme will adopt measures to control pollution and improve the living environment in the areas where it has any property.

### 6.2 Conservation of Natural Environment

Property development in many cases leads to the destruction of the natural environment as it entails removal of vegetative cover. In hilly areas the removal of the cover may lead to soil erosion. To limit its destruction to the environment the Scheme will restore vegetative cover in the locations of its properties.

The Scheme will also support the global efforts in environmental conservation through the adoption of 'green' office practices by using less paper and relying more on IT in communications.

### 6.3 Gender Mainstreaming

The current Constitution provides that no more than two thirds of the members of any elective body may be of the same gender. Currently the Scheme's Board of Trustees does not reflect this requirement. The Scheme will endeavour to amend its processes for selecting Trustees to ensure that no gender has less than one third of the members on the Board of Trustees.

### 6.4 Corporate social responsibility (CSR)

Given the size of its Fund and Membership the Scheme needs to embrace the public interest in its programmes by undertaking CSR activities. The aim of such engagement will be to encourage a positive impact through its activities on the environment, the community, employees, and other stakeholders by honouring the principles of *people, planet, and profit*, the triple bottom line. In this regard the Scheme will consider undertaking CSR activities in environmental conservation, renewal energy, and water harvesting.

## 7. STRATEGIC DIRECTION:

The Scheme's operations have been carried out as provided for under the Trust Deeds and the Retirement Benefits Authority Act and Regulations. However, given the experience which the Trustees have had in overseeing the Scheme's operations since its establishment and in view of the changing and dynamic external environment, the Board of Trustees has had to develop and articulate the strategic direction that takes into account the interests and expectations of the Scheme's members.

The Trustees articulated the vision, mission, and goals of the Scheme as outlined below to provide the basis for the Scheme's operational plans and related activities over the Plan period, 2018-2022.

### 7.1 Vision

The Scheme sought a vision that will provide its Board of Trustees, as well as its Service Providers an inspiring sense of where it wishes to be within the industry. Consequently the MMU SRBS aspires:

**Be a reputable pension scheme that delivers lifetime financial security to its members and beneficiaries**

### 7.2 Mission

The Scheme needs to have a mission that takes cognizance of the specific interests of its members as well as the approach that the Trustees have adopted in serving the members and the Sponsor. In this regard the mission that the Scheme will seek to realize over the next five years is:

**To provide prudent financial management to maximize investment returns and Retirement Benefits for our members**

### 7.3. Core Values

By virtue of its structure, which relies on service providers for its different functions, the Scheme has diverse key stakeholders each of whom has their own set of values. There is therefore need to have a defined set of values that will apply to all players. In this regard, five core values have been developed and adopted to guide the operations of the Scheme during the Plan period:

1. Professionalism
2. Excellence
3. Equity
4. Integrity
5. Responsiveness



Moreover, these values will be best remembered by the mnemonic **PEEIR**

Each of the staff members who will be working with or for the Scheme will be expected to internalize and apply these values at all times.

### 7.4 Strategic Goals and Objectives

The goals and objectives that the Scheme will seek to achieve over the Plan period and the strategies that will be used to achieve them are as outlined below:

#### Goals

The Scheme goals will be to;

- i. An elaborate framework that supports high level of growth and efficient management of member benefits
- ii. To improve the Replacement Ratio
- iii. To be fully compliant with requirements
- iv. To have an efficient Administrative structure and Timely Communication to stakeholders

Besides the consideration of the situation analysis, these goals are conceived purposely to deliver on the core mandate of Schemes, namely; investment, growing fundsize and administration. The following are the details of each goal and the corresponding objectives:

**Goal 1 : An elaborate framework that supports high level of growth and efficient management of member benefits**

The size and growth of Scheme in fund assets and memberships necessitate the Trustees to institutionalize and promote sound management and oversight mechanisms that to go beyond regulatory compliance. In pursuit of this goal, Trustees will aim to improve the systems, processes and procedures that are tailored to the specific member needs for effective service delivery

**Objectives:**

The following objectives emanate from this goal:

- i. Governance Documentation – to develop 8 scheme policies and Trustee Charter by 31<sup>st</sup> December 2018
- ii. Governance Structure – to implement the organizational structure by constituting Finance & Administration and Investment committees by 31<sup>st</sup> December 2018
- iii. Office Space and Secretariat – to have an office and pension officer by 31<sup>st</sup> December 2018

The following log frame provides the prioritized activities:

Goal 1: An elaborate framework that supports high level of growth and efficient management of member benefits			
Objectives	Means	Activities (Required Action)	Verifiable Indicators
Governance Documentation	Develop Scheme Policies	<ul style="list-style-type: none"> <li>• Trustee Charter</li> <li>• Risk Management Policy</li> <li>• Remuneration Policy</li> <li>• Procurement Policy</li> <li>• Training Policy</li> <li>• Code of Conduct Policy</li> <li>• Communication Policy</li> <li>• Income Distribution and Reserve Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Retreat to discuss all policies</li> <li>• Document Policies</li> <li>• Operationalize Policies</li> </ul>
Governance Structure	To implement the organizational structure by constituting Finance & Administration and Investment committees by 31 <sup>st</sup> December 2018	<ul style="list-style-type: none"> <li>• Adopt the Strategic Plan including the organizational structure</li> <li>• Trustees to constitute committees</li> <li>• Commission preparation of Terms of Reference</li> <li>• Run training for the committees</li> </ul>	<ul style="list-style-type: none"> <li>• Committee Composition</li> <li>• Regular Committee Meetings</li> <li>• Committee Recommendations</li> </ul>

Office Space and Secretariat	To have an office and pension officer by 31st December 2018	<ul style="list-style-type: none"> <li>• Trustees to engage the Sponsor to allocate an office</li> <li>• Sponsor to second a staff as a pension officer to the Secretariat</li> <li>• Train the Pension officer</li> </ul>	<ul style="list-style-type: none"> <li>• Existence of an Office Space</li> <li>• Trained Pension Officer</li> </ul>
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## Goal 2: To improve the Replacement Ratio

The key objective will be to maximize investment returns within acceptable risk levels, provide sufficient liquidity and preservation of member's funds. This goal will seek to identifying opportunities to the Scheme that will generates high returns while taking cognizance of the long term nature of the Scheme.

### Objectives

The following objectives emanate from this goal:

- i. Investment Returns – *to achieve a return of 15.2% over the strategic plan period*
- ii. Contributions – *to collect contributions by 30<sup>th</sup> of every month*
- iii. To achieve 70% transfer of retirement benefits from other Schemes into the Scheme by 30<sup>th</sup> June 2020.
- iv. Costs – *to achieve a cost ratio of 0.5% of the fund in the 5<sup>th</sup> year of the plan period*

The following log frame provides the prioritized activities:

Goal 2: Improve the Replacement Ratio			
Objectives	By what means	Activities (Required Action)	Verifiable Indicators
Investment Returns	To achieve a return of 15.2% over the strategic plan period	<ul style="list-style-type: none"> <li>• Approve the Investment Policy Statement</li> <li>• Closely interrogate investment reports and provide feedback to Fund Manager</li> <li>• Diversify into Property Portfolio when the fund reaches Kshs. 400 million</li> </ul>	<ul style="list-style-type: none"> <li>• Target a margin of 2% higher than the average market returns</li> <li>• Biannual results in percentages</li> <li>• Periodic comparison analysis</li> <li>• Investment in Property</li> <li>• Stable returns</li> </ul>
Contributions	To collect contributions by 30 <sup>th</sup> of every month	<ul style="list-style-type: none"> <li>• Closely follow up with the Sponsor on meeting the desired deadlines</li> </ul>	<ul style="list-style-type: none"> <li>• Receipt of contributions by the deadline date.</li> </ul>

Transfers In	To achieve 70% transfer of retirement benefits from other Schemes into the Scheme by 30 <sup>th</sup> June 2020	<ul style="list-style-type: none"> <li>• To identify how many members have benefits in other schemes</li> <li>• To carry out a member education on benefits of transfer of their retirement benefits into the Scheme</li> <li>• Have members sign up the transfers</li> <li>• Follow up with schemes and institutions which have majority of the members through meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Number of members trained</li> <li>• Number of Members applied for transfer of benefits</li> <li>• Amounts received in the scheme</li> </ul>
Reduce Costs	To achieve a cost ratio of 0.5% of the fund in the 5 <sup>th</sup> year of the plan period	<ul style="list-style-type: none"> <li>• Prepare annual budgets for the Scheme with a view of reducing the costs within the projections and monitoring</li> <li>• Benchmarking every 3 years</li> <li>• Prepare a training calendar for members and Trustees</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Budget approved</li> <li>• Comparison report with other similar sized schemes</li> <li>• Adoption of Scheme Annual Training Calendar</li> </ul>

### Goal 3: To be fully compliant with requirements

Pension Schemes are regulated by their Trust Deed and Rules, the Retirement Benefits Authority and Kenya Revenue Authority. While aiming to efficiently run the pension scheme, the Trustees need to continuously review the compliance status to ensure full compliance at all times.

#### Objectives

The following objectives emanate from this goal:

- i. To be compliant on Trustee composition by 30<sup>th</sup> September 2018
- ii. To be compliant with the RBA regulations deadlines as specified in the RBA Act
- iii. To be compliant with deadlines/requirements as provided for in the Income Tax Act

The following log frame provides the prioritized activities:

Goal 3: To be fully compliant with requirements			
Objectives	Means	Activities (Required Action)	Verifiable Indicators
To be compliant on Trustee composition by 30 <sup>th</sup> September 2018	Appointment of Trustees	<ul style="list-style-type: none"> <li>• Council and management to nominate the Sponsor Trustees</li> <li>• To prepare a Deed of Appointment and file with RBA</li> </ul>	<ul style="list-style-type: none"> <li>• Full Board Composition as per requirements</li> <li>• DORA filed with RBA</li> </ul>
To be compliant with the RBA regulations deadlines as specified in the RBA Act	Adhere to requirements by regulations	<ul style="list-style-type: none"> <li>• Finance and Administration Committee to monitor compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Quartely Reports on Compliance</li> </ul>
To be compliant with deadlines/requirements as provided for in the Income Tax Act	Adhere to requirements by regulations	<ul style="list-style-type: none"> <li>• Finance and Administration Committee to monitor compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Quartely Reports on Compliance</li> </ul>

**Goal 4: To have an efficient Administrative structure and Timely Communication to stakeholders**

Efficient Management of Pension Schemes will ensure members are served efficiently and in a timely manner. Members who are more informed tend to appreciate and show sense of ownership on the fund matters. While aiming to efficiently offer exemplary services, the Trustees need to continuously engage the members to enhance member communication, encourage transparency and promote good governance.

**Objectives**

The following objectives emanate from this goal:

- i. To develop an administration and accounting procedures manual by 31<sup>st</sup> December 2018
- ii. To develop a communication policy by 31<sup>st</sup> December 2018

The following log frame provides the prioritized activities:

<b>Goal 4: To have an efficient Administrative structure and Timely Communication to stakeholders</b>			
<b>Objectives</b>	<b>Means</b>	<b>Activities (Required Action)</b>	<b>Verifiable Indicators</b>
To develop an administration and accounting procedures manual by 31 <sup>st</sup> December 2018	Formulation	<ul style="list-style-type: none"> <li>• Prepare Administration and Accounting Procedure Manual and have it adopted by Trustees</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption of Manual</li> </ul>
To develop a communication policy by 31 <sup>st</sup> December 2018	Formulation	<ul style="list-style-type: none"> <li>• Prepare a Communication Policy and have it adopted by Trustees</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption of Communication Policy</li> </ul>

## 8. RISK MANAGEMENT

### 8.1 Introduction

Risk is the effect of uncertainty in achieving objectives. In this regard the Scheme's vulnerability to risk is quite considerable as it operates in an environment prone to many uncertainties such as GDP growth rates, financial markets, local and offshore bond/equity markets. As the swings in earnings persists, the Scheme's operations in investment management are exposed to many risks.

The Scheme, like any other organization, has been facing uncertainties in its external and internal environments in many other areas and such uncertainties are likely to continue impacting its operations negatively over the Plan period unless a risk management policy is put in place. Whereas such a policy can not eliminate the risks, their probability of occurrence and/or degree of impact will be minimized. The Scheme's Board of Trustees therefore decided that a risk management system should be put in place as soon as possible during the plan period. The key objective of having a risk management system will be to provide a framework for dealing with the risks that may threaten the attainment of the Scheme's objectives. It will also help it to allocate resources to areas of highest risk and promote a more innovative and less risk averse culture.

### 8.2 Elements of the Risk Management System

An effective risk management system comprises of a framework and the process of identifying and responding to the risks. The following are its key elements.

#### *(i) Review of the Scheme's External and Internal Environment*

Understanding both the external and internal context of the Scheme is important since they are key in designing an appropriate system.

- Its external context includes, but is not limited to: the cultural, political, legal, regulatory, financial, technological, economic, natural and competitive environment. These should cover the international, regional, and national perspectives.
- The internal context includes, but is not limited to:
  - Goals, objectives, and the strategies that are in place to achieve them;
  - the capabilities, in terms of resources and knowledge (e.g. capital, time, staff, processes, systems and technologies);
  - information systems, information flows, and decision making processes

***(ii) Integration***

The risk management policy should clarify the Scheme's objectives for and commitment to risk management. Risk management should be embedded into the policy development, business and strategic planning and other management processes, taking into account the peculiar arrangements whereby the Schemes functions are carried out by contracted service providers.

***(iii) Accountability***

It should specify the following:

- accountabilities and responsibilities for managing risk;
- the organization's risk appetite or risk aversion;
- resources available for managing risk;
- the way in which risk management performance will be measured and reported;
- its continual improvement;

***(iv) Implementation Process***

The risk management process includes the following linked activities:

- communication and consultation among all key stakeholders
- risk assessment: This will cover risk identification, analysis, evaluation and profiling,
- risk treatment: This will include risk treatment options; treatment plans; and implementing the treatment plans. The treatment or response options include avoidance, reduction, sharing and acceptance.
- monitoring and review; incorporating lessons learnt in the risk management process:

***(v) Roles***

- The Board of Trustees will provide leadership in the development of the policy as well as monitoring its implementation by the service providers.
- The management in each of the service providers will implement the risk in their respective areas
- The Auditor will audit risk management alongside other areas that are normally audited to provide assurance on the same.

### 8.3 Risk Analysis

In undertaking its activities, the Scheme is exposed to risks in terms of threats and potential loss of opportunities which can affect its operations. Several risks were identified and their attendant mitigation measures considered in the formulation of this Strategic Plan. The risks were then categorized depending on their potential impact as high, medium and low as detailed below:

**Table 1: Risk Analysis**

Type of risk	Description of risk from Scheme's perspective	Rate the level of risk (High, medium, low)	Mitigation of risk
<b>Financial Risks</b>	Inability to meet Scheme's objectives due to financial challenges	High	Ensure Fund is liquid to meet obligations as they fall due
<b>Operational risks</b>	Poor record keeping	High	Ensure scheme records are accurate
	Inability to meet Scheme's objectives due to operational lapses	High	Enhance efficiency and effectiveness
	Too high administrative costs, not getting best value of services	Medium	Competitive bidding by service providers, embrace cost efficiency of operations as a value
<b>Technological risks</b>	Compatibility of various scheme information	High	Ensure technology is compatible
	Use of outdated technology in serving members and communicating with service providers	Medium	Keep abreast of technological advances
<b>Governance risks</b>	Change of policies that affect scheme operations	High	Lobby for favorable policies
	Poor implementation of existing policies		Institute monitoring and evaluation on policy implementation
<b>Market risks</b>	Market volatilities that affect investment returns	high	Invest in less risky markets
<b>Litigation Risks</b>	Legal challenges brought before a court of law	High	Manage stakeholder expectations and proper record keeping

## 9. MONITORING AND EVALUATION (M&E)

### 9.1 Introduction

One of the important purposes for an M&E System is that it generates information that can be used to identify performance gaps so that remedial measures may be undertaken. In this regard the reports should be used not only for establishing how well the Scheme is functioning but also provide lessons for further improvement even in areas where performance is found to be higher than the targets in the plan.

Monitoring and evaluation are two linked and critical activities that will help in ensuring that an organization's projects/programmes remain on course. The key performance indicators that may be used for this purpose include the following:

- Input indicators such as amount of money allocated for an activity or investment area;
- Process indicators such as number of meetings the Board of Trustees or meetings between the Trustees and service providers that are made during the year under review;
- Output indicators such as the number of policies or reports prepared by a service provider;
- Outcome indicators such as the earnings from investments;
- Effectiveness indicators such as the proportion of investable funds that are actually invested;
- Efficiency indicators such as the rate of return from investments;
- Quality indicators such level of customer/member satisfaction

### 9.2 Objectives of the scheme's Monitoring and Evaluation system

Since the Scheme's Trustees are not involved in the day to day management of its investments nor in its general administration, it is essential to undertake regular and close consultations with the service providers to know what is happening. Effective monitoring and evaluation is critical to the achievement of the Scheme's goal of high and growing member benefits by increasing earnings from its investments. Systematic monitoring the operations of service providers and the investments undertaken from the Fund is therefore aimed at ensuring that:

- (i) The projects are in compliance with the key contractual obligations agreed between the Trustees and the service providers;

- (ii) The projects remain in line with the policies, procedures and broader goals of the Scheme and the RBA.
- (iii) Problems and deviations from agreements and plans are detected at an early stage and necessary action is taken to remedy the situation;
- (iv) Lessons learned are incorporated into assets management and into screening, appraisal and structuring of new investment proposals.

### 9.3 Reporting Arrangements

The reporting requirements and obligations will be specified in the Deeds between the Trustees and the service providers. The Deeds will:

- Specify the performance indicators and the level of performance that will be expected;
- Indicate the data to be collected, the time frames and report formats;
- Specify when such reports should be submitted to the Trustees;

In addition to the above reporting arrangements, annual audited accounts and quarterly reports of the service providers will be useful in confirming the service providers' compliance with key financial covenants as well as their respective industry regulations.

In addition to the continuous monitoring of the scheme's performance by the Consultant for the Trustees, the following evaluations are proposed during the plan period:

- (i) A mid-term review -- half-way through the plan period -- to ascertain whether the plan is on course and take any remedial measures
- (ii) A terminal evaluation – just before the end of the plan period -- to assess the overall plan implementation effectiveness and draw lessons for the next plan period.

## 10. IMPLEMENTATION

### Implementation log frame

The Trustees came to a consensus that the strategic plan can only be considered successful if all stakeholders i.e. Trustees and service providers commit to translate the strategies and plans into actions in order to accomplish strategic objectives. The implementation plan addresses questions on who will implement the plan, when, where and how it will be implemented.

**Goal 1:** An elaborate framework that supports high level of growth and efficient management of member benefits

BSC Component	Objectives	Means	Activities (Required Action)	Verifiable Indicators	Target	Who	Time Line	Critical Assumptions
Internal Procedures	Governance Documentation	Develop Scheme Policies	<ul style="list-style-type: none"> <li>Trustee Charter</li> <li>Risk Management Policy</li> <li>Remuneration Policy</li> <li>Procurement Policy</li> <li>Training Policy</li> <li>Code of Conduct Policy</li> <li>Communication Policy</li> <li>Income Distribution and Reserve Policy</li> </ul>	<ul style="list-style-type: none"> <li>Retreat to discuss all policies</li> <li>Document Policies</li> <li>Operationalize Policies</li> </ul>	<ul style="list-style-type: none"> <li>Board of Trustees</li> </ul>	<ul style="list-style-type: none"> <li>BoT</li> </ul>	<ul style="list-style-type: none"> <li>31<sup>st</sup> December 2018</li> </ul>	<ul style="list-style-type: none"> <li>Retreat to be held to discuss and adopt the policies</li> <li>Full Board Quorum available to discuss policies.</li> </ul>
	Governance Structure	To implement the organizational structure by constituting	<ul style="list-style-type: none"> <li>Adopt the Strategic Plan including the organizational structure</li> <li>Trustees to</li> </ul>	<ul style="list-style-type: none"> <li>Committee Composition</li> <li>Regular Committee Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Board of Trustees</li> </ul>	<ul style="list-style-type: none"> <li>BoT</li> </ul>	<ul style="list-style-type: none"> <li>31<sup>st</sup> December 2018</li> </ul>	<ul style="list-style-type: none"> <li>Commisttees constituted to undertake mandate</li> </ul>

		Finance & Administration and Investment committees	constitute committees <ul style="list-style-type: none"> <li>• Commission preparation of Terms of Reference</li> <li>• Run training for the committees</li> </ul>	<ul style="list-style-type: none"> <li>• Committee Recommendations</li> </ul>				
	Office Space and Secretariat	To have an office and pension officer	<ul style="list-style-type: none"> <li>• Trustees to engage the Sponsor to allocate an office</li> <li>• Sponsor to second a staff as a pension officer to the Secretariat</li> <li>• Train the Pension officer</li> </ul>	<ul style="list-style-type: none"> <li>• Existence of an Office Space</li> <li>• Trained Pension Officer</li> </ul>	Employee of the University	Qualified candidate	31st December 2018	Sponsor will support the initiative

<b>Goal 2: To improve the Replacement Ratio</b>								
<b>Balance Score Card Component</b>	<b>Goal</b>	<b>Strategic Objectives</b>	<b>Activities (Required Action)</b>	<b>Verifiable Indicators</b>	<b>Target</b>	<b>Who</b>	<b>Time Line</b>	<b>Critical Assumptions</b>
Financial	Investment Returns	To achieve a return of 15.2% over the strategic plan period	<ul style="list-style-type: none"> <li>Approve the Investment Policy Statement</li> <li>Closely interrogate investment reports and provide feedback to Fund Manager</li> <li>Diversify into Property Portfolio when the fund reaches Kshs. 400 million</li> </ul>	<ul style="list-style-type: none"> <li>Target a margin of 2% higher than the average market returns</li> <li>Biannual results in percentages</li> <li>Periodic comparison analysis</li> <li>Investment in Property</li> <li>Stable returns</li> </ul>	Investment Manager	BoT	5 years	Favorable Operating Economic Environment  Consistent Growth of Fund
	Contributions	To collect contributions	Closely follow up with the Sponsor on meeting the desired deadlines	Receipt of contributions by the deadline date.	Sponsor	BoT	30 <sup>th</sup> of every month	Support by Sponsor
	Transfers In	To achieve 70% transfer of retirement benefits from other Schemes into the Scheme	<ul style="list-style-type: none"> <li>To identify how many members have benefits in other schemes</li> </ul>	<ul style="list-style-type: none"> <li>Number of members trained</li> <li>Number of Members</li> </ul>	Membership	BoT	30 <sup>th</sup> June 2020	Members cooperate in transferring their benefits  Members have

			<ul style="list-style-type: none"> <li>To carry out a member education on benefits of transfer of their retirement benefits into the Scheme</li> <li>Have members sign up the transfers</li> <li>Follow up with schemes and institutions which have majority of the members through meetings</li> </ul>	<p>applied for transfer of benefits</p> <p>Amounts received in the scheme</p>				accrued benefits in other Schemes
	Reduce Costs	To achieve a cost ratio of 0.5% of the fund in the 5 <sup>th</sup> year of the plan period	<ul style="list-style-type: none"> <li>Prepare annual budgets for the Scheme with a view of reducing the costs within the projections and monitoring</li> <li>Benchmarking every 3 years</li> <li>Prepare a training calendar for members and Trustees</li> </ul>	<ul style="list-style-type: none"> <li>Annual Budget approved</li> <li>Comparison report with other similar sized schemes</li> <li>Adoption of Scheme Annual Training Calendar</li> </ul>	Trustees Service Providers	BoT	5 years	Adherence to Scheme Budget

**Goal 3: To be fully compliant with requirements**

Balance Score Card Component	Goal	Strategic Objectives	Activities (Required Action)	Verifiable Indicators	Target	Who	Time Line	Critical Assumptions
Customer	To be compliant on Trustee composition	Appointment of Trustees	<ul style="list-style-type: none"> <li>Council and management to nominate the Sponsor Trustees</li> <li>To prepare a Deed of Appointment and file with RBA</li> </ul>	<ul style="list-style-type: none"> <li>Full Board Composition as per requirements</li> <li>DORA filed with RBA</li> </ul>	Compliance	Trustees	30 <sup>th</sup> September 2017	Council Appointments are done
	To be compliant with the RBA regulations deadlines as specified in the RBA Act	Adhere to requirements by regulations	Finance and Administration Committee to monitor compliance	<ul style="list-style-type: none"> <li>Quartely Reports on Compliance</li> </ul>	Full compliance	Trustees Service Providers	As per requirement	Service Providers comply with all requirements
	To be compliant with requirements as provided for in the Income Tax Act	Adhere to requirements by regulations	Fin. & Admin Committee to monitor compliance	<ul style="list-style-type: none"> <li>Quartely Reports on Compliance</li> </ul>			As per requirements	Service Providers comply with all requirements

<b>Goal 4: To have an efficient Administrative structure and Timely Communication to stakeholders</b>								
<b>Balance Score Card Component</b>	<b>Goal</b>	<b>Strategic Objectives</b>	<b>Activities (Required Action)</b>	<b>Verifiable Indicators</b>	<b>Target</b>	<b>Who</b>	<b>Time Line</b>	<b>Critical Assumptions</b>
Customer	To develop an administration and accounting procedures manual	Formulation	<ul style="list-style-type: none"> <li>Prepare Administration and Accounting Procedure Manual and have it adopted by Trustees</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of Manual</li> </ul>	Procedural Efficiency	BoT	31 <sup>st</sup> December 2018	Adoption of manual and implementation
	To develop a communication policy	Formulation	<ul style="list-style-type: none"> <li>Prepare a Communication Policy and have it adopted by Trustees</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of Communication Policy</li> </ul>	Informed membership	BoT	31 <sup>st</sup> December 2018	

## **Annual Work Plans, Budget and Performance Contract**

The Trustees realizes the importance of translating the implementation plan to annual plans. This will provide details on what will be done each year and the expected results. The work plans form the basis upon which the budget, service level agreements and the performance contracts will be developed

## **ANNEXES**

### **Definitions of Some Commonly Used Planning Terms**

#### **Effectiveness**

Effectiveness is the extent to which expected accomplishments are achieved. . It is the relationship between Inputs, Outputs and Objectives.

#### **Efficiency**

Efficiency is a measure of how well Inputs are converted into Outputs; Inputs used per Unit of Output.

#### **Evaluation**

Evaluation is an assessment of a planned, ongoing, or completed intervention to determine its relevance, efficiency, effectiveness, impact and sustainability. The intent is to incorporate lessons learned into the decision-making process

#### **Goal**

A goal is a broad, long-term aim that defines a desired result from an objective or objectives.

#### **Impact**

Consequences of outputs, generally measured in terms of developmental expectations.. Impacts can be positive or negative, anticipated, or unanticipated.

#### **Indicator**

An Indicator is a measure of achievement used to determine whether and/or the extent to which the objectives and/or expected accomplishments have been achieved. Indicators correspond either directly or indirectly to the objective or the expected accomplishment for which they are used to measure. Performance indicators are used to observe progress and to measure actual results compared to expected results. The indicators are usually expressed in quantifiable terms, and should be objective and measurable (numeric values, percentages, scores and indices)

#### **Mission**

Mission is the ultimate purpose of the Agency's programmes or what an organization does. It a succinct declaration of the purpose of the organization or organizational unit.

#### **Mission Statement**

A Mission Statement is a broad comprehensive statement of the agency's purpose. It defines what the agency is and why it exists. It also defines who the agency serves and identifies products or services that are provided.

#### **Monitoring**

A continuous measurement, over time, of activities, outputs and outcomes associated with programmatic initiatives, policy changes, or other forms of organized intervention in a system. Performance monitoring is measurement, over time of a programme, a function or a process. The term performance covers the work of an organization (or organizations) performs in converting inputs to outputs to outcomes

**Objective**

Objectives state the specific outcomes that an organization expects to accomplish within a given or stated time frame. Objectives should be detailed enough to provide an overall sense of what exactly is desired without outlining the specific steps necessary to achieve that end. Objectives are specific and measurable targets for accomplishment during the stated time frame.

**Risk**

Risk is the effect of uncertainty on attainment of objectives

**Stakeholders**

Stakeholders are Individuals, groups or organizations that are affected by and/or have an interest in a particular issue. Individuals, groups, and parties that either affect or who are affected by the organization.

**Strategic Planning**

A Strategic Plan is a comprehensive route map which includes an organization's objectives and a description of how it plans to deploy resources to accomplish them.

Strategic planning is a systematic and disciplined process of setting goals and determining how they can be accomplished, given the opportunities and threats posed by a changing economy and the organization's internal strengths, weaknesses, and resources. Strategic planning is a cyclical process which requires monitoring, modifying, and periodic updating.

**Strategy**

Strategy is an approach to achieving an objective

**Core Values**

Core Values are the basic and key beliefs and attitudes that guide the actions of the organization, organizational units, and individuals.

**Vision**

A Vision is a passionate and compelling statement of a desired future – what an organization wants to be.

**Vision Statement**

A Vision Statement represents what the future should or can be. It provides a picture of the future as seen through the eyes of the employees, customers, and stakeholders. A great Vision Statement is one that will not only inspire and challenge, but will also be meaningful enough so every employee will be able to relate it to his/her job.

## TRUSTEES COMMITMENT

We confirm that this strategic plan has been discussed and approved by the following Trustees of Maasai Mara University Staff Retirement Benefits Scheme and we all commit to implement the actions required to achieve all the strategic goals stipulated therein:

1. Dr. Anthony Karanja – Chairman \_\_\_\_\_
2. Stephen Ngetich - Secretary \_\_\_\_\_
3. Prof. Mary K. Walingo \_\_\_\_\_
4. Prof. Simon K. Seno \_\_\_\_\_
5. Spencer Ololchike \_\_\_\_\_
6. Dr. Wesley Omwoyo \_\_\_\_\_
7. Sammy Leteipa Letoya \_\_\_\_\_
8. Sylvia Jepkosgei \_\_\_\_\_