



KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME

STRATEGIC PLAN 2022 – 2027

“YOUR UMBRELLA IN RETIREMENT”

TABLE OF CONTENTS FORMAT

LIST OF ABBREVIATIONS AND ACRONYMS.....	4
LIST OF TABLES	5
FOREWORD	6
PREFACE.....	7
EXECUTIVE SUMMARY	8
CHAPTER ONE - INTRODUCTION	9
1.1 BACKGROUND	9
1.2 RATIONALE OF STRATEGIC PLAN	9
1.3 STRATEGIC ORIENTATION OF THE SCHEME	9
1.3.1 VISION	9
1.3.2 MISSION	9
1.3.3 SLOGAN	10
1.4 CORE VALUES.....	10
1.5 CORE FUNCTIONS OF THE SCHEME.....	10
1.6 GOAL OF THE SCHEME.....	10
1.7 STRATEGIC OBJECTIVES OF THE SCHEME.....	10
1.8 STRATEGIC PILLAR OF THE SCHEME.....	11
CHAPTER TWO – SITUATION ANALYSIS.....	12
2.1 INTRODUCTION	12
2.2 EXTERNAL ENVIRONMENT ANALYSIS	12
2.2.1 POLITICAL ENVIRONMENT	12
2.2.2 ECONOMIC ENVIRONMENT	12
2.2.3 SOCIAL CULTURAL ENVIRONMENT	13
2.2.4 TECHNOLOGICAL ENVIRONMENT.....	13
2.2.5 ENVIRONMENTAL FACTORS	13
2.2.6 LEGAL ENVIRONMENT.....	13
2.3 STAKEHOLDER ANALYSIS.....	14
2.4 INTERNAL ENVIRONMENT ANALYSIS	17
2.5 ROLES AND RESPONSIBILITIES OF SERVICE PROVIDERS.....	17
2.6 SCHEME ANALYSIS.....	18
2.7 FUND MANAGEMENT AND CUSTODY OF SCHEME ASSETS	18
2.8 MEMBER EDUCATION AND AWARENESS	18
2.9 AUDIT	19
2.10 SUBMISSION OF REPORTS	19
CHAPTER THREE- STRATEGIC FRAMEWORK	23
3.1 INTRODUCTION	23
3.2 STRATEGIC OBJECTIVES	23
3.3 STRATEGIC PLAN ASSUMPTIONS.....	24
CHAPTER FOUR - PLAN IMPLEMENTATION	26
4.1 INTRODUCTION	26
4.2 ACTION PLAN	26
4.3 RESOURCES.....	26
4.4 RISK ASSESSMENT AND MANAGEMENT	26
CHAPTER FIVE - MONITORING AND EVALUATION FRAMEWORK	27

5.1 INTRODUCTION	27
5 .2 MONITORING AND EVALUATION OF THE STRATEGIC PLAN	27
5.2.1 PLAN IMPLEMENTATION	27
5.2.2 ANNUAL WORK PLANS	27
5.2.3 DATA AND INFORMATION COLLECTION PROCEDURES	27
5.2.4 REGULAR/PERIODIC MEETINGS	28
5.2.5 ANNUAL, MID-TERM, AND END TERM REVIEW	28
CHAPTER SIX - FINANCIAL REQUIREMENTS.....	29
6.1 FINANCIAL REQUIREMENTS FOR IMPLEMENTATION OF THE STRATEGIC PLAN	29
6.2 RESOURCE FLOW AND UTILIZATION STRATEGIES	29
6.3 RETURNS ON INVESTMENT	29
ANNEXES	32
ANNEX I - RISK MANAGEMENT MATRIX	32
ANNEX II - RESULTS MATRIX (2022-2027).....	34
ANNEX III- PLAN IMPLEMENTATION COST ESTIMATES (2022-2027)	

LIST OF ABBREVIATIONS AND ACRONYMS

AGM:	Annual General Meeting
BOT:	Board of Trustees
BCP:	Business Continuity Plan
CMA:	Capital Markets Authority
DC:	Defined Contribution Benefit Scheme
DPA:	Data Protection Act
DRP:	Disaster Recovery Plan
FV:	Fund Value
ICT:	Information and Communication Technology
IEC:	Information Education and Communication
IPS:	Investment Policy Statement
JD:	Job Description
KRA:	Kenya Revenue Authority
KRC:	Kenya Railways Corporation (Scheme Sponsor)
KRSRBS:	Kenya Railways Staff Retirement Benefits Scheme
M & E:	Monitoring and Evaluation
NSSF:	National Social Security Fund
RBA:	Retirement Benefits Act / Retirement Benefits Authority
SLA:	Service Level Agreements
SP:	Strategic Plan
SMIS:	Scheme Management Information System
RBS:	Retirement Benefit Scheme
TDR:	Trust Deed and Rules
TNA:	Training Needs Analysis

LIST OF TABLES

Table 1: Stakeholder Analysis	14
Table 2: The Schemes Internal Situational Analysis (Strengths and Weakness) ..	20
Table 3: The Schemes External Situational Analysis (Opportunities and Threats)	21

LIST OF FIGURES

Figure 1: Membership.....	18
----------------------------------	-----------

FOREWORD

The **Kenya Railways Staff Retirement Benefits Scheme** herein referred to as “**the Scheme**” was established on **3rd May 2006** as a Defined Benefit Retirement Scheme.

The Scheme is approved by the Kenya Revenue Authority for purposes of tax exemption per the provisions of the Income Tax Act. In addition, the Scheme is registered by the Retirement Benefits Authority and is compliant with all the regulations.

The Schemes’ Governance structure has remained as stipulated in the Retirement Benefits Act of 2000 and the Board of Trustees has continued to operate within the approved legal framework. In supporting the Scheme, both the Sponsor and the BOT play key roles. The Board of Trustees in particular has a general oversight role that ensures the Scheme’s assets increase in value and the Scheme meets set objectives.

The **2022–2027 Strategic Plan** outlines an ambitious plan on how to achieve the Scheme’s long-term goals and objectives. The SP serves as a guiding document that outlines the Scheme’s vision, mission, core values, and strategic initiatives. To do this, five key pillars have been identified. This being the third Strategic Plan by the Scheme, there are no significant challenges foreseen in terms of resources and capacity that are likely to be experienced. In addition, the Scheme could also be faced with exogenous challenges as a result of the current dynamic economic and socio-political environment and Government policies. However, with the strong support and cooperation between the Board of Trustees and the Management, the expected obstacles and constraints can be overcome.

The commitment demonstrated by the various stakeholders thus far is commendable. However, as a measure of injecting efficiency into the operations of the Scheme, the Board of Trustees will establish systems for monitoring and evaluation that shall objectively measure the performance of the service providers and ensure the Scheme remains true to its course.

Ultimately, this plan hinges on the realization of the vision of **“A model Pension Scheme for a comfortable & dignified retirement life”** in line with ensuring a secure future for the Scheme members.

I wish to call upon all our stakeholders and other collaborating institutions to accord the Board of Trustees of the Scheme their maximum support as we navigate through this roadmap.

CS. ISAAC SILA
CHIEF EXECUTIVE OFFICER / TRUST SECRETARY

PREFACE

The Kenya Railways Staff Retirement Benefits Scheme has been in operation since 2006, under the management of various Board of Trustees and at one time, a Corporate Trustee. This Strategic Plan 2022-2027 will guide the operations of the Scheme over the next five years by providing a roadmap with clear milestones that can be measured over time.

This plan is a product of a detailed participatory assessment of the internal and external factors that may influence the future operations and performance of the Scheme, based on challenging past experiences. In addition, the plan has considered enablers entailing strengthening the governance structures, embracing technology, diversification of the investment portfolio, and strengthening member education among others.

Broadly, the plan's key result areas are: liquidating fixed assets; engagement of members; investment of funds in secure long-term investments; safeguarding of Scheme assets; payment of benefits to members; member education and awareness creation; improved monitoring and reporting; enhancement of the Scheme's operation; and compliance with the provisions of both the Income Tax Act and the Retirement Benefits Act and Regulations.

The implementation of the Strategic Plan is reliant on an effective system of monitoring and implementation of the Scheme's overall strategic objectives. This will entail a continuous assessment of the strategic initiatives for each key result area. The Board of Trustees will ensure that all the initiatives towards the delivery of the desired results are aligned to the Scheme's Vision, Mission, and core values by applying modern performance measurement tools during the planned implementation period. A communication strategy for both internal and external stakeholders will be established to update them on progress made.

I wish to thank the Sponsor, the Board of Trustees, and the Service Providers for their unwavering support and active participation throughout the planning process. I hope that this spirit will be upheld during the implementation process and that all the stakeholders shall remain focused on the achievement of the set objectives.

MARTIN MOGWANJA MBS
CHAIRPERSON, FOR THE TRUSTEES

EXECUTIVE SUMMARY

The Kenya Railways Staff Retirement Benefits Scheme (“the Scheme”) is a Defined Benefit Scheme established as per the RBA on **3rd May 2006**. The purpose of the Strategic Plan covering the Financial Years 2022/2023 -2026/2027 is to map the strategic direction and activities which will enable the Scheme to deliver its mandate for a period of five (5) years.

The Scheme has witnessed a remarkable growth in the net value of its assets, rising to **Kes. 34,953,382,000** as of June 30, 2022, and membership of 8,766 members. This is expected to grow considerably given the higher investment income generated compared to the pensioners’ payout as reported for the period ending 30th June 2022.

The plan provides an overview of the Scheme's situational analysis through a SWOT, PESTEL, and Stakeholders' analysis. The Scheme has an opportunity to embrace a moderate investment strategy and leverage technology for efficiency in service delivery.

The plan outlines the strategic framework that consists of strategic objectives, pillars, and assumptions that will determine the growth and sustainability of the Scheme through portfolio diversification to generate optimal returns, risk management, member communication and engagement, governance, and compliance. Each strategic objective is supported by a number of strategies and key performance indicators to guide the operationalization of the plan.

The 2022 – 2027 Strategic Plan is transformative and inclusive as it positions the Scheme to take advantage of emerging opportunities, it also leverages the Scheme's capabilities as it seeks to achieve its mandate. The Plan takes cognizance of the risks and is proactive in its management.

Additionally, the plan has a robust monitoring and evaluation mechanism that will seek to ensure implementation of the action plans.

The plan analyzes the financial resources required for effective implementation by detailing cost projections of Scheme operations based on resource flow, utilization strategies, and return on investment.

The Board of Trustees, Service providers and other stakeholders operating under the guidance of a legal regulatory framework will implement the plan to achieve the Mission and Objectives of the Scheme during the strategic period 2022 – 2027.

CHAPTER ONE - INTRODUCTION

1.1 BACKGROUND

In an effort to cushion employees from poverty in old age, the Scheme began operations on May 3, 2006, as a Defined Benefit Scheme under irrevocable trust. Its main purpose is to provide pension and other retirement benefits for employees of the Sponsor upon their retirement from the Sponsor's service, and relief for the dependents of deceased members. The Scheme is closed to new members and contributions from the Sponsor.

1.2 RATIONALE OF STRATEGIC PLAN

Since the inception of the Scheme, the Board of Trustees has relied on the Trust Deed and Rules to guide its operations. However, the growth of the Scheme, social economic challenges, and emerging issues in the pension industry have called for deliberate long-term planning in the management of the retirement benefits Scheme.

In addition, the reports submitted by various service providers have identified gaps that need a coordinated approach in the planning, implementation, evaluation, and reporting on the performance of the Scheme.

It is against this background that the Board of Trustees found it necessary to develop a Strategic Plan that will provide a framework for planning, implementation, and performance evaluation of the various initiatives in the management of the retirement benefits Scheme.

The 2022-2027 Strategic Plan is thus expected to guide future operations of the Scheme in terms of investment decisions alongside established policies as the Scheme grows over time.

1.3 STRATEGIC ORIENTATION OF THE SCHEME

The Scheme developed and aligned its Vision, Mission, Core Values, and Slogan as follows: -

1.3.1 VISION

"A model Pension Scheme for a comfortable & dignified retirement life."

1.3.2 MISSION

"Prudently investing Scheme resources through effective & sustainable governance."

1.3.3 SLOGAN

“Your Umbrella in Retirement.”

1.4 CORE VALUES

- a) **Customer focus** - We are committed to achieving the highest levels of Pensioner satisfaction through continuous improvement in our service delivery.
- b) **Integrity** - We carry out our activities in an honest and faithful manner, and take all reasonable measures to prevent willful wrongdoing by our officials.
- c) **Professionalism** - We endeavor to have well-trained, professionally competent, self-confident, and dedicated staff for the delivery of services to members.
- d) **Respect** - We embrace each person we relate to equally no matter the gender and regardless of disability, tribe, race, nationality, and socio-economic status
- e) **Efficiency** - We offer timely and quality service to our esteemed stakeholders.

1.5 CORE FUNCTIONS OF THE SCHEME

- ❖ Legal and regulatory compliance
- ❖ Funding and investment management
- ❖ Benefits design and calculation
- ❖ Member communication and engagement
- ❖ Actuarial valuation and risk management
- ❖ Governance and compliance

1.6 GOAL OF THE SCHEME

The main goal of the Scheme is to provide retirement and other benefits to members of Kenya Railways Staff Retirements Benefits Scheme and their respective dependents on a sustainable basis.

1.7 STRATEGIC OBJECTIVES OF THE SCHEME

- (i) **Funding Adequacy:** The primary objective of the Trustees is to ensure the scheme has sufficient funds to meet its current and future pension obligations.
- (ii) **Investment Performance:** The strategic objective is to implement an effective investment strategy that maximizes returns while managing investment risks. The scheme aims to achieve a balanced portfolio, diversify investments, and monitor performance to ensure the long-term growth of assets.

- (iii) **Risk Management:** the schemes face various risks, including investment risk, longevity risk, interest rate risk, and regulatory risk. The objective is to identify, assess, and manage these risks effectively.
- (iv) **Member Security and Benefit Provision:** The objective is to provide secure and reliable retirement benefits to scheme members. This includes accurate calculation and timely payment of pension benefits, effective member communication, and member education regarding their rights, entitlements, and retirement planning.
- (v) **Governance and Compliance:** Effective governance is essential to ensure proper oversight, transparency, and compliance with legal and regulatory requirements. The objective is to establish robust governance structures, policies, and processes that promote accountability, risk management, and good decision-making. Compliance with pension legislation, reporting obligations, and fiduciary responsibilities is a core objective.
- (vi) **Cost Efficiency and Operational Excellence:** The objective is to implement streamlined administrative processes, leverage technology, and adopt best practices to optimize operational efficiency. This allows for effective administration, accurate record-keeping, and cost-effective management of the scheme.
- (vii) **Communication and Engagement:** This is to foster effective communication and engagement with scheme members, the Sponsor, and other stakeholders.

1.8 STRATEGIC PILLARS OF THE SCHEME

The plan has identified five strategic pillars for the plan period. These are:

- 1: Scheme Investments and Solvency**
- 2: Sustainable Governance**
- 3: Operational Efficiency**
- 4: Sustainable Excellent Member Customer Service**
- 5: Compliance and Risk Management**

CHAPTER TWO – SITUATION ANALYSIS

2.1 INTRODUCTION

This chapter presents an overview of the Schemes' current situation. It provides an assessment of the operating environment of the Scheme through a SWOT (Strengths, Weaknesses, Opportunities, and Threats) and PESTEL (Political, Economic, Social, Technological, Environmental, and Legal Factors) Analysis. The roles and expectations of the various stakeholders are also explored through stakeholder analysis.

2.2 EXTERNAL ENVIRONMENT ANALYSIS

2.2.1 POLITICAL ENVIRONMENT

It is recognized that political stability, democratization, empowerment of stakeholders, and legislative and institutional frameworks are critical factors for the operation of any organization. An unstable political climate dampens private sector investment and poses a threat to the overall economic growth. Pension Schemes heavily rely on a stable political climate for investment growth. Currently, the country is addressing its key development challenges including poverty, inequality, youth unemployment, transparency and accountability, climate change, continued weak private sector investment, and the vulnerability of the economy to internal and external shocks.

2.2.2 ECONOMIC ENVIRONMENT

In 2020, the COVID-19 pandemic shock hit the economy hard, disrupting international trade and transport, tourism, and urban services activity. Fortunately, the agricultural sector, a cornerstone of the economy, remained resilient, helping to limit the contraction in GDP to only 0.3%. In 2021, the economy staged a strong recovery, with the economy growing at 7.5% although some sectors, such as tourism, remained under pressure. GDP growth is projected at 5.5% in 2022 and the poverty rate has resumed its trend decline after rising earlier in the pandemic. Although the economic outlook is broadly positive, it is subject to elevated uncertainty, including through Kenya's exposure (as a net fuel, wheat, and fertilizer importer) to the global price impacts of the war in Ukraine.

In addition to aligning the country's long-term development agenda to Kenya's Vision 2030 which aims to transform Kenya into a competitive and prosperous country with a high quality of life—the new government's bottom-up economic model prioritizes agriculture, healthcare, housing, and manufacturing.

The Scheme intends to continue diversifying its investment portfolio in the next five (5) years and will therefore take advantage of overall economic projections laid out in the wider national plans.

2.2.3 SOCIAL-CULTURAL ENVIRONMENT

The increased urbanization, changing lifestyles for the millennial generation, and women's empowerment have presented social-cultural challenges in the management of the Schemes. This is manifested in marital relationships where spouses fail or choose not to exercise their discretion in nominating their beneficiaries as per the provisions of the Scheme Rules. Other social-cultural factors that the Scheme needs to be sensitive to during the planning period, include intergenerational support, increasing life expectancy, and aversion to retirement planning that may erode the levels of adequacy of pensioners' income.

2.2.4 TECHNOLOGICAL ENVIRONMENT

Advancement of ICT has provided an environment for the Scheme to leverage modern communication Technology to manage information and interact with its members in a more efficient and transparent manner.

As a measure of enhancing effective in-service delivery, the Board of Trustees of the Scheme may also consider further expanding its use of both formal and informal media channels for conducting its business. These include SMS, M-Pesa, M-Banking, and use of email services. Other social media such as WhatsApp, Facebook, and other platforms could be viable alternatives.

The Board of Trustees shall pursue innovative opportunities through robust ICT systems that allow the BOT a web-based platform to save and access relevant information that pertains to the Scheme and members' records at any given time.

2.2.5 ENVIRONMENTAL FACTORS

Environmental factors such as climate change, carbon footprint, and responsible investing are increasingly important considerations for Trustees of Retirement Benefits Schemes. Analyzing the potential environmental risks and opportunities associated with the scheme's investment portfolio will help align investments with sustainability goals and manage any potential environmental liabilities.

2.2.6 LEGAL ENVIRONMENT

The Scheme operates as per the provisions of the Retirement Benefits Act (2010), the Schemes' Trust Deed and Rules, and other regulations issued from time to time.

Changes in regulations from time to time may incorporate changes in the Scheme benefits' structure and affect policies that drive the management of the Scheme

For instance, changes in tax laws that exempt Scheme investment income or PAYE for the pensioner is likely to have an impact on the growth of the fund as well as the pensioners' disposal income. This indicates that the evolving legal framework in this sub-sector is likely to impact the performance of the Scheme in the next five years.

2.3 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 the key stakeholders include the Sponsor, the BOT, and Retirement Benefits Authority. The Matrix below outlines the roles and interests of the various stakeholders

Table 1: Stakeholder Analysis

STAKEHOLDERS	ROLE	INTEREST
Scheme Members	• To elect one-third of the Board of Trustees • To provide accurate information about beneficiaries • Attend information briefing sessions • Obtain and clearly understand Scheme documentation	• A secured future with attractive benefits • Regular information on the performance of the Scheme • Prudent management of the Scheme • Accurate statement of benefits • Reasonable return on investments
Sponsor/Employer	• Establish a Pension Scheme to provide employees with retirement benefits • To appoint two-thirds of the Board of Trustees • To provide an oversight role in the management of the Scheme • To ensure the scheme is adequately funded	• Secure future for employees • Ensure retention of employees in the service • Prudent management of the Scheme funds • Representation on the Board of Trustees

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

Board of Trustees	• To manage the Scheme on behalf of the members and the Sponsor. • To act as a link between the Sponsor and the members regarding employee retirement benefits • To provide good governance for the operations of the Scheme • To act in the best interest of members • To ensure prudent investment and returns • Advise members • Compliance with the law	• Secure the future of members. • Grow and sustain the Scheme funds and assets • Independence of the Board of Trustees • Continuous Trustee Education • Risk management including Trustee indemnity to enable them perform effectively • Return on Investments • Benefits are paid out timely • Sponsor interests are taken care of
Scheme Secretariat led by the Scheme Administrator /Chief Executive Officer	• To facilitate registration of members on appointment • Maintenance of membership records • Liaison with Scheme Administrator on all pension matters • Processing of payments due to beneficiaries • Distribution of statements to members • Assist the Board of Trustees in the administration of benefits • Provide general administrative and advisory services to the Board of Trustees • Maintain records of the Scheme members • Comply with RBA and other regulatory requirements for Reports, Returns, Financial Statements, etc. • Update and provide a liability profile for the members • Property management and Rent Collection	• Customer satisfaction • Sustainability of the Scheme • Informed and enlightened members • Continuous training and development • Adequate equipment and systems to facilitate performance. • Opportunity to present and discuss reports, returns, and Financial Statements. • Discretion to deliver services as per contract. • Timely payment of Pensions. • Clear contract documentation
Retirement Benefits Authority	• Provide regulatory framework on fund management • Provide supervision and oversight	• Ensure Scheme compliance with RBA regulations • Minimal member complaints

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

Scheme Fund Managers	• To Identify investment opportunities as guided by the IPS • Advise the Board of Trustees on the Performance of the Scheme and the viable alternatives • Timely provision of funds for disbursement to beneficiaries • Comply with RBA and other regulatory requirements.	• Opportunity to present and discuss reports • Discretion to deliver services as per the contract • Timely payment of Pensions • Clear contract documentation • Fair competition and competitive pricing
Scheme Custodian	• Keep custody of Scheme assets • Reconciliation of bank accounts held by the Scheme managers • Disburse funds for payment of benefits or purchase of assets	• Opportunity to present and discuss reports • Discretion to deliver services as per the contract • Timely payment of Pensions • Clear contract documentation
Scheme Auditor	• Audit Scheme books of accounts • Report to the BOT, the Sponsor, and the AGM • Ensure reports comply with the existing regulations and standards	• Opportunity to present and discuss reports • Discretion to deliver services as per the contract • Timely payment of fees • Clear contract documentation • Proper accounting systems
Actuary	• Scheme Investment Policy Statement formulation • Actuarial reviews • Actuarial valuation to assess the financial solvency and viability of the Scheme and advise the BOT on the suitable level of benefits	• Opportunity to present and discuss reports • Discretion to deliver services as per the contract • Timely payment of dues • Clear contract documentation
Beneficiaries / Dependents	• Provide accurate information for the disbursement of benefits	• Timely payment of benefits • Adequate pension to meet the cost of living • Forum to interact • Member education • Adequate communication on changes
Other Regulatory Institutions such as CMA, KRA	• Provide regulations and policy guidelines in the management of retirement benefits Schemes • Represent government interest in the financial market sub-sector • Provide oversight role in financial market sub-sector	• Ensure corporate governance • Ensure compliance with statutory obligations

	• Provide good corporate governance	
Insurance companies	• Provide a market for annuity purchase • Pay annuities in place of Pensions	• Maintain good customer relationships • Expand their market share
Other Quoted and unquoted companies	• Provide a market for investment opportunities	• Grow their profit margins • Stability of Institutions in the pension industry

2.4 INTERNAL ENVIRONMENT ANALYSIS

The internal environment focuses on factors within the Scheme that impact the approach and success of the Scheme operations. Managing the strengths of this internal operations and recognizing potential opportunities and threats are key to the Scheme's performance. Factors that are considered as part of the internal environment of a pension Scheme include the Scheme risk profile, service providers, and Scheme members in terms of gender and distribution of members together with their age constraints.

The aforementioned factors if not well monitored can adversely affect the Scheme's performance. This is the main reason why operations of all pension funds in Kenya are regulated by the Retirements Benefits Authority to protect the interest of members and sponsors. The RBA issues guidelines on how the Schemes are to be run and the investment limits for the various asset classes. Further, it specifies the roles and responsibilities of the Board of Trustees, Sponsors, and Service Providers.

The Service Providers include:

- Fund Managers;
- Custodian;
- Scheme Property Valuers;
- Auditor; and
- Transactional Advisors.

2.5 ROLES AND RESPONSIBILITIES OF SERVICE PROVIDERS

The general obligations of the Board of Trustees, Fund Managers, Custodians, and Administrators include:

- Ensuring that the Scheme fund is at all times managed following the Retirement Benefits Act and regulations, rules, and any guidelines given by the RBA.

- b. Taking reasonable measures to ensure that the management of the Scheme is carried out in the best interests of the members and sponsors of the Scheme.
- c. Reporting to the RBA as soon as possible upon any unusual occurrence which in their view could jeopardize the rights of the members or sponsors of the Scheme.

2.6 SCHEME ANALYSIS

Membership

As shown in Figure 1, the Scheme has steadily declined in overall membership for the last five (5) years and shown below;



Figure 1: Membership inclusive of pensioners and deferred /suspended members

2.7 FUND MANAGEMENT AND CUSTODY OF SCHEME ASSETS

The Fund Managers appointed by the Board of Trustees are responsible for the investment of the scheme's funds in accordance with the scheme Investment Policy Statement while the appointed Custodian is responsible for safe custody of scheme assets. However, the overall responsibility for investment, performance, and custody of scheme assets lies with the Board of Trustees.

2.8 MEMBER EDUCATION AND AWARENESS

The Scheme conducts member education and awareness creation through AGMs and field visits to Members. In carrying out this education and awareness, the Scheme uses various Scheme service providers, consultants, and the BOT. However, the Board of Trustees is interested in raising the Member's awareness through member sensitization sessions in collaboration with the Scheme Administrator.

To increase effectiveness in member education, the Scheme will carry out targeted member education that is informed by the language, age, and gender profiles. Other trainings will be informed by valid needs assessments of the members.

2.9 AUDIT

The Scheme has contracted Auditors from time to time who audit the books of accounts annually and submits an audit report to the Board of Trustees, Retirement Benefits Authority, and the Sponsor. The same report is presented to the members during the Annual General Meetings (AGMs). The submission of the reports is done within the time stipulated under the Retirement Benefits Act.

2.10 SUBMISSION OF REPORTS AND RETURNS

The Scheme is required to submit periodically to RBA the following reports and returns:

- i. Investment reports (quarterly);
- ii. Audited Financial Statement (annually);
- iii. Report on assets of the Scheme held by the Custodian (Quarterly);
- iv. Reports to the Sponsor (Quarterly);
- v. Report of the assignment of benefits and purchase of Residential Houses by Members (Quarterly);
- vi. Actuarial valuation after every three years; and
- vii. Investment Policy Statement after every three years.
- viii. Report on any unclaimed benefits to UFAA – every three years

The above reports are submitted within the stipulated timelines. These reports are used by the Board of Trustees, the Sponsor, and the RBA in decision-making.

INSTITUTIONAL STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS (SWOT) ANALYSIS

Table 2 shows the SWOT that was identified:

Table 2: The Schemes Internal Situational Analysis (Strengths and Weakness)

STRENGTHS	WEAKNESSES
Prime offices for rent - Being a scheme with sufficient assets to cover liabilities the funding level is 166% as of 30th June 2022 - Prime real estate properties - Quick decision-making in the BOT - Supportive & stable sponsor - Qualified & certified Board of Trustees - Skilled diversity of the BOT - Competent service providers - Existing governance tools - Competent secretariat staff - Existing Governance policies - Interest of the Government of Kenya to acquire land for affordable housing. - Low scheme expense ratio	- Poor rent collection mechanism due to hostilities and cartels in the Estates - Political Interference in rent collection - Dilapidated properties reduce rent - Delayed Payment to pensioners - Car Park Revenue collection leakages - Being a closed Scheme hence no newer members or contributions - Overreliance on the sale of property as the Scheme's main source of income (Schemes investment not being diversified) - Properties without title deeds - Properties with accumulated land rates - Legal cases that have or could have heavy financial implications for the Scheme or cases that encumbers schemes properties - Non-compliance with RBA Regulations - Negative perception/poor image of the scheme.

- The current investments are not adequately generating enough income to cover monthly pension payments.
- Some of the pensioners' associations have a negative political impact on governance.
- Properties encroached on and illegally grabbed.
- Insufficient Secretariat staff

Table 3: The Schemes External Situational Analysis (Opportunities and Threats)

OPPORTUNITIES	THREATS
• Upgrade of Fund master underway • Payment of pensioners through M-Pesa mode & other platforms • Rent collection through M-Pesa • High returns in the real estate sector/property boom • Favorable economic outlook leading to prospective investment returns from investment properties • Availability of sources of finance & venture capital • Increase Brand visibility • Consider auxiliary member benefits such as the last expense • Annuitization of the monthly payouts • Venture into D-REIT & I-REITS • Joint venture through Public-Private Partnership • Biometric member data capturing • Data cleaning •	• Delays and underpayment of rent payment • Pandemics e.g., Covid-19 • Poor housing conditions • Lack of security in our estates • Increased member activism • Legal framework/government policies that are likely to affect the scheme's cash outflow negatively e.g. increase in minimum pension • Numerous litigation from members & other stakeholders • Increased agitation of members for higher payment • Short term nature of the Trustee's term may impact the ability to execute long-term projects • Poor succession planning as Trustees' terms are not staggered • Scheme dissolution by the Government of Kenya to take over the Scheme land.

- | | |
|---|--|
| <ul style="list-style-type: none">• Setting up a legal department• Upgrade ICT systems• Enhance operational efficiency I.e. Budgeting• Develop a Management framework for the secretariat• Develop a Brand communication strategy• Interest from the GOK to acquire land for affordable housing. | |
|---|--|

CHAPTER THREE- STRATEGIC FRAMEWORK

3.1 INTRODUCTION

This chapter outlines the strategic direction of the Scheme, in form of the strategic objectives, strategies, and key results to be pursued in the next five years. The Strategic Plan provides for an accelerated and effective implementation of identified programs that will enhance service delivery while at the same time providing for the growth of the Scheme.

To ensure that each of the pillars is comprehensively addressed a number of strategies have been formulated for each objective. A set of activities have been identified for each strategy to work towards the achievement of the desired results. A results matrix has been developed and attached as Annex II. The following section, therefore, presents the strategic objectives, proposed strategies, and actions to be undertaken under each strategy:

3.2 STRATEGIC OBJECTIVES

a) Scheme Investments and Solvency

- Annuitization
- REITs-Income/Development REITs
- Gradual sale of Scheme properties
- Joint ventures with other Pension Schemes (Private Equities/Real Estate Developers) to spread the risk
- Optimization of investment return on property
- Grow net rental yield from the current rate of 1% to 5%

b) Sustainable Governance

- Implementation of the governance manual
- Implementation of the various policies in place
 - ICT policy
 - Board Charter
 - Trustee Election
 - Governance Manual
 - Succession Policy

- Communication and dispute resolution policy
 - Trustee Remuneration policy
 - Conflict of interest policy
- Annual Board Evaluations
- Scheme Brand manual & PR strategy
- Budgets monitoring tool-Keeping the cost below 2%
- Monthly tracking of Scheme performance – monthly management reports
- Review of the Trust Deed and Rules
- Review of the Investment Policy Statement

c) Enhanced Operational Efficiency

- Review of the secretariat structure
- Development and implementation of the Project Management System
- Digitization and records management policy
- Audit of Scheme operational process flows
- Annual Certificates of Existence & Nomination of Beneficiaries forms through a biometric system
- Establish service Providers' SLA with clear targets and Performance Measurement
- Implement, monitor, and evaluate the scheme's Strategic Plan

d) Sustainable Excellent Member Service

- Formulation of member education and communication strategy
- Annual review and updating of beneficiary records
- Conduct regular Member satisfaction surveys
- Development and implementation of the Scheme service charter
- Annual pension increments
- Basic medical insurance cover
- Conduct member education on lifestyle diseases

e) Compliance and Risk Management

- 100% Compliance with the law, regulations, and policies
- Quarterly monitoring of scheme compliance status
- Carry out annual Scheme governance audit
- Implementation of scheme risk management framework

- Monitor scheme risk registers on a quarterly basis
- Undertake quarterly risk assessment
- Develop Risk mitigation measures
- Quarterly risk management reporting
- Review of member communication material to comply with DPA.
- Engage service providers with clear DRP and BCP

3.3 STRATEGIC PLAN ASSUMPTIONS

In developing this Strategic Plan, the following assumptions are made:

- a) The Scheme will continue to operate as a going concern (the Scheme will be operational into the unforeseen future regardless of changes in management) with a long-term horizon for purposes of planning and investment.
- b) The Sponsor will continue to support the Scheme e.g. appointment of Sponsor Nominated Trustees and funding
- c) The contracted service providers shall continue to deliver the required services at the highest standards of professionalism.
- d) The status of the Sponsor will remain as currently constituted.
- e) There will be minimal changes to legislation and thus the associated costs of compliance are minimal
- f) Political stability will be maintained.
- g) Economic growth rate will revert to a higher level than the 2020 – 2022 period.
- h) Transition within the Board of Trustees will continue to be seamless to maintain institutional memory.
- i) There will be continued funding available from the Sponsor to support the Scheme in case of need.

CHAPTER FOUR - PLAN IMPLEMENTATION

4.1 INTRODUCTION

This chapter presents details on the operationalization of the objectives by linking plan formulation to monitoring and evaluation. The chapter consists of an action plan, coordination mechanisms, accountability, risks, and risk management measures.

4.2 ACTION PLAN

This section forms an important component of the strategy development process. It sets the required framework upon which monitoring and evaluation of the Strategic Plan will be done by documenting what needs to be done when it needs to be done, by whom, and the resources needed to do it.

The action plan will be broken into Annual Operational Plans and cascaded to Committees and Service Providers.

The Action Plan helps in both the appraisal of performance and the identification of any remedial actions. It also helps to motivate stakeholders through explicit assignments of responsibilities for implementing and monitoring programs. The relevant results matrices are presented in Annex II.

4.3 RESOURCES

Resources are essential for implementing this Plan. Inadequate finances, human resources, and facilities may negatively impact the implementation of the planned activities. The Scheme will mitigate these risks by enhancing resource mobilization.

4.4 RISK ASSESSMENT AND MANAGEMENT

The Board of Trustees recognize that they are operating in an uncertain environment with many risks both from the internal and external environment. The business environment is less stable and, in most cases, volatile, the workplace is becoming more dynamic, employees are becoming more knowledgeable, technology is rapidly changing, and global influences are becoming less predictable. For this reason, it has become necessary to have a robust risk assessment and management program.

The risk management process has three major components namely:

- Risk identification,
- Risk assessment,
- Risk measurement, and
- Risk Control

The risk matrix to be used in the plan is attached in ***Annex I of Chapter Six.***

CHAPTER FIVE - MONITORING AND EVALUATION FRAMEWORK

5.1 INTRODUCTION

This chapter presents the monitoring plan for the activities identified to attain the Scheme's set objectives as articulated in Annex II. This is an inbuilt mechanism for monitoring the progress of the implementation.

The Scheme anticipates to maximize returns and minimize costs and losses in the investment of the available assets as guided by Scheme Trust Deed and Rules and the Investment Policy Statement. The Monitoring and Evaluation framework is a tool for reviewing progress and identifying areas that need intervention measures to refocus the Scheme's activities.

The Scheme has identified activities whose implementation will be monitored continuously during the planned period. The monitoring plan will establish a mechanism for providing critical information to the Scheme Board of Trustees for purposes of decision-making.

5.2 MONITORING AND EVALUATION OF THE STRATEGIC PLAN

Various strategies will be implemented to ensure the implementation of the Strategic Plan. These include:

5.2.1 PLAN IMPLEMENTATION

The BOT will ensure that strategies and programs are properly implemented, benchmarked with other Retirement Benefit Schemes, performance indicators measured, progress reports made and discussed, and corrective actions are taken where necessary.

5.2.2 ANNUAL WORK PLANS

The Strategic Plan implementation shall be monitored through annual targets. The targets will be cascaded to all stakeholders. This will help the Trustees and Service Providers to embrace the Plan.

5.2.3 DATA AND INFORMATION COLLECTION PROCEDURES

Elaborate data and information collection templates and procedures will be developed to measure performance as per the indicators and report appropriately to the BOT.

5.2.4 REGULAR/PERIODIC MEETINGS

Quarterly Reports and Meetings will be scheduled at the Committee and BOT levels to track implementation of the Strategic Plan.

5.2.5 ANNUAL, MID-TERM, AND END TERM REVIEW

The annual report will review the year's activities and indicate the extent to which the BOT has implemented the Plan. A mid-term evaluation of the Strategic Plan will also be carried out in the third year of implementation of the Plan. An end-term evaluation review will also be carried out in the fifth year that will summarize the results in terms of lessons learnt. These lessons will inform the next planning cycle and the same shared with both internal and external stakeholders.

CHAPTER SIX - FINANCIAL REQUIREMENTS

6.1 FINANCIAL REQUIREMENTS FOR IMPLEMENTATION OF THE STRATEGIC PLAN

The Scheme will need an estimated Kshs **620,200,000.00** to implement the activities that will lead to the achievement of Strategic Plan goals and objectives. This cost includes payment of Scheme service providers, professional fees, and the development and revision of governance documents.

The Plan provides a budget breakdown per financial year for key activities for the five years as highlighted in the appendix.

6.2 RESOURCE FLOW AND UTILIZATION STRATEGIES

The Scheme will draw its funding from the return on investments. This, therefore, means that the Board of Trustees has the obligation of investing in asset classes that have high returns while at the same time managing risks.

The Scheme will strive to minimize costs and losses by strengthening internal systems in resource utilization. To achieve this, the Scheme will provide adequate training to the Board of Trustees and Scheme Secretariat Staff. The BOT will appraise the service providers as a way of ensuring that the Scheme realizes value for money from service providers.

6.3 RETURNS ON INVESTMENT

Return on investments is one of the major sources of Scheme income. The Scheme's ROI is limited by the current allocation of properties. Through diversification, the Scheme will have more leeway to select asset classes that will yield more returns.

The matrix appended as Annex II and III provides a summary of activities and projected costs for plan implementation.

ADOPTED AND EXECUTED ON THE..... BY:

KENYA RAILWAYS STAFF RETIREMENTS BENEFITS SCHEME

)
SIGNED AND DELIVERED)
By MR. MARTIN MOGWANJA)
)
In the presence of;)
)
)
Witness.....)
)
Name.....)
)
Address.....)

)
SIGNED AND DELIVERED)
By MR. PHILIP JAMHURI MAINGA)
)
In the presence of;)
)
)
Witness.....)
)
Name.....)
)
Address.....)
)

)
SIGNED AND DELIVERED)
By CS. DENNIS BANDA AROKA)
)
In the presence of;)
)
)
Witness.....)
)
Name.....)
)

Address.....)

SIGNED AND DELIVERED)
By CHRP. WILBERFORCE ASAVA KADIMA)
)

In the presence of;)
)
)
)

Witness.....)
)
)

Name.....)
)
)

Address.....)

SIGNED AND DELIVERED)
By CPA. JACQUELINE M'MBOGAH)
)

In the presence of;)
)
)
)

Witness.....)
)
)

Name.....)
)
)

Address.....)

SIGNED AND DELIVERED)
By MR. JAMES KARIUKI KANYEKI)
)

In the presence of;)
)
)
)

Witness.....)
)
)

Name.....)
)
)

Address.....)
)

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

SIGNED AND DELIVERED)
By **MR. HENRY WAMUKOTA TOILI**)

In the presence of;)
)

Witness.....)
)

Name.....)
)

Address.....)

SIGNED AND DELIVERED)
By **MR. ELIJAH OGOTI MOKAYA**)
)

In the presence of;)
)

Witness.....)
)

Name.....)
)

Address.....)

ANNEXES

ANNEX I - RISK MANAGEMENT MATRIX – 2022-2027

ISSUE	RISK	LIKELIHOOD	IMPACT	MITIGATION MEASURES	ACTORS
-------	------	------------	--------	---------------------	--------

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

TECHNOLOGY	Misallocation of member balances, Rapid changes in technology	Probable	Low	Data Security Monitoring of ICT capability and responsiveness	BOT and Delegated service providers.
FRAUD	Remittances paid to different payee;	Remote	Low	Strengthen Controls in payment process	Sponsor
	Collusion of service providers, leading to loss of funds	Probable	High	Continuous monitoring of operations of service providers	BOT
MARKET FAILURE	Reduction in Fund value	Probable	High	Diversification	BOT and Fund managers
POOR PERFORMANCE OF SECURITIES MARKET	Low returns investment on equities and bonds investment	Probable	High	Diversification of investments	BOT and Fund managers
INSTABILITY OF EXCHANGE RATES	Low returns on offshore investment	Probable	Low	Diversification of investments	BOT and Fund managers
VOLATILITY OF INTEREST RATES	Volatility in returns	Probable	High	Diversification of investments	BOT and Fund managers
CHANGES IN LAWS AND REGULATIONS BY GOVERNMENT	Low/High return on investment	Probable	High	Comply	BOT and Scheme administrator
CHANGE IN THE MANDATORY RETIREMENT AGE AND RETRENCHMENT	Un-projected withdrawals from the fund	Probable	High	Invest in near cash assets	BOT and Fund Managers
POLITICAL INSTABILITY, TERRORISM AND INSECURITY	Low returns on investment, Reduction of fund value	Remote	High	Invest offshore and insurance	BOT and fund managers
ECONOMIC RECESS	Low returns and reduction in fund value	Remote	High	Establish a reserve fund	BOT
LITIGATION	Cost of legal representation in courts and reputational damages. Delays in settlement.	Remote	low	Insurance for the Board of Trustees.	BOT

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

GOVERNANCE	Conflict of interest, inadequate Skills and vested interest	Remote	low	Variety of skills in Trustee Composition, training and Governance charter.	BOT
NATURAL DISASTERS	Disruption of operations	Remote	High	Disaster Recovery Plans	BOT and Service Providers
OWNERSHIP STATUS OF PROPERTY	Exposure to land grabbing/loss of property	Probable	High	Taking possession of the property.	BOT
POOR / INEFFICIENT MANAGEMENT OF PROPERTY	Low return on the property	Probable	High	Hire a property manager	BOT and Sponsor

ANNEX II - RESULTS MATRIX (2022-2027)

* - Lead Responsibility

Objectives and Initiatives	Ownership responsibility	Outcome	Timeframe
----------------------------	--------------------------	---------	-----------

Pillar 1: Scheme Investments and Solvency

Annuitization	✓ BOT* ✓ Secretariat ✓ Appointed Actuary ✓ Appointed Consultant ✓ Scheme Fund Manager ✓ Insurance company	Pensioners' liability outsourced to an insurance company Achieving the minimum statutory funding level Improved Scheme liquidity Timely settlement of pensioners' dues Improved Scheme compliance & risk management status	June 2024
Investment of REITS	✓ BOT* ✓ Secretariat ✓ Appointed Actuary ✓ Scheme Fund Manager	Diversification of investments Improved Scheme liquidity requirements Improved Scheme compliance with RBA investment guidelines Reduced exposure to direct property investments	December 2025
Review of the Investment Policy Statement	✓ Secretariat* ✓ Scheme Fund Manager ✓ BOT ✓ Appointed Consultant	Diversification of investments Improved Scheme compliance with RBA investment guidelines Achieve target investment return Monitoring investments & performance of the fund manager	December 2023

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

		Clear performance benchmarks Management of investment risks	
Gradual sale of Scheme properties	✓ Secretariat* ✓ BOT ✓ Scheme Fund Manager ✓ Appointed Consultant	Improved liquidity Compliance with regulations (PPDA) Timely pension payouts	2022 – 2027
Joint ventures with other Pension Schemes/Private Developers to spread the risk	✓ BOT ✓ Scheme Fund Manager ✓ Secretariat* ✓ Appointed Consultant	Increased Scheme liquidity	December 2027
Pillar 2: Sustainable Governance			
Implementation of the various policies in place	✓ BOT* ✓ Secretariat ✓ Service providers	Compliance with good governance guidelines Improved Scheme governance Risk management Improved efficiency or service delivery	June 2023
Annual Board Evaluations	✓ BOT* ✓ Secretariat ✓ Appointed Consultant ✓ Sponsor	Improved efficiency or service delivery Risk management Compliance Improved Scheme governance Clear channels for giving feedback to the BOT & Secretariat	Annually

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

Establish a Scheme Brand manual & PR strategy	✓ Secretariat* ✓ Appointed Consultant ✓ BOT	Minimized Scheme reputational risk Aligned & clear communication materials & channels	June 2024
Budgets monitoring tool- Keeping the cost below 1%	✓ Secretariat* ✓ Scheme Fund Manager ✓ BOT	Reduced operational costs Improved funding position	Annually
Monthly tracking of Scheme performance	✓ BOT* ✓ Secretariat	Monthly management accounts Compliance	By July 2023, at the end of every subsequent month
Review of the Trust Deed and Rules	✓ BOT* ✓ Secretariat ✓ Appointed Consultant	Scheme Compliance Proper Governance of the scheme	June 2023
Pillar 3: Enhanced Operational Efficiency			
Review of the secretariat structure -Job Analysis -Job Evaluation -Job Descriptions updated -Org Structure updated -Competency Grading -Salary survey -Revised contracts -HR manual and policies	✓ BOT ✓ Secretariat* ✓ Appointed HR Consultant	Proper Governance of the scheme Improved efficiency Clear operational procedures	June 2024
Development and implementation of the Project Management System (PMS)	✓ BOT ✓ Secretariat* ✓ Appointed Consultant	Clear operational procedures	June 2024
Digitization and records management policy Implementation of Data Protection and compliance policy	✓ BOT ✓ Secretariat* ✓ Appointed IT Consultant	Improved efficiency Ease of access & retrieval of data	December 2023

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

		Risk management	
Audit of Scheme operational process flows (Systems audit)	✓ BOT ✓ Secretariat* ✓ Appointed Consultant	Risk mitigation Streamlined Scheme operation process flow	Annually, included in the Audit ToRs from June 2023
Annual Certificates of existence for members, beneficiaries & Nomination of Beneficiaries (NOB) forms through a biometric system	✓ BOT ✓ Secretariat*	Improved efficiency Ease of access & retrieval of data Risk management i.e. Reduced fraud Up-to-date member and beneficiaries' records	Annually, from November 2023
Establish service Providers' SLA with clear targets and Performance Measurement Re-bid all Service Provider Contracts annually	✓ BOT ✓ Secretariat* ✓ Appointed Consultant	Improved service delivery to the scheme Ease of monitoring of service providers' performance	December 2023
Implement, monitor, and update the scheme's Strategic Plan	✓ BOT* ✓ Secretariat ✓ Appointed Consultant	Achieved Scheme objectives & targets Improved Risk management & mitigation	Annually
Establish a risk and compliance policy and strategy	✓ BOT ✓ Secretariat*	Compliance with regulatory requirements Improved process flows Effective Scheme Risk management & mitigation	June 2024
Pillar 4: Sustainable Excellent Member Customer Service			
Formulation of member education and communication strategy and plan	✓ BOT ✓ Secretariat* ✓ Appointed Consultant	Compliance with regulatory requirements Risk management Well-informed members reduce litigation risk	January 2024

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

		Improved Transparency & trust between members & Trustees	
Conduct regular Member satisfaction and feedback surveys	✓ BOT ✓ Secretariat*	Developed customer satisfaction survey tool, collected data, analyzed data, Reports & Implemented findings	Annually
Development and implementation of the Scheme service charter	✓ BOT ✓ Secretariat*	Service efficiency	January 2024
Procure a basic medical insurance cover for pensioners (NHIF)	✓ BOT* ✓ Secretariat	Increase Member satisfaction Risk management	January 2024
Conduct member education on lifestyle diseases	✓ BOT ✓ Secretariat* ✓ Appointed Consultant	Compliance with regulatory requirements Risk management Well-informed members reduce litigation risk Improved Transparency & trust between members & Trustees	January 2025
Develop & implement a risk management and compliance framework	✓ BOT* ✓ Secretariat ✓ Appointed Consultant	Compliance with regulatory requirements Improved process flows	June 2024
Actuarial assessment of the following; - Minimum pension - Increase Beneficiary Benefit from 5 years to 10 years - Basic medical cover for pensioners	✓ BOT* ✓ Secretariat	Improved pension benefits to members Social protection	June 2023
Development and implementation of Dispute resolution framework including	✓ BOT ✓ Secretariat*	Established Dispute Resolution committee & systems	March 2024

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

ADR (Alternative Dispute Resolution)			
Development of a Scheme compliance checklist	✓ BOT ✓ Secretariat*	Improved process flows Compliance with regulatory requirements	December 2023
Implement the current deferred benefits strategy and develop an effective framework of risk mitigation for deferred members	✓ BOT ✓ Secretariat* ✓ Appointed Consultant	Compliance with regulatory requirements Up-to-date member data	June 2023
Target of 100% compliance on all key compliance items	✓ BOT* ✓ Secretariat	Compliance with regulatory requirements	Quarterly

ANNEX III – PLAN IMPLEMENTATION COST ESTIMATES (2022-2027)

Strategy	Objectives and Initiatives	Estimate Costs 2022/23	Estimate Costs 2023/24	Estimate Costs 2024/25	Estimate Costs 2025/26	Estimate Costs 2026/2027	Total Cost
		(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs)	
Pillar 1: Scheme Investments and Solvency	Annuitization cost	300,000	300,000				600,000
	REITS Establishment & management	300,000	300,000	300000	300000	300000	1,500,000
	Review of the Investment policy			500,000			500,000
	Joint ventures with other Pension Schemes to spread the risk (Legal Fees)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Pillar 2: Sustainable Governance	Implementation of the governance manual & policies	-	-	500,000	-	-	500,000
	Annual Board Evaluations	200,000	200,000	200,000	200,000	200,000	1,000,000
	Establish a Scheme Brand manual & PR strategy	150,000	150,000	150,000	150,000	150,000	750,000

KENYA RAILWAYS STAFF RETIREMENT BENEFITS SCHEME STRATEGIC PLAN

	Budgets monitoring tool-Keeping the cost below 2%	100,000	100,000	100,000	100,000	100,000	500,000
	Review of the Trust Deed and Rules			100,000			100,000
	Fund Administration Cost	58,200,000	58,200,000	58,200,000	58,200,000	58,200,000	291,000,000
	Staff Costs	49,900,000	49,900,000	49,900,000	49,900,000	49,900,000	249,500,000
	Audit Fees	700,000	800,000	900,000	1,000,000	1,100,000	4,500,000
Pillar 3: Enhanced Operational Efficiency	Review of the secretariat structure	100,000	100,000	100,000	100,000	100,000	500,000
	Development and implementation of the Project Management System (PMS)	100,000	100,000	100,000	100,000	100,000	500,000
	Digitization and records management policy	200,000	200,000	200,000	200,000	200,000	1,000,000
	Audit of Scheme operational process flows	150,000	150,000	150,000	150,000	150,000	750,000
	Annual Certificates of Existence & Nomination of Beneficiaries (NOB) forms	100,000	100,000	100,000	100,000	100,000	500,000

	through a biometric system						
	Establish service Providers' SLA with clear targets and Performance Measurement	50,000	50,000	50,000	50,000	50,000	250,000
	Implement, monitor, and evaluate the scheme's Strategic Plan	100,000	100,000	100,000	100,000	100,000	500,000
Pillar 4: Sustainable Excellent Member Customer Service	Formulation of member education and communication strategy			500,000			500,000
	Annual review and updating of beneficiary records	150,000	150,000	150,000	150,000	150,000	750,000
	Conduct regular Member satisfaction surveys	100,000	100,000	100,000	100,000	100,000	500,000
	Development and implementation of the Scheme service charter			100,000			100,000
	Conduct member education on lifestyle diseases	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	7,500,000

Pillar 5: Compliance & Risk Management	Develop & implement a risk management and compliance framework			200,000			200,000
	set up a Dispute resolution including ADR (Alternative Dispute Resolution)			500,000			500,000
	Development and implementation of the Scheme compliance measurement tool			500,000			500,000
	Review the current deferred benefits and develop an effective framework of risk mitigation for deferred members			600,000			600,000
	Establish a Risk and Compliance department	500,000	500,000	500,000	500,000	500,000	2,500,000
	RBA Levy	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	25,000,000
Total Cost Per Year		119,900,000	120,000,000	131,400,000	128,900,000	120,000,000	620,200,000