DRAFT

NARO Staff Provident Fund Scheme

Together we grow & Retire with Dignity

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THE STRATEGIC BUSINESS PLAN

2012/2013 – 2014/2015

This Document contains 71 pages

*"The creations of Blue Oceans don't use the competition as their benchmark. Instead, they follow the strategic logic known as – **Value Innovation. In value innovation**, instead of focusing on beating **the competition** you focus on **making the competition** by creating **a leap in value** for Buyers and your company thereby opening up new and uncontested market space. **Value Innovation** occurs only when companies **align innovation** with utility and cost" **Blue Ocean Strategy – W.Chan Kim***

Table of Contents

FOREWORD BY THE CHAIRMAN OF THE BOARD OF TRUSTEES

Against the background of the ~~UNRBA~~ URBRA Act 2011 and the upcoming Pension Liberalization Bill; the process leading to the development of this Strategic Plan involved extensive consultations with a number of Stakeholders both ~~in~~ internal and ~~outside~~ External the scheme – in and outside the country.

In order to operationalize the plan, the Board of Trustees will have to review it.

So; it is with great pleasure that I share with you some thoughts on this specific milestone in the Scheme's evolution.

It is important to note that this plan was prepared through a collective effort that involved all of the Scheme's resources starting from ;

1 - understanding the challenges in the legal and regulatory pension sector

2 - planning and exploring options , possibilities and opportunities likely to be brought about by the changes

3 - implementing and consolidating strategies to adopt and cope from 2010 throughout 2011 and a good part of 2012. This plan takes into consideration best practices in Investment stewardship, Governance, Professionalism,

Compliance and a responsive structure as well as experiences of the pension industry and multi-sectoral partners in the economy and beyond.

I wish to take this opportunity to thank all Trustees and NRBS members for their active contributions during these consultations and congratulate them on their resourcefulness and initiative to develop our new collective ambition.

Our Trustees are determined to lead a culture change in line with the UNRBA Act 2011 and the upcoming Pension Sector Liberalization Bill; A culture that goes beyond fostering stronger in-house ownership of the Scheme's strategic priorities but also one that helps heighten awareness of member's individual roles in implementing them.

Hence the need for radical review of:

- The entire scheme's Strategic Plan
- The structure of the Fund i.e. decision making
- Systems thinking
    - Seeing the big picture (the forest and the trees)
    - Appreciating the interdependencies
    - Giving voice and attention to the long term
    - Anticipating the unanticipated consequences
    - Understanding our future
- The appointment or selection criteria for the Custodian
- The systems especially IT infrastructure
- The culture of execution- regular reporting and strict accountability.

- A member - centric rhythm responsive to members' real needs, interests and preferences.
- The scheme's Operating manual
- Awareness sessions on Retirement planning for members
- The profile and visibility of the scheme using a multi media approach e.g. website, social media, etc.

The degree of member engagement in the process and the quality of their contribution ensured that the plan provides an accurate assessment of the scheme's institutional capabilities on which the Board of Trustees is expected to base their strategic choices....going forward.

The strategic plan we present here therefore is the powerful instrument of dialogue and partnership; to define, to position the scheme and realize its contributions in order to respond to the threats and challenges of **Retirement, post- work life, poverty reduction, steady income flows, SME, entrepreneurship,** and **bottom – of – the – pyramid** business hazards while capitalizing on the changes in the macro - economic context.

The Plan has thus been designed as a dynamic and flexible tool to prepare **better than ever before** to play a leading role in the pension sector by above average pension standards!

I am therefore convinced that with a broadly shared vision, a membership owned strategic plan and a new Fund Management structure responsively designed to converge the Scheme's capabilities and resources on its key strategic choices; the scheme will attain the levels of returns and member development effectiveness expected by its customers, partners and shareholders.

I must caution that for the Strategic Plan to succeed, a number of key issues and concerns will need to be addressed by the Regulator on one hand and between the NRBS and the Regulator on the other.

I hope you will find this plan useful. I thank you in advance for sharing with us, at your earliest convenience, any comments and observations you may have with a view to their incorporation in our forthcoming reviews.

To this end, I wish to once again thank you for your continued contribution and interest in the Scheme's potential and prospects.

Edward Ssewannyana (Dr)
Chairman

THE BOARD OF TRUSTEES

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EXECUTIVE SUMMARY

Our NRBS Strategic Plan focuses on:

Rebranding the past, ~~the past~~, the present and the future!

Rethinking the way we have come together and have continued to stay together!

Reinventing the way we work!

Reviving the way we operate!

In short, we embrace a new collaborative, flexible and holistic approach. How we handle the above today will surely determine how far we go tomorrow. Collaborative engagement, **the glue** that creates a unified culture prepared for disciplined execution - **the grease** that drives productive change. To that end; the plan proposes that the Scheme in close cooperation with its members and partners identifies its key strategic themes and operational priorities so as to focus on a selective core of activities; department by department where each department's expertise, experience and actions would be far reaching and more likely to produce tangible profitability with a view to attaining these objectives.

The Scheme will give priority to;

- Improving Operational efficiency through better service delivery processes,
- Growing membership Trust
- Improving member (customer) service to 90% as measured by customer satisfaction levels.

- Growing membership diversity (membership centricity)
- Leveraging strategic partnerships.
- Asset allocation and a diversified investment portfolio.
- Improve the Scheme's culture.
- Develop a business intelligent system that puts the Scheme ahead of the market.

Over the same period, significant attention and action will be given to cross cutting themes such as Pre-retirement training, our awareness sessions, provision of information and advice on cottage industrial value chains, micro enterprise, financial literacy campaigns, regional trade, etc.

In 2013 - 2015; the Scheme plans to **Accelerate, Consolidate and Leverage** on all its achievements so far by raising stakes in better portfolio quality at entry, customer centricity and continuous innovation. The supervision and monitoring of ALL the Scheme operations will be strengthened with a view to improving and ensuring the timely completion of expected actions by all parties involved in the implementation of investment projects. Hence the emphasis on the culture of **Execution, Accountability** and **Focus**!

It is important to highlight that the Scheme will resolutely pursue the policy of effective collaboration between the Regulator, the Custodian and the Administration as per operational manual, deconcentration and decentralization of both strategic and operational activities in rolling out the performance measurement system.

In addition, our Business technology systems should connect members, the Secretariat, business and machines. The result will surely be better communication in terms of timelines and increased workforce productivity, enhanced accuracy collaboration and more transactions. That will constitute **High Performance...** delivered!

The important function of this Strategic Plan is to provide an integrated framework that will strengthen the coordination of the activities of the individual Operations and non-Operational Units of the scheme and ensure that all work together in a coherent manner to achieve the greatest impact on poverty reduction. This framework will also help ensure that the human, financial and institutional resources of the scheme are developed and allocated in accordance with the strategic priorities established.

Finally; this document offers an interactive strategic framework complete with directions for the scheme as well as some core strategic choices over the next three years, 2013 - 2015. This document also proposes to introduce a dynamic Business Compact to provide a clear and stable set of annual objectives to ensure that all the NRBS Stakeholders will pull together and in the same direction.

This is essential to enhance the internal alignment of the resources relative to the institutional objectives in the scheme's quest for improving and deepening its internal effectiveness in order to achieve accelerated growth.

Customer How important / Weight **30%**	Increase member satisfaction up to **90%**
Profitability **30%**	Increase profitability **90%**
Business Process **25%**	Improve service delivery – **80%** Leveraging on partnerships – **20%**
The Scheme's Capacity **15%**	Improve productively – **60%** Improve culture – **30%** Improve Business Intelligence – **100%**

ANNICES - to this document – give further detail on the specific programmes and activities intimately connected to the strategic plan and the SCOR analysis – on a department by department basis.

Following the Strategic Plan approval, the Trustees will hold a series of workshops with stakeholder representatives – Government, Non – Government, Private sector, Associations, Corporate entities, and key development partners.

The objective will be to help disseminate the scheme's strategy and prepare the ground for further strategic consultations, refinements and review processes – in 2013 and beyond!

SECTION 1

2012/2013-2014/2015

BACKGROUND TO THE STRATEGIC PLAN 20~~13 - 2015~~

The Uganda Retirement Benefits Regulatory Authority Act 2011 will regulate pension schemes and ensure that workers' money is not abused. Here, the ultimate goal for the government is to guarantee that workers get a better deal. ~~This is why we stopped private schemes from investing workers saving abroad~~

NARO Retirement Benefits Scheme (NRBS) exists and works independently of NARO. Its single most important rationale for existence is to mobilize, grow, protect and disburse savings of members who are currently staff of NARO.

NRBS has continued to build relationships with its customers (NARO staff) focusing on fundamentals of *Good Governance , Strong liquidity, Risk Management, Cost efficiency and growing Capitalization.*

However, with the enacting of the Law of ***Liberalization*** of the Pension Sector and the Bill for the creation of ***Retirement Benefits Authority***; a new set of realities and challenges face NRBS.NRBS sees the new challenges in the regulatory framework, the challenges in the market and the challenge of Business conditions not as a threat but as a set of new opportunities.

Owing to its ever-growing size and complexity in operations and investments, arrangements should be made to have a separate management structure. As the scheme matures, there is need to have in place well formulated business and strategic plans to guide its operations in both the short and long term. These plans would be based on best practice and the latest trends in the social security and pensions industry for the benefit of members.

The scheme has a strong **HISTORY** and track record of **STABILITY** and **CORPORATE GOVERNANCE.**The scheme is currently designing key strategic initiatives aimed at strengthening its position as one of the key market leaders. In line with this drive, the scheme's sense of anchored identity is made up of focused, energetic and results- oriented professionals – with individual track records of outstanding achievements – in dynamic environments

WHAT WE ARE FACING NOW;

The era of severe uncertainty is here with us: *Uncertainty is the new Certainty!!*

From the recent *World Economic Forum in Davos 2012*; we all learnt that - No one really knows what is coming next!

For example; who in 2010 would have predicted that Uganda's inflation would be 30%; that the exchange rate would swing upwards so drastically; that the interest rates would remain so turbulent! Who would have **KNOWN** about the prolonged Eurozone paralysis?

Supposing all our core revenue was to come from those Eurozone countries; who would have known of the advent of the growing army of young, educated, connected, jobless and misadvised youth? These are the consumers and employers of tomorrow! Who in 2009 / 2010 would have known about the prolonged drought and skyrocketing food prices?

In summary;

- Food crisis
- Drought
- Financial turbulence
- Fuel crisis

Today the Retirement age is being pushed upwards. People live longer courtesy of explosive breakthrough in Medicine research and Clinical services.

The Corporate Governance rules are changing *(See attached Walter Robert Report)*

WHAT WE PLAN TO DO;

This plan calls for **CAUTION, FLEXIBILITY, NIMBLENESS** and **DEEP KNOWLEDGE** of sustainable market value.

At the moment, the Scheme is faced with the following key challenges;

i) The absence of a separate management structure to run the affairs of the scheme,

ii) There is no separation of roles between, management (Administration), Custodian of Assets, and the Scheme Manager (for carrying out continuous analysis of available investment opportunities),

> *"Knowing that you are succeeding is one thing.Understanding why is even more important and strategic.Knowledge is key! Knowledge without insight isn't of much advantage"*
> ***Accenture – 2011***

iii) The absence of well formulated and prepared Business and Strategic Plans to guide the operations of the Scheme on an ongoing basis.

With many of the uncertainties facing the Economic and Financial sectors, the leadership of NARO Retirement Benefits Scheme (NRBS) fully understood the importance of conducting the strategic planning process.

The purpose of this planning process was to provide a framework for NRBS – strategy, operations and members' needs, interests, and preferences in addition to the required resources and policies, procedures and processes.

Hence, the justification for this Strategy planning process started with the Annual Rolling Operation plan as a first step to the full fledged Strategic Plan.

The Strategic Planning process took into consideration the following:

1) Developing the NRBS's sustainability ambition----given what has so far worked in the recent past.
2) NRBS's scale of challenge-key regulatory, market, Business environment, economic and social trends i.e. liquidity, currencies, equities, commodities, interest rates, credit spreads, etc.
3) Internal / External **sustainability** critical drivers.
4) Developing the transformation strategy.
5) Scheme continuity risks, effects and mitigation measures.

This strategic planning process was imperative for NRBS's because current changes in and outside Uganda have forced scheme leaders to focus on customer satisfaction, governance,, profitability, cost-effectiveness, keeping quality and access to a maximum and demanding excellence in and beyond direct interface.

NRBS defines strategy as "the business response to opportunities, challenges and threats in relation to its resources and competencies, its ability to apply internal capabilities to achieving objectives in the context of its external environment."

NRBS further defines Strategy Execution as "Asking questions all the time - analyzing the answers and – following through with consistency and speed"

The objectives of this Strategic Plan:

- To present a clear and value- added strategic direction in terms of the scheme's Vision, Mission and Core Values.
- To articulate the scheme's priority objectives and fresh strategies for harnessing and energizing business opportunities and responding to attendant challenges in line with the scheme's stated goals.
- To provide a robust and dynamic platform for reformulation of the scheme's rolling annual activity / work plans.
- To renew the scheme's Money making model:-
  - Grow NRBS Core Business
  - Crack the Code of growth for members' savings and Return on Investment.
  - Build increasingly powerful brand metrics.

REALITY CHECKS

Reality Check 1: Parliament: The country is gearing up for sweeping pension reforms. But cynicism looms large as workers, lawmakers and civil society groups are worried that unscrupulous people might take advantage of the proposed legislations to **"steal"** their savings.

Reality Check 2:" Monthly pension should be optional and those who want all their savings in full should not be blocked."

Reality Check 3: "Workers should have a say in deciding which options will work for them. In as much as we support liberalization of the pension sector our stand as workers is clear it should be partial and we must be involved in the process".

Reality Check 4: Parliament passed a resolution to save all the pending Bills in the 8^{th} Parliament. But workers are insisting that they were not consulted yet the Bill targets their savings. They have vowed to block the re-tabling of the Bill in the 9^{th} Parliament.

What does the Bill say?

Under section 16, the proposal calls for lowering of the age at which employees may access their savings from 65 to 45.

However, if this section is approved without amendments, the money will only be given to employees on monthly or quarterly basis, a suggestion that has angered unionists who want their money in full.

The bill also provides for mid-term access of the benefits where a member has contributed for at least 10 years for securing mortgage or a loan for purchasing a residential house. However, the cost of that mortgage must not exceed 30%.

How is this Bill going to affect the NRBS members?

1. Workers to receive their savings at 45 years. Workers will get only 33% of their savings and thereafter be paid a monthly pension till death.
2. Liberalize the retirement benefits sector.
3. Removes monopoly over mandatory contributions. NSSF to compete with other privately licensed schemes.
4. Introduces licensed retirement schemes.
5. Civil servants to contribute for their pension.
6. Allows workers who have saved for 10 years to access 30 percent of their savings to secure a mortgage or a loan for purchasing a residential house from any financial institution.
7. Dependant or relatives of a member are entitled, upon the death of a member, to a survivors benefit.
8. A benefit granted under this Act (if passed into law) shall not be liable to be attached, sequestered, or levied upon for or in respect of any debt or claims.

However, the economy has been recovering from the effects of the global economic crisis, turbulent macro-economic times, double digit inflation, fuel price and prolonged ..... drought and food shortage during 2010/ 2011. Amidst all these setbacks, the financial sector remained resilient and scheme recorded an improved performance during the year.

In the years to come, therefore the scheme will strive to: -

- Improve member service in all areas, both internally and externally.
- Ensure that there are sufficient funds to expand the Investment portfolio schemes.

- Grow the loan book in line with prudent lending policies.
- Maintain our dominant position as the preferred provider of Retirement options in both rural and urban areas.
- Improve the productivity and efficiency of the scheme. We shall plan more carefully and cease predicting!
- Note that the era of stable 5 – year plans is done and dusted.
- Work in the era of shifting targets.
- Let the best talent give us more than competition – their best years!
- Experiment out at least 10 different things to produce at least one or two winning ideas
- Ensure an internally based knowledge management system
- An in-depth assessment of the structure and future operations of the private sector development and the public – private and civil society partnerships
- More than any time in the scheme's recent history; we shall have to think more in terms of;
  - ✓ *WHAT IF'S...*
  - ✓ *SUPPOSING...*
  - ✓ *JUST INCASE...*
- Reposition the scheme in the market to increase its visibility in order to retain our customers and attract new ones.
- Implement a comprehensive and effective risk management system.

- Implement performance standards to ensure progress towards more efficient human resources management.
- Deliver on our brand promise, over time, and at each contact point with the customer.
- Formulate and recommend to the BOT Chairman **Strategies** and **guidelines** to effectively translate and cascade the corporate vision to operational levels.
- Drive the development of **annual operating plans** and requirements including Talent Management and aligned Budgets in the support of the Scheme's Strategic Plan and overall business aspirations especially now that in NARO:
  - ✓ Change is changing!
  - ✓ Risk is Riskier!
  - ✓ Complex just got even more complex!
  - ✓ The principle of Uncertainity pervades every aspect of our institution.

We plan to analyse Deeper and Dream harder for ANSWERS!

We shall convert Data into Insight!

We shall convert Insight into Action!

We shall convert Action into tangible results ie Perfomance delivered!

SECTION 2

SITUATIONAL ANALYSIS

UGANDA'S KEY INDICATORS, 2009

Population (Millions) 32.7

GDP (US$ Billions)..15.7

GDP per capita (US$)..47.4

GDP (PPP) as share (%) of world total.....................................0.06

INDUSTRY STATISTICS

To be replaced by NAAO table?

	30-Jun-09 Actual Shs'm	30-Jun-10 Actual Shs'm	06/11 Actual Shs'm	FY 11/12 Actual Shs'm	FY 12/13 Estimate Shs'm	FY 13/14 Estimate Shs'm	FY 14/15 Estimate Shs'm
Assets							
Fixed Assets	26,225	23,004	18,202	13,665	20,037	16,030	12,824
Real Estate Investments	252,006	306,805	318,548	382,755	679,693	832,199	1,003,709
Equity Investments	131,347	156,777	156,664	165,789	250,556	292,375	390,375
Fixed Income (> 1Yr)	357,071	342,353	650,175	1,318,388	1,850,995	1,950,995	2,100,995
Total Non current assets	**766,649**	**828,939**	**1,143,590**	**1,880,597**	**2,801,281**	**3,091,599**	**3,507,903**
Other accounts receivable	13,057	8,657	14,095	14,543	8,115	6,492	5,194
Fixed Income (< 1Yr)	557,037	870,898	971,263	850,685	520,890	572,979	607,358
Total Current assets	**570,094**	**879,555**	**985,338**	**865,228**	**529,005**	**579,471**	**612,552**
Total Assets	**1,336,743**	**1,708,494**	**2,128,928**	**2,745,825**	**3,330,286**	**3,671,070**	**4,120,454**
Liabilities and Members Fund							
Members Fund	1,339,653	1,657,529	2,063,341	2,633,850	3,200,494	3,570,543	4,024,464
Reserves	703	4,046	15,527	21,697	21,697	21,423	23,565
Surplus /(Deficit)	(43,672)	9,252	(14,038)	24,190	39,720	54,729	55,362
Members fund & reserves	**1,296,684**	**1,670,827**	**2,064,830**	**2,679,737**	**3,261,911**	**3,646,696**	**4,103,391**
Liabilities	**40,059**	**37,667**	**64,118**	**66,079**	**68,375**	**24,375**	**17,062**
Total Members Fund and Liab	**1,336,743**	**1,708,494**	**2,128,948**	**2,745,816**	**3,330,286**	**3,671,071**	**4,120,454**

Source: NSSF Strategic Business Plan 2012

The Strategic Plan has been prepared at a critical juncture for the Scheme. There is worrying decline in real GDP, massive fiscal tightening and a harsh regulatory environment and massive inflation. The country is in the grip of a multiple **F** crisis;

Financial turbulence:

- Access, Cost and quality of credit.
- The Eurozone paralysis
- The stampeding inflation at 30%
- The fluctuating exchange rate
- The shifting interest rate
- Integrated financial Reporting standards
- Low savings rate
- Peer / cultural pressure.

Fiscal tightening and a harsh regulatory environment

Food shortage

- Prolonged drought

Fuel price:

- Hikes and increases in the cost of energy resources

Fraud:

- The threat of it is pervasive especially in IT based operations (Mobile money)
- Scams, Customer feedback power and brand loyalty – default.

Facebook:

- On account of the stampeding power of social media; we are facing the overpowering influence of social media on talent attraction and retention.

InFrastructure:

- Lack of adequate, reliable and affordable infrastructure is pervasive in rural Uganda.

Fit for purpose:

- Institutional resilience against internal and external shocks.

Uncertainty is now the new certainty!

However, prospects for managing the above challenges are now brighter and the plan proposes significant targets and initiatives to address them.

The Scheme plans a strong and productive partnership between all players in the Industry and Economy, and the need for a focused strategic plan that achieves the optimal deployment of the Scheme's resources.

To better achieve the stated objectives and goals, the plan intends to provide the strategic direction and a coherent framework to guide the operations process and link it to and integrate it with the people process in the next 3 years - 2013 - 2015.

Meanwhile, the Scheme seeks to capitalize on emerging opportunities. The plan is leveraging on a number of successful initiatives including the recent organizational restructuring aimed at enhancing its financial soundness and organizational and operational effectiveness.

The plan aligns the scheme's activities as closely as possible to the fundamental goal of creating and sustaining market value.

The plan indicates how the Scheme intends to direct and execute its activities with intensity and rigour so as to maximize its contribution enhancing business results using field tested tools and templates.

Recognizing the magnitude of the strategic challenge and the infinite capacity of its human and financial resources, the plan aims to enhance its purpose and commercial impact through greater selectivity of operations and careful targeting of resources at NRBS – taking into account the Scheme's comparative expertise and experience.

The plan aims to further strengthen the Scheme's institutional effectiveness to enable it to play a leading role as a Centre of knowledge and excellence on the bottom – of – the pyramid development assess the country and region.

Some important initiatives are being under taken in parallel with the strategic plan formulation and their results are and will be incorporated in the formal strategic plan and facilitate its implementation.

In line with this drive, the Scheme's sense of anchored identity is made up of focused, energetic and results- oriented professionals – with individual track records of outstanding achievement – in dynamic environments.

Hence, the new culture that compels us to use tracking tools for measurement of results – providing regular feedback and reinforcement...a tracking system that will facilitate problem solving.

The Scheme's Board of Trustees remains solid, disciplined,thorough and consistently supportive. in-complete?

This Plan doesn't look at Uganda's current macro- economic challenges as a barrier or excuse - but an opportunity to trigger off swifter and flawless Execution.

- The industry analysis is structured needs detail analysis:-
- Socio-economist shall
- Solid:- should come to the conclusion.
  Clarification
- consultant did consult NSSF, Parliament & Min.
- Confidence - self evaluation.

11

SECTION 3

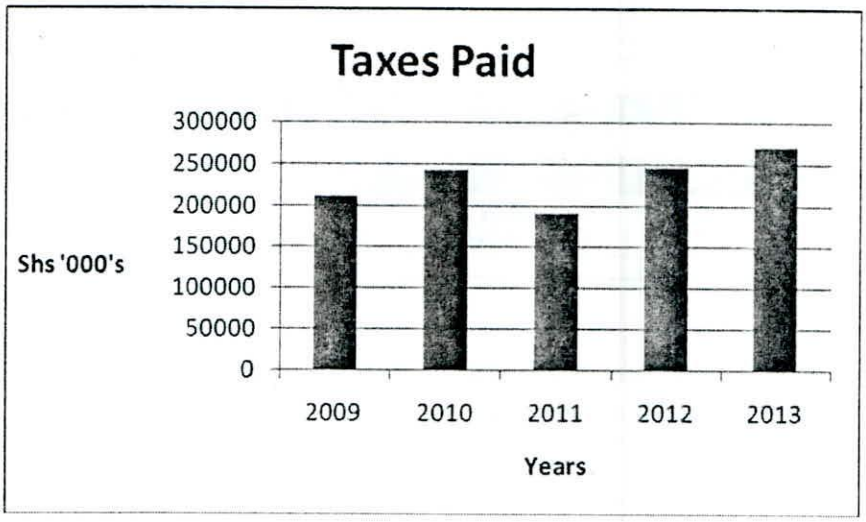
OUTLOOK

Where the Scheme is Competitive.	• Member loyalty • Large member base (NARO) • Public good will • A reasonably profitable investment base • Lowest product prices (small loans for members) based on current prime lending rate offered • Very experienced and well trained trustees • Strong Asset Quality • Wide network • Strong Capital base
Where the Scheme is leading.	• Sensitization of members on Retirement preparation. • Regular meetings. • Reporting standards

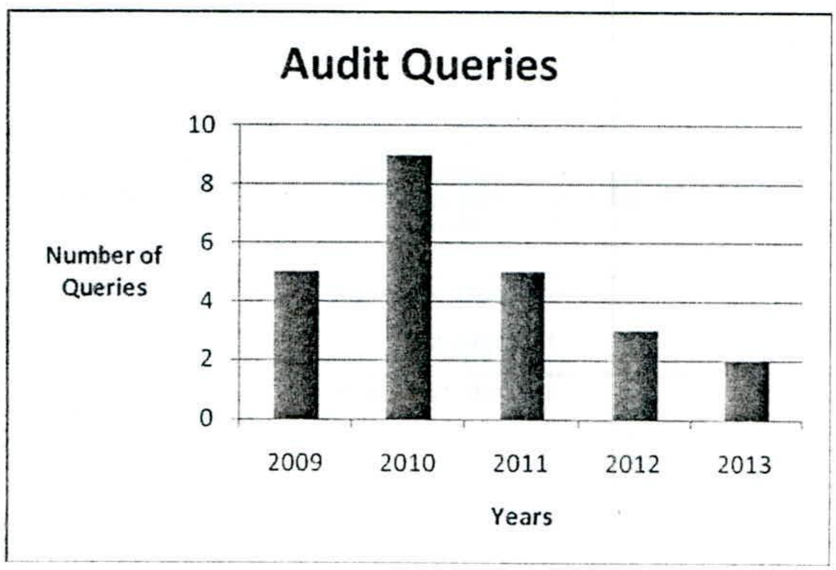
	• Affinity Integrity / Consistent NARO staff support.
[redacted]	
Where the Scheme wants to be 2013 - 2015	• The best provider of retirement solutions. • Excellent member centric service • Maintain a strong capital base through dynamic asset allocation. • Maintain strong Asset Quality • Enhance membership by 15% on deposit/contribution. • Achieve a market share of 15% in the sector • Be the most profitable scheme in Uganda's Pension sector • Strongest E-communication platform • Lowest cost scheme • Remain the strongest Retirement Benefits provider • Largest footprint and traction in Uganda • Year to year productivity through process automation

	• Superior Market intelligence • ROCE at least 10% greater than inflation • Fastest growing Scheme • Most innovative Scheme • Strongest brand in the market • A flexible and member centric banking platform.

Yrs	Shs "000"s
2009	212578
2010	243285
2011	191064
2012	247260
2013	271986



Yrs	No. of queries
2009	5
2010	9
2011	5
2012	3
2013	2



Notes to Financial Projections
• Net monthly contributions may reduce in 2013/14 upon liberalization of the sector • The Fund will retain the mandatory contribution • Net monthly contribution to grow by 10% thereafter in 2014/15

• The portfolio will be rebalanced from the current position of 80%:14%:6% for Fixed Income, Real Estate and Equities respectively to 66%:24%:10% by June 2015 • Equity portfolio to be entirely managed by the Fund Manager by 2014/15
• Average annual outflows into Real Estate projects.
• Average rate of return on Fixed Income pipeline deals is projected at 15%
• Allocation of surplus funds after Equity and Real Estate will be in the ratio of 35%:65% for Fixed Income instruments < = 1Year and for Fixed Income instruments > 1 Year respectively.
• Average return on equity investments Projected @ 11%
• Average Rate of Return on Real Estate Investments will be 5% as activities will largely
• Interest to Members is projected at increase from 10% to 11.5% over the forecast period
• Interest to Members will be netted off Interest Income
• The costs of running the business to increase by an average of 10% inflationary adjustments throughout the years

SECTION 4

VISION

"To be the retirement solutions provider of choice"

"Scheme of Excellency that spurs development of the shareholders "

MISSION

To support – simple and better lives for all members – by providing;

- Quality solutions (Products)
- Excellent customer service
- Offering competitive returns in a transparent and efficient environment.

RATIONALE

With the advent of competition, NRBS will strive to remain unique, distinctive and relevant.

OUR CORE VALUES

	~~Superior member service.~~ Customer orientedness	• Treats members with respect. • Responds to requests promptly. • Not presumptive about customer needs, interests, and preferences. • Knows when, and how to politely decline an inappropriate customer request Listens, cares – and follows through customer queries • Assesses and takes risks to make significant gains.
	Integrity.	• Whatever is said and done matches 100%. • Reliable. • Knows own limitations. • Open-minded. • Transparent. • Allows people to plan, do and evaluate own work. • Accountable. • Asks and learns from critical feedback.
	Teamwork.	• Works cooperatively. • Involves others. • Builds Team. • Creates Team-working. • One Goal, One Plan, One Team. • Flexible and Sensitive.
	Professionalism	• Breaks down issues into smaller, simplified and more manageable parts. • Sees key issues.

		• Tests all angles. • Does complex analyses. • Handles casuality and correlation. • Objective – alert to detail. • Self-driven. • Confident in own role. • Independent-minded. • Operationally flexible and adoptable. • Strives towards targets. • Demands high standards.
	Leadership.	• Gives direction and instruction. • Supports team development. • Role-model. • Gains commitment and inspires others to achieve. • Finds ways and time to coach others. • Wise about his/her emotions. • Delegates. • Loosens control without losing control. • Problem-solver and decision-maker. • Interculturally competent. • Self-aware. • Manages relationships.
	Excellence.	• Refuses to settle for second best. • Improves and acts now. • Adopts existing approach, acts and looks ahead. • Creative and innovative / Generates creative solutions. • Takes advantage of new technologies and ideas.

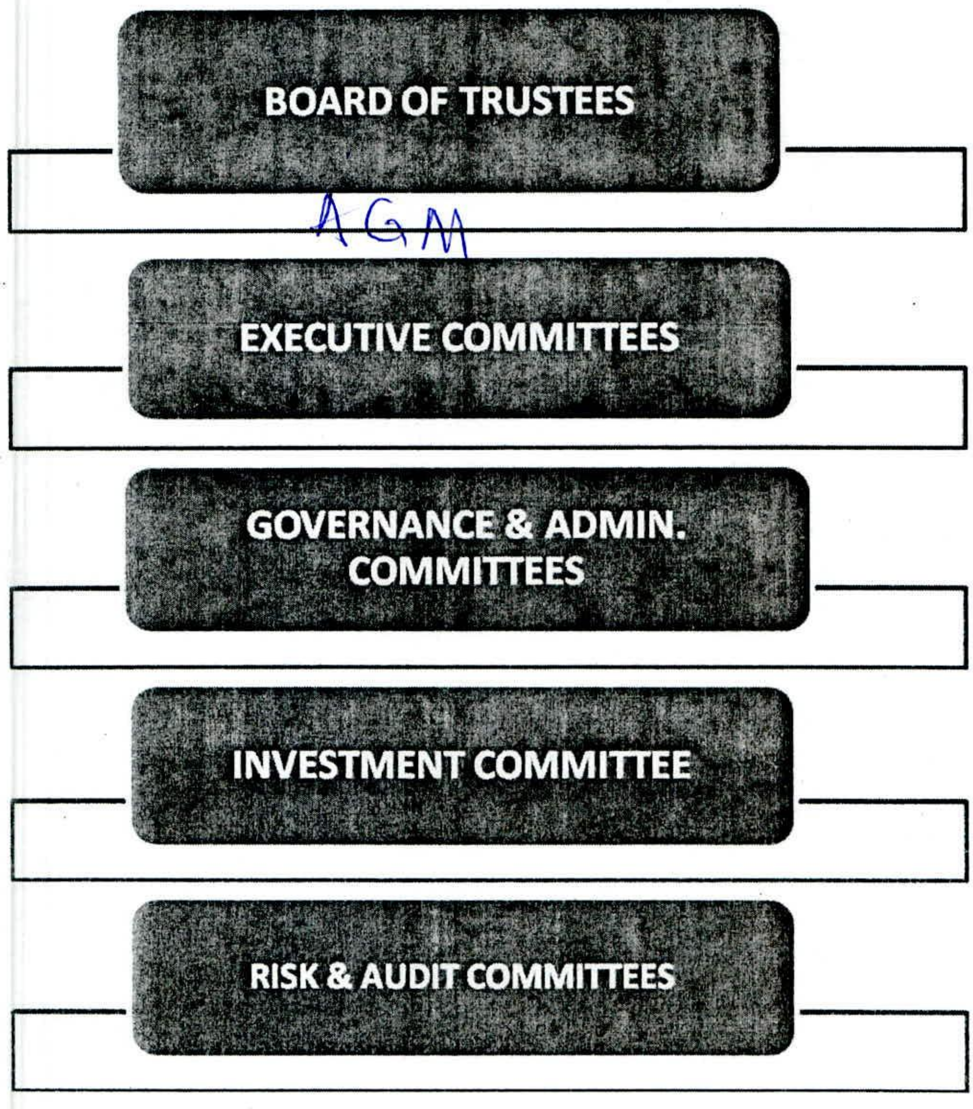
		• Brainstorms, does scenario planning, etc. • Entrepreneurial. • Keeps a To-Stop list.
	Competence.	• Wants to do a good job and does not give up. • Works to goals and manages obstacles. • Sets and meets challenging goals. • Seeks long-term improvement.

Strategy should be a dynamic, adaptive, holistic, and open-ended process led by the CEO, who can use it not only to outwit the competition but also to define a firm's purpose and identity." **Cynthia A. Montgomery**

SECTION 5

THE STRUCTURE

How we are organized to Execute and remain fully accountable and focused on the three stated Strategic Themes at NRBS



SECTION 6

THE KEY STRATEGIC OBJECTIVE 2013 - 2015

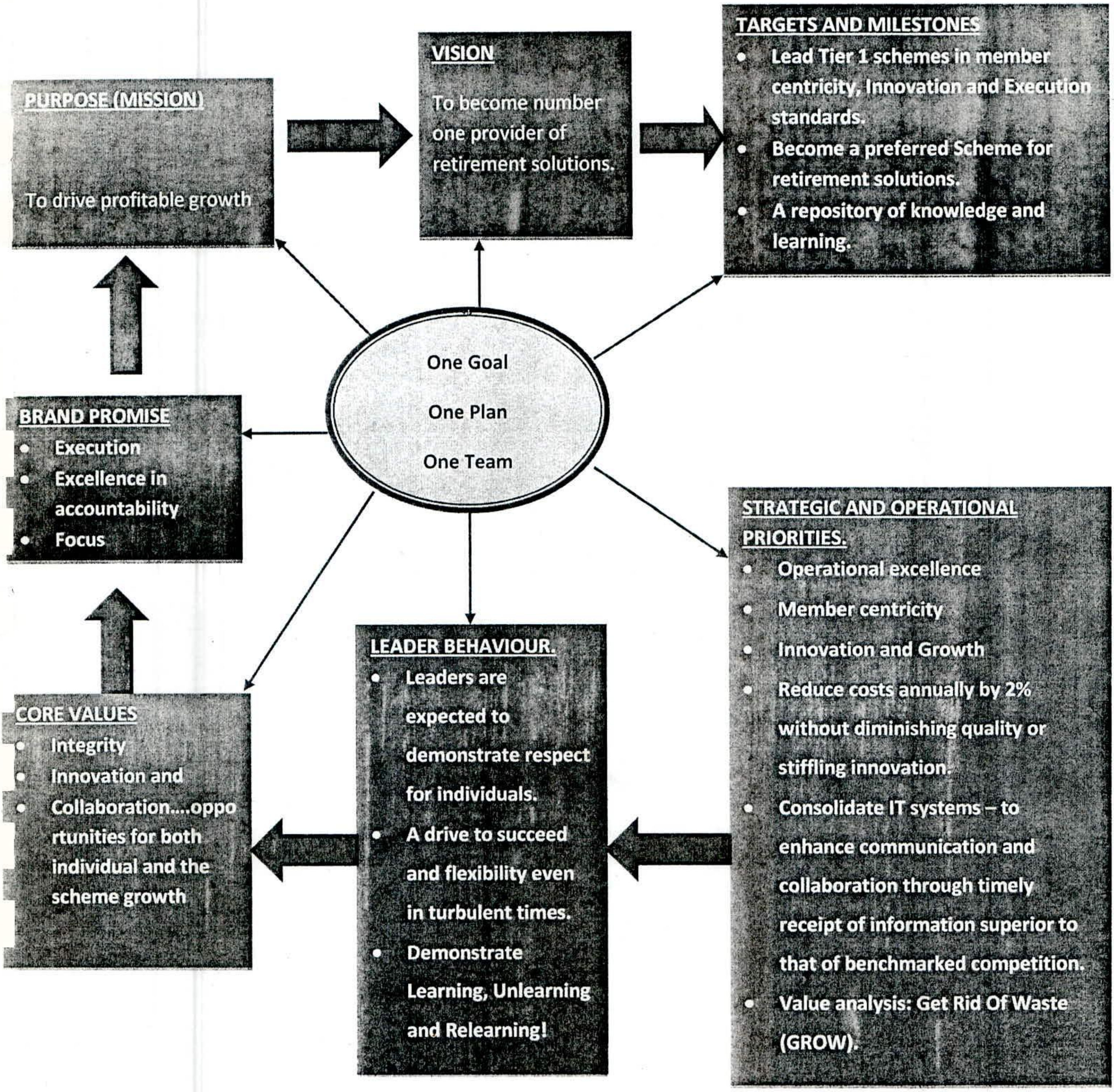
- To deliver substantial returns to the members of NRBS.

THE FUND PROMISE:

Strategy do

- Passion to execute and remain fully accountable to uncompromisingly personalized services.

THE KEY FUND PROMISE: 2013 - 2015



In 2013 – 2015, we shall deliver on the following Strategic Themes;

- Operational Excellence
- Growth and Innovation
- Excellent Customer Service

The above three themes are premised on a culture of Execution, Accountability and Focus at all levels of the Scheme. Without effective Execution, the Scheme recognizes that no business strategy can work. An idea is only as good as the results that it delivers. Good ideas are necessary but not enough.

The scheme is better prepared than ever before to play a leading role in the retirement sector and economy in general.

We have achieved operational credibility and financial health and we have undying support from our shareholders, member responsiveness, strengthened partnerships, increased transparency and improved communication with the Board.

Other internal reforms have also involved - human capital development information systems, technology developments business processes, innovations, corporate management reforms, operational policy improvements, internal and external communications and articulation of the Strategic vision.

Building on the above, the culture of Execution should adequately align our strategic thoughts in the private sector development arena.

The scheme's main financial indicators now compare well with those of the best in the pension sector.

The scheme's credibility is now high among its shareholders, development partners, the public and private and civil society sectors – many of whom continue to express their strong support for the scheme's recent operational achievements and its future strategic direction.

SECTION 7

THE SCHEME'S SCORE 2013-2015

STRENGTHS	CHALLENGES (WEAKNESSES)
1. Experienced Board and management team.	1.Trustee profile and visibility ...Driving social impact Investment programmes.
2. A socially networked leadership	2.Cost efficiency across the Board ...through the blueprint for operational excellence.
3.A well-funded and profitable balanced sheet	• Risk management reviews • IT Audits ??
4. Institutional ownership providing (NARO) an anchored sense of identity!	4.An innovation infrastructure ----------reorganizing the Scheme for further growth and innovation
	5. Diversification / prudent asset allocation.
6. The "Bottom-of-the Pyramid" Customer centric approach – providing cheap loans / facilities.	6.Lack of a pioneering and entrepreneurial mindset
7. NARO's balanced sheet is strong and liquid.	7. The scheme offers limited benefit types.
8. NRBS is scandal free!	8. There is no business continuity plan or a disaster recovery plan.

OPPORTUNITIES	RISKS – PRINCIPAL RISKS AND UNCERTAINITIES (THREATS)
1. Modernizing the Secretariat – in terms of people, tools, equipment.	• Strategy failing to meet member expectations. • Strategic relationship with scheme partners. • Financial backing from existing local and international investor base.
2. Stakeholder engagement at all levels within and beyond NARO.	2. Implications and implementation of the UNRBA Act and Pension Liberalization Bill.
3. Long-term approach to communication.	3. Insufficient liquidity, inappropriate financial strategy.
4. "Sweating" the assets	4.Cost and capital discipline value-for-money
5.Creating shared prosperity: Performance with Purpose	5.PESTEL – Political, Economic, Social, Technology, Environmental, Legal framework
6. Leveraging on umbrella schemes	6. Litigation and civil claims.
7.30,000 eligible employers in the informal sector.	7. Increasing HIV/AIDS prevalence.
8. Peace in Northern Uganda.	8. Effects of global economic recession.
9. East African Integration	10. Technological discontinuities.

OUR 2013 – 2015 STRATEGIC THEMES

Themes to be combined together

OPERATIONAL PRIORITIES AND MODALITIES

In light of the guiding principles and strategic focus set out in the previous sections – and taking into account macro-economic shifts and trends; the NRBS plans to pursue the following strategic themes – to guide its operations during the plan period.

Operational Excellence:

- Optimize asset allocation of the Scheme's resources through greater prioritization.
- Maintain the financial soundness and integrity of the Scheme.

Member Centricity

- Maximize the commercial effectiveness and drive for profitable growth through enhanced appreciation of client needs and focus on cost and quality control access enhancement.

Innovation and Growth

- Build up the Scheme's human, institutional and knowledge management resources and expertise to enable it to become a Centre of excellence in the industry – so as to attract and nurture diverse and committed membership.

SECTION 8

THE STRATEGY

NRBS was incorporated as a financial institution to serve both financial and economic interests of staff of NARO before, during, and after Retirement to contribute to the overall economic development of the country. This has meant that the scheme, although licensed as a full service Pension Fund, has always focused on the provision of financial solutions to its members (NARO Staff).

This has been and will remain the focus of Scheme. However, to reduce investment risks, the Scheme has diversified her activities to include land Banking and are beginning to consider – more possibilities and options in Private equity, real estate and market securities.

- The main objective of the Scheme now is to promote and enhance Institutional and Technical development through:

- Enhanced IT infrastructure, corporate communication, diversified membership growth and prudent asset allocation in line with the new Pension Sector Regulatory framework.

- The Scheme's Trustees will continue to explore and exploit ways to serve its members in a better and more efficient manner and will also continue to strive to reinforce its excellent reputation in the Pension Sector.

- With more institutes spread across Uganda and with the scheme's centralized state-of-the-art service network, the scheme is determined to achieve its dream being truly "the Scheme for all Ugandans".

- To achieve sustainable long term growth through balanced and complete investment and financial solutions, operational flexibility and a member - centric culture for all.

The Scheme has identified and agreed upon mainstream approaches to Investment strategy execution. At NRBS, we believe that Execution is the discipline of getting things done.

It is the systematic way of exposing reality and acting on it. The heart of execution will therefore lie in three interrelated and interconnected core processes-

1. The Strategy Process

2. The Operations Process

3. The People Process

We envisage that in 2013 – 2015, Execution will be a step – by – step process with high level direction. It will be detailed in a way necessary to capture the lion's share of strategy success.

SECTION 9

THE STRATEGIC FRAMEWORK

The Strategic framework is based on the balanced scorecard perspectives, and in line with our three themes i.e. Operational excellence, Member centricity, and Growth and Innovation. A perspective is a performance dimension that NRBS intends to use to evaluate the Strategic results.

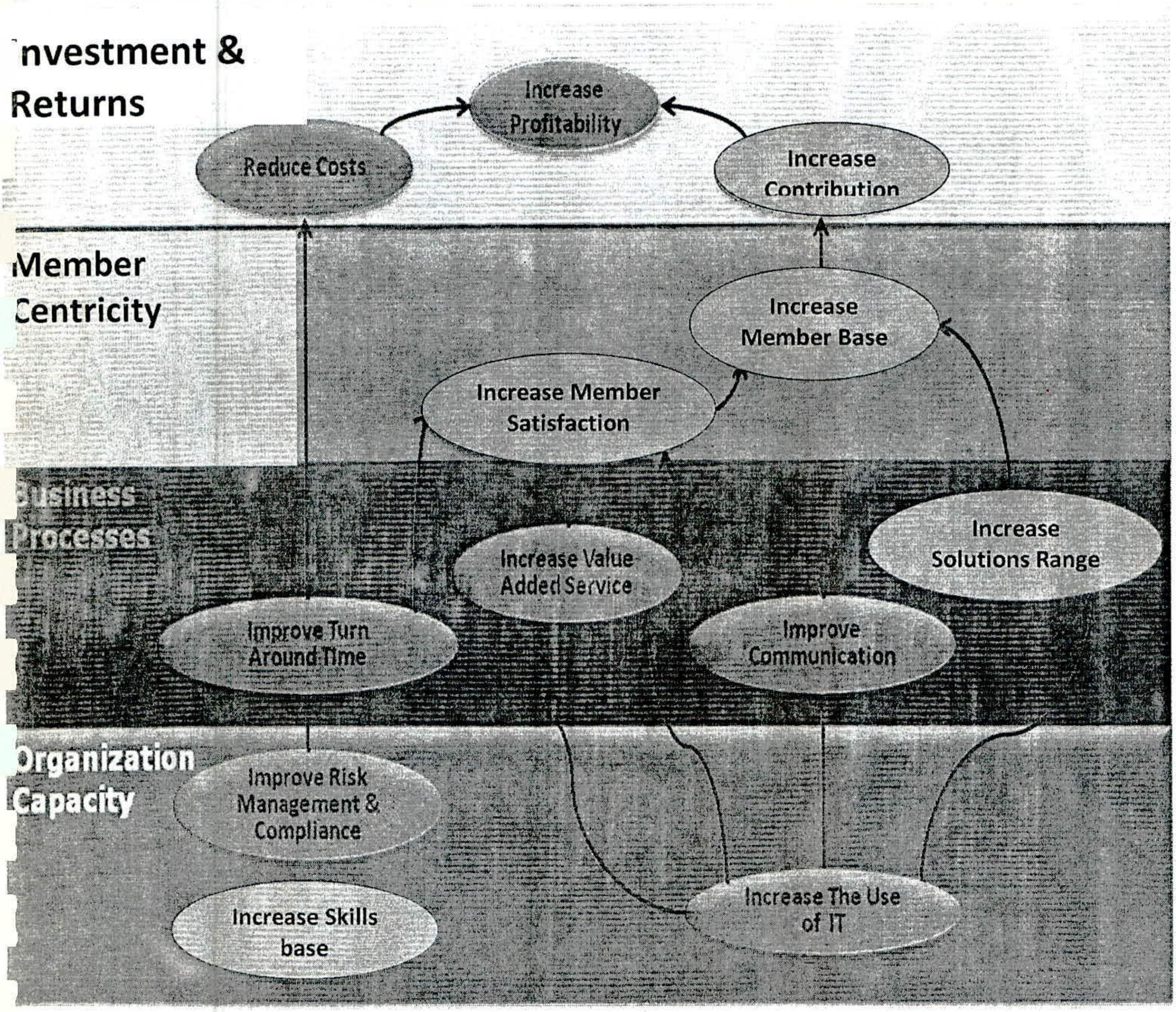
The four basic perspectives will be regularly used to evaluate the **Results-based** and **Relationship-based Performance** within the Scheme. These four perspectives are; Financial, Member / Stakeholder, Internal Business Processes, and scheme institutional Capacity.

SECTION 9.1

PERSPECTIVE	**The question we shall frequently ask ourselves (How should we differ?)**
1.Investment and Financial returns	How do we maximize value for our members?
2.Members	How will we increase value for our members and stakeholders?
3.Internal Business processes	To satisfy the needs of our customers, Regulator, and stakeholders, at which business processes must excel?
4.Scheme Capacity (Internal Learning, Innovation and Growth)	To excel in our processes and to leverage on our resources; what capabilities must our Scheme have and improve?

SECTION 9.2

Strategic Theme: Operational Excellence

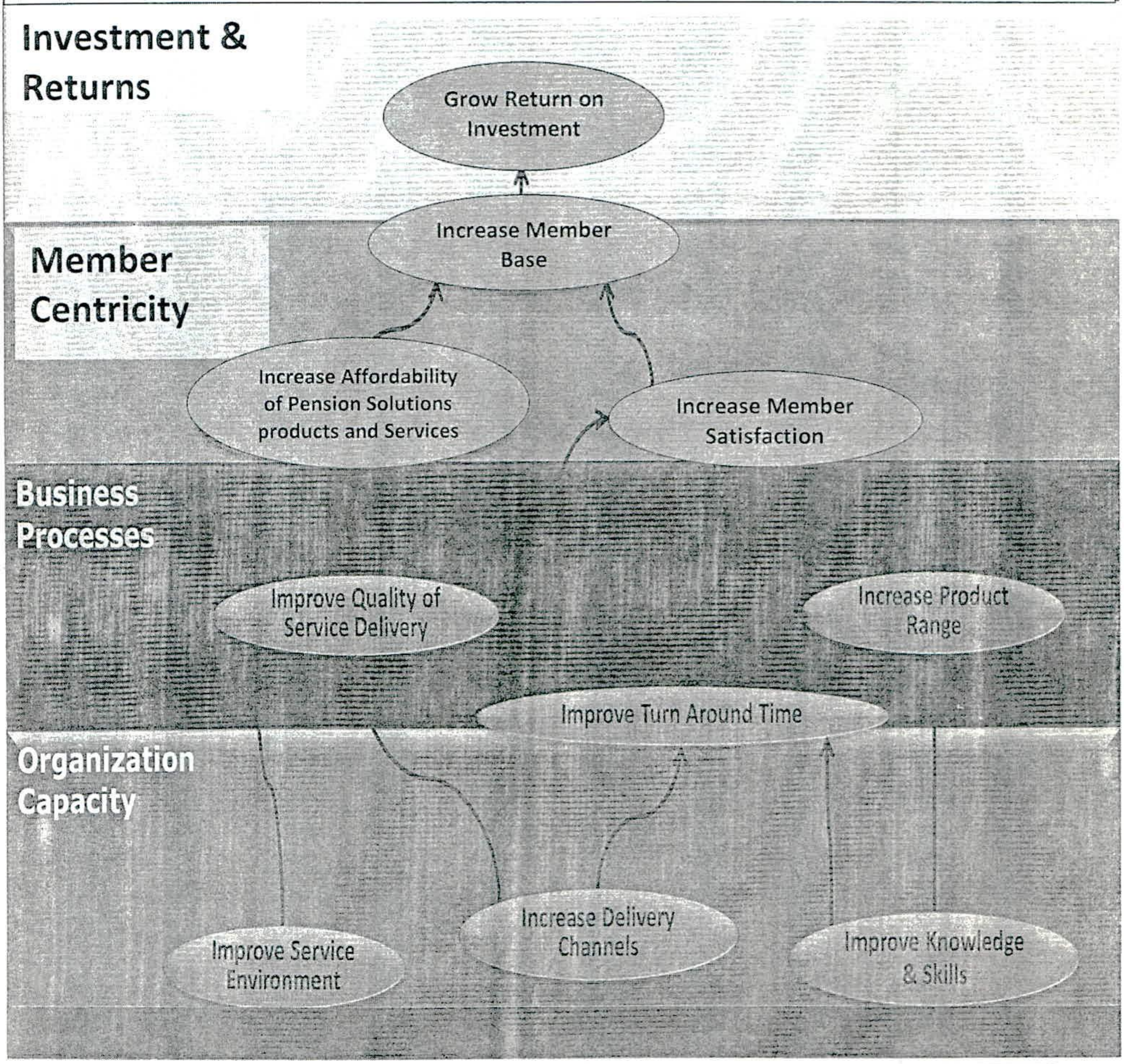


The highest level of service as defined by NRBSS

SECTION 9.3

STRATEGIC THEME: Excellent Member Centricity

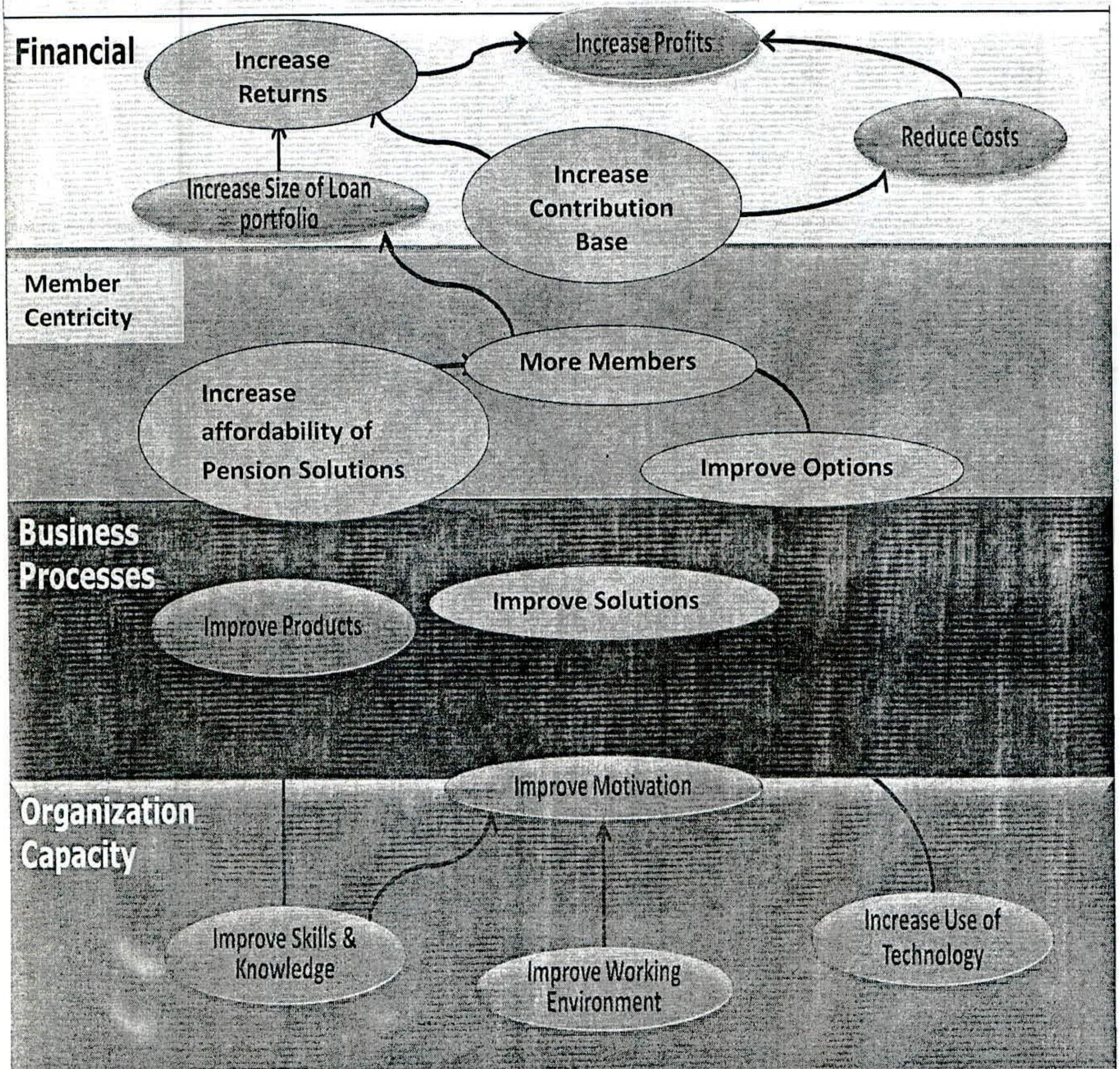
Strategic Result: Satisfied Member enjoying a wide range of affordable & suitable solutions timely delivered.



SECTION 9.4

Strategic Theme: Growth

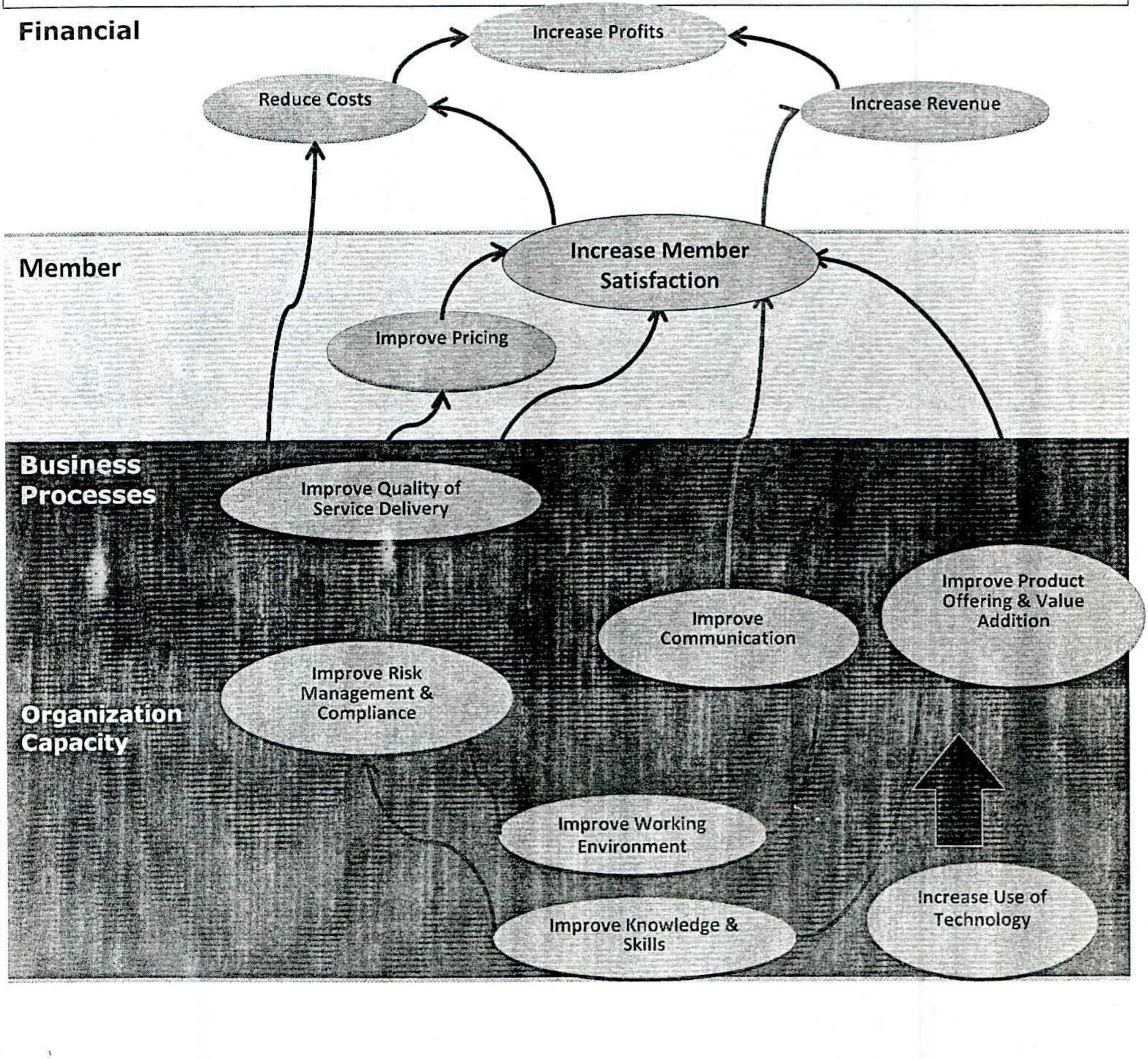
Strategic Business Result: A highly profitable and Financially Stable organization driven by a Professional and Productive Custodian and Administrator.



The Highest level of Service as defined by NRBSS

SECTION 9.5

The corporate Strategy Map



SECTION 9.6

THE STRATEGIC THEMES, OBJECTIVES, TARGETS & INITIATIVES 2013 - 2015;

THEME	OBJECTIVE	INITIATIVE
Operational Excellence	Reduce Costs	• Develop low cost service delivery channels
	Improve Quality of Service Delivery	• Complete Transaction Process Improvement Project • Develop Quality Standards
	Improve communication.	• Develop a Communication Strategy
	Improve Risk Management and Compliance.	• Develop Risk Based Governance Culture • Enhance Business Continuity
	Increase Use of Technology.	• Complete Infrastructure Improvement Project
Excellent Member Experience	Improve Pricing.	• Develop membership access
	Increase member satisfaction.	• Strengthen member Relationship Management Programs
	Improve Value Added Services.	• Review and develop new solutions
Growth and Innovation	Increase Profits/Dividends	• Complete Financial Performance Improvement program
	Increase Revenue	• Strengthen Deposit Mobilization Programs • Improve Investment Portfolio Performance
	Improve Working Environment	• Develop & Implement Administrator Relationship Programs
	Improve Skills and Knowledge Management	• Develop Administrator Performance Improvement Programs
	Improve/Scale up Creativity and Innovation	• Institutionalize an Innovation Hub

SECTION 9.7:

STRATEGIC PERFOMANCE MEASURES AND INITIATIVES

Perspective	Strategic Objective	Performance Measure	Strategic Initiative
Investment and Returns	Increase Profits	• Rate/percentage growth in profits. • Return on assets (profits) • Positive cash flows	Complete the Financial Performance Improvement Program
	Reduce Costs	• Variable costs as a ratio of total costs • Compliance to the budget • Cost control initiatives	Develop Low Cost Service Delivery Channels
	Increase Revenue	• Growth rate in revenue • Growth in Investment Portfolio • Decrease in Portfolio risk • Growth in Deposits	• Strengthen Deposit Mobilization Program • Improve Portfolio Performance
Member	Improve access	• Competitiveness of access (Rating) • Drop-out rate due to access	• Develop Pricing Programs
	Improve member Satisfaction	• Member Satisfaction Survey Score • Member satisfaction Index: • Growth in number of Customer	• Strengthen Member Relationship Management Programs

Business Processes	Improve Quality of Service Delivery	• Number of service centres meeting the service standards • Member Interface Time • Average turn-around time – Solution processing	• Complete the Transaction Process Improvement Project • Develop Quality Standards
	Improve Communication	• NRBS communication outreach • Increase in member feedback • Average response time. • Public awareness index	• Develop a Communication Strategy
	Improve Risk Management & Compliance	• Regulatory risk ratings • level of compliance to policies, procedures and laws • Level of compliance with the Regulator, internal & external audit findings.	• Develop Risk Based Governance Culture • Enhance Business Continuity program
	Improve / scale up creativity and innovation.	• Number of Innovation Hubs.	• Institutionalize an Innovation Hub.
Organizational Capacity	Improve Working Environment	• Secretariat staff Satisfaction rate • Staff turnover rate • Absconding rate • Grievances and disciplinary rate • Turn-around time • Staff to workstation ratio	Develop & Implement Employee Relationship Programs

	Improve Skills and Knowledge Management within the Scheme.	• Competency Rating • Number of achieved personal / team objectives • Staff Retention Rate • Number of Trustees positions with succession plans • Number of positions filled internally • Percentage variance in amount allocated and utilized for training versus budget	Develop Performance Improvement Programs
	Increase Use of Technology	• Systems Availability Index • Transaction processing time • % of alternative channels adapted • Ratio of computers to staff	Complete Infrastructure Improvement Portfolio.

SECTION 10

THE MONITORING AND REVIEW PROCESS

~~Once approved~~, the Strategic Plan will provide an integrated framework that sets the operations and provides the framework for resource allocations during 2013 – 2015.

Individual departments will realign their own strategic plan- so as to ensure that all parts of the Scheme work together in a coherent manner during the Plan implementation.

The next step will be to prepare the final capital expenditure and operational expenditure budgets complete with work and targets for outputs and deliverables for the next 3 years which will be subject to annual reviews and refinement.

The Scheme's Business Compact coupled with the weekly, monthly review targets and performance criteria will be enforced with rigour and intensity.

The above corporate performance measurement system:

- **Reflects** the multiple set of the Scheme in a single set of measurable objectives.
- **Focuses** the Scheme's budget objectives and support institutional alignment behind those objectives.
- **Links** performance measurement to strategy implementation
- **Improves** feedback from members to the Board.
- **Responds** to requests from the Board to set a stable set of performance measures.

* Structure requires total overhaul

SECTION 11

ASSESSMENT OF RISK FACTORS

This section presents an assessment of risk factors that could impede the implementation of the strategic plan. Three key risk factors have been identified as follows: (i) the timing and implementation standards/requirements of the UNRBA Act and the Pension sector Liberalization Bill (ii) the apparent contradictions at Technical, Institutional and Policy levels the burden of medium and long-term indebtedness of a growing number of customers (iii) prevalence of a macro – economic crisis; and (iv) lack of coherence between the Scheme's strategic planning and budgeting.

(to be summarised into

The risk of incoherence between Strategic Planning and Budgeting. Without a dynamic and timely alignment of resources to the priorities set out in this Strategic Plan; achieving these objectives could be seriously delayed or compromised. Management is firmly committed to implementing the Scheme's operations, whilst at the same time maintaining budget discipline. To achieve this objective, some guiding principles of planning and budgeting will be developed, building on best practices in other similar institutions to drive asset allocation, and support the implementation of a corporate balanced scorecard approach for the 2013 - 2015 period and beyond.

SECTION 12

THE SCHEME- THREE YEARS FROM NOW!

Implementing the three year NRBS Strategic Plan, will result in a transformation of the Scheme and in the way it does business in terms of **Speed, Scale** and **Sustainability,** The changes envisaged will be achieved mainly through five key drivers: (i) Membership Trust / Loyalty (ii)"Professionalization" of the Scheme's administration and Governance: (iii) a major shift towards diversified asset allocation (iv) continuing portfolio in state-of-the-art information and telecommunications technology: and (v) Better investment performance measurement, feedback and compliance reinforcement . With the planned completion of the BOT skills inventory and the realignment of the Fund structure skills to **approved positions,** the pursuit of an aggressive and well-targeted investment campaign; the Scheme will have in place the Administrator – Fund Manager and Custodian with the required profile to support its strategic agenda. A 10 – 10 – 10 strategy:

- 10% growth in something (market share)
- 10% growth in profitable returns
- 10% growth in investment growth

It is quite likely that - may be three years on – the scheme's portfolio may look like this;

Private equity – 50%

Real estate – 25%

Market securities – 25%

Three years hence, the Scheme's asset allocation orientation will have had time to bear fruit as it is anticipated that positive impact will permeate more and more in the Scheme's culture and member behavior.

Technical institutional Coordination and cooperation with the Scheme's key investor partners operating at the country level and beyond would also be enhanced.

IT and Communications. The impact of continuing to invest intelligently in IT the architecture and process re-engineering. In addition to having direct telephone and e-mail connections with Secretariat colleagues; Member based in the field will have become fully integrated by having quasi-instantaneous access to all the scheme-wide systems and databases through the greatly enhanced capabilities of the scheme's Data warehouse, Intranet and external website.

Expanded use of meetings and real time communications will significantly contribute to rationalize the investment project / programmes. Equally important, the scheme will have fully leveraged on computerized service administration, allowing more on-line access to member.

The process of preparing, approving, disseminating, monitoring and updating the Strategic Plan will play a vital role in developing consensus between the scheme's Board of Trustees, Fund Manager, Custodian, Investors, the Regulator, and other stakeholders on the scheme's strategic orientation and operational priorities. Through its focus on selective strategic partnerships, client focus and measurable portfolio results, the scheme will have made a significant contribution to members' respective future plans.

Support

Agree on

Vision
Mission
Core values
Objectives

AGONA
Catered for is not
Recommendations:-
PAYMENT
TOR
FRAMEWORK ON
M&E
Land investment

ANNICES	
ANNEX 1	**NRBS BUSINESS COMPACT**
ANNEX 2	**NRBS RISK PROFILE**
ANNEX 3	**OBSERVATIONS ON THE REGULATION**
ANNEX 4	**THE ROBERT WALKER REPORT**