

1. SUMMARY AND OVERVIEW

Highlights of the Plan

- ▶ This plan is for the period 2015 – 2020,
- ▶ We anticipate low economic growth for Swaziland over the planning period with correspondingly low growth in statutory membership of the Fund. The Fund will grow through our strategy of increasing voluntary and supplementary contributions, and from conversion to a Pension Fund.
- ▶ During the planning period we will;
 - ▶ Devote significant and urgent management attention to pro-actively progress the conversion of the SNPF to a Pension Fund, which is essential for the Fund to move forward.
 - ▶ Until conversion takes place, continue to provide a provident fund service, while strengthening our staffing and support systems in anticipation of the conversion.
 - ▶ Significantly increase the voluntary and supplementary contributions part of our business.
- ▶ Investment strategy:
 - ▶ We will continue to seek viable local investments within the limits of our mandate, provided that these investments yield acceptable returns.



- ▶ We will maintain our present policy of using professional investment houses for our listed share portfolio, mainly invested on the JSE.
- ▶ The establishment of the Property Unit Trust will be pursued for implementation before the expiration of this strategy given the challenges association with it.
- ▶▶ Internal strategic focus
We have conducted internal analysis of our strengths and weaknesses, for the fund as a whole, and for each of the Fund's stat departments. Strategies aimed at building up on these strengths and addressing the identified weaknesses, are set out in Section 7 of this strategy document.

2. INTRODUCTION

An in house strategic planning workshop was held on October 30, 2014, attended by 17 senior and middle managers of the Fund. The draft document was prepared from the discussions at that workshop and recommendations were made by this group, for the Fund's future direction over the period 2015 to 2020.

The draft strategic plan was presented to SNPF's Board on the 4th May 2016. The Board went through the document, considered it and approved it.



SNPF Board and Executive Management

3. PROGRESS SINCE OUR LAST PLAN

The 2008 – 2012 plan, approved on May 16, 2008, set out a number of strategic projects:

- ▶▶ Facilitate conversion of the SNPF to a pension fund (by December 31, 2009)
- ▶▶ Establish strategic alliances with other institutions.
- ▶▶ Lobby and implement a funeral benefit scheme
- ▶▶ Explore and evaluate the possibilities of establishing an unemployment insurance scheme in the country.
- ▶▶ Explore and evaluate the possibilities of managing other private pension schemes.
- ▶▶ Update and implement an investment policy, and manage the Fund's assets to achieve a return of at least inflation plus three per cent per annum.
- ▶▶ Increase local investments within the portfolio.
- ▶▶ Develop and implement the Property Unit Trust (PUT).

The meeting noted that the strategies relating to investments, (the last three items), have been achieved, and the funeral benefit scheme has been introduced. However the remaining



strategies relating to the growth and future activities of the Fund have not been fully achieved, although some progress has been made. **In particular the most important goal, conversion of the SNPF to a pension fund, has not yet been achieved.**

The plan further addressed internal administrative strategies in the areas of human resources, information technology, improving customer service, and financial management.

These have generally been achieved and are on-going activities.

4. ENVIRONMENT AND ECONOMY

The Fund's revenue, and consequent growth in investment activity, depends on employment and wage levels in Swaziland. The economic outlook is poor over the planning period, and we anticipate low real GDP growth with zero or low increase in employment, taking into account the effect of AGOA and a possible decline in SACU revenue for the country.

In this scenario we anticipate that the number of statutory members will remain fairly constant between 100,000 and 120,000.

We further anticipate that investment returns on the Johannesburg Stock Exchange over the next 5 years, will be lower than the previous 5 years.

5. VISION, MISSION AND VALUES

5.1 Our Vision

To provide the best managed social security scheme in Africa and to be a major contributor to Swaziland's socio-economic growth.

5.2 Mission

We will provide the Fund's members with the best retirement packages through:

- ▶▶ Collecting All Due Contributions;
- ▶▶ Investing Wisely;
- ▶▶ Paying out in the Shortest Possible Time;
- ▶▶ Educating Stakeholders; and
- ▶▶ Building and retaining our team of motivated and committed staff supported by efficient systems and technology.

5.3 Our Shared Values

- ▶▶ Respect
- ▶▶ Integrity
- ▶▶ Excellent Member Service
- ▶▶ Commitment
- ▶▶ Transparency

5.4 Our Shared Goals

Our shared goals are that by or before 2020:

- ▶▶ The fund will be converted to a Pension Fund.
- ▶▶ Voluntary and supplementary contributions will make up 20% or more of the statutory contributions.
- ▶▶ The Property Unit Trust will be well established and undertaking new property development projects.
- ▶▶ Our local investments will be profitable and growing
- ▶▶ We will find and invest in other financially viable local projects that create or maintain employment.
- ▶▶ We will make progress towards extending our benefits to groups currently outside our scope, targeting farm workers, domestic workers, the informal sector, and Swazi citizens working outside the country.
- ▶▶ Our management team will build a committed and engaged team of employees supported by excellent technology.

6. SCOPE OF FUTURE ACTIVITIES

6.1. We define our role and functions over the planning period to be:

- ▶ Collecting contributions for members of the Fund;
- ▶ Investing members contributions wisely and securely;
- ▶ Paying out benefits efficiently;
- ▶ Educating stakeholders on the benefits and operations of the Fund;
- ▶ Partnering with our staff to ensure that they are adequately equipped to fulfil the mandate of the Fund
- ▶ Developing and maintaining our systems and technology to meet our strategic goals;
- ▶ Contributing to the socio-economic growth of the country;
- ▶ Ensuring compliance with the SNPF Order and other relevant legislation.

7. KEY AREAS OF STRATEGIC FOCUS

7.1 Conversion to a Pension Fund

We are committed to provide excellent retirement and related benefits to the people of Swaziland. As the Board, we are alert to opportunities of expanding the range of services we offer, and to grow the Fund. We also monitor developments in our industry benchmarking with other countries, particularly in Africa, and at the ILO. Our Fund lags behind from other funds of many other countries in Africa in one major respect: these countries have converted from a Provident Fund to a Pension Fund.

In Swaziland the conversion initiative has progressed slowly, because:

- ▶ Creation of the Pension Fund will impact on a number of other civic and government organisations and funds (for example the Civil Servants Pension Fund) and these implications needed to be identified, fully thought through and discussed with the relevant stakeholders.
- ▶ Changes to the legislation – Order No 23 of 1974 – requires detailed consideration and discussion by the legislators before the draft can be submitted for approval.

- ▶ The Bill will then need to go through various further approval stages, including approval by the Minister, before it is submitted to Parliament.

The entire process of conversion could thus take three to four more years.

Strategy Recommendation 1: Conversion

We the Board of the SNPF believe that conversion to a Pension Fund as soon as possible , is essential for the growth of the Fund , and for fulfilling our Mission to the people of Swaziland. It is our responsibility to expedite the conversion process to the fullest extent. Our top management will mount an urgent and intense campaign to actively lobby for the urgent conversion of the Fund, to the full extent of our ability.

This will include:

- ▶ Identifying the key individuals and organisations able to influence the process
- ▶ Developing a separate approach for each individual stakeholder , individual and organisation
- ▶ Public and community speeches and presentations
- ▶ Regular personal visits with key individuals
- ▶ Lobbying our members and employers – inform them about the value and benefits of a pension fund and stress our competitive returns.

- ▶ Meeting with the technicians who draft the legislation as well as the senior managers

This initiative will be driven by our CEO and the General Manager – Business Development and Finance.

Strategy Recommendation 2: Monitoring Conversion Process

Since the date of conversion is difficult to forecast, our strategic position in the interim is to monitor the conversion process and respond to events as they arise, and focus on the administration of our current provident fund business, on our investments, and on building an excellent Provident Fund service organisation.

Strategy Recommendation 3: Extension of Coverage

Extension of coverage to stakeholder groups not presently covered, including farm workers, domestic workers, the informal sector, and Swazi citizens working outside the country, will be provided for in the Pension Fund enabling legislation.

Strategy Recommendation 4: Voluntary and Supplementary Contributions

Voluntary contributions currently account for about 5% of our statutory contributions and we believe it is possible to increase this to 15%.

In addition supplementary contributions, currently 7%, have potential to grow to 15%.

As a strategy, we will undertake a project to drive this initiative, to grow the voluntary and supplementary part of our business to these target levels. We will interrogate our data base to identify target customer groups and segments, conduct market research and develop the product features and product brochures. Thereafter we will visit employers and interest groups to publicise these offers, emphasizing our competitive investment returns.

This initiative will be driven by the Head of Corporate Services.

Strategy Recommendation 5: Computer Systems Upgrade

As a strategy, we will undertake a project to upgrade the Fund's ICT systems to improve and enhance the Fund's operational systems with a view to providing efficient and reliable service to our members.

This initiative will be driven by the General Manager Business Development and Finance.

8. INVESTMENTS AND INVESTMENT POLICY

8.1 Overall Investment Strategy

Currently 42% of the investment portfolio is invested in Swaziland while 58% of the portfolio is invested outside Swaziland mainly in the JSE. Our Investment Policy allows us to invest up to 50% of our funds within Swaziland. Our strategy in this regard is to continue to grow our local investment portfolio, within this limit, provided always that these investments yield acceptable returns. Investments that create employment are desirable, but not at the expense of returns.

Our investments on the JSE are managed by reputable professional institutions, and we do not intend to change this policy. We note that through our fund managers we have access to global investments through certain of their funds.

8.2. Property Unit Trust (PUT)

The Fund is continuing to pursue the project of listing its property Investment portfolio – worth E450 Million – on the Swaziland stock exchange. The units will start trading on the Swaziland stock market as soon as the requisite approval by the Minister of Finance has been obtained.

We confirm our strategy to continue with this project.

8.3. Local Investments Other than Property

The Fund has various commercial investments in Swaziland. In managing them the following shall be observed.

- ▶ We will not be actively involved in the day to day management of these businesses and funds, but will ensure that our interests are actively represented and protected through participation at Board Level.
- ▶ We will ensure that these local investments prepare and implement Business Plans.
- ▶ We will receive regular management accounts for these ventures.
- ▶ We remain alert for opportunities for other commercial investments in Swaziland, and for additional property investments.

9. INTERNAL APPRAISAL - STRENGTHS AND WEAKNESS

Prior to the strategy meeting, the three department heads conducted a strategic analysis of their areas of responsibility, and drew up detailed departmental action plans at operational level.

9.1 Our assessment of the strategic strengths and weaknesses of stat SNPF in 2015:

Strengths identified

- ▶ We produce competitive market related investment returns
- ▶ Unique local property unit trust portfolio
- ▶ Stable investment mix – 42% Swaziland, 58% outside
- ▶ Balanced and diversified portfolio of listed investments
- ▶ Ability to find, research and implement new ventures, projects and investments which benefit the nation
- ▶ Protection from competition through legislation
- ▶ Tax exempt entity
- ▶ Liquidity, our monthly income is well in excess of monthly outflows
- ▶ Experienced staff
- ▶ Diversified Board, representing all stakeholders

Weaknesses identified

- ▶▶ Fund's activities paralysed by political decisions
- ▶▶ Not yet able to offer a Pension Fund , lagging behind other countries
- ▶▶ Slow rate of progress towards pension fund conversion
- ▶▶ Limited number of products on offer for members
- ▶▶ Some staff and managers disengaged and uncommitted
- ▶▶ Poor co-operation from other government departments
- ▶▶ How staff turnover in key positions
- ▶▶ Tactical approach to market communications
- ▶▶ Poor customer service
- ▶▶ Activities restricted by SNPF Order
- ▶▶ Poor internal communication , insufficient openness and awareness
- ▶▶ Lack of computer skills among some members of staff
- ▶▶ Poor inter-departmental co-operation
- ▶▶ Insufficient succession planning
- ▶▶ Inefficient ICT and related support systems

These strengths and weaknesses are addressed in the strategic thrusts identified below and set out in detail in the departmental action plans.

9.2 Strategic Thrusts - CEO

- ▶▶ Stakeholder Management
- ▶▶ Conversion of the Fund to a Pension Scheme
- ▶▶ Succession planning

9.3 Strategic Thrusts and Actions – Corporate Services department

- ▶▶ Marketing, branding and communications activities preparing the organisation , and customers , for conversion to a Pension Fund
- ▶▶ Develop CRM strategy to address poor customer service
- ▶▶ Develop and implement an employee engagement strategy
- ▶▶ Develop a comprehensive human resource management strategy
- ▶▶ Develop and implement a succession plan

9.4 Strategic Thrusts and Actions – Business development and Finance

- ▶▶ Maintain high regulatory compliance and confidence
- ▶▶ Prepare statutory and other reports
- ▶▶ Provide quality, efficient and reliable customer services to the Fund
- ▶▶ Ensure that all operations are governed by policies and procedures
- ▶▶ Ensure that benefits paid are paid not more than 60% of contributions received each year
- ▶▶ Ensure that administrative costs are below 6% of members funds
- ▶▶ Obtain return on investments of Inflation + 5% per annum in a rolling five year period in line with Investment and policy
- ▶▶ Improve database of the Fund’s properties, tenants & related information

- ▶▶ Improve rental collection to over 95%
- ▶▶ Develop minimum leasing standards to enhance tenant's database and quality
- ▶▶ Develop a marketing plan for SNPF properties
- ▶▶ Ensure sound financial management of ICT Investments
- ▶▶ Improve communication amongst stakeholders to ensure sharing of information and skills
- ▶▶ Provide guidance and management of ICT processes in order to minimize risk and add value to the Fund.
- ▶▶ Upgrade ICT and related support systems
- ▶▶ Develop technology innovations that will enhance service quality to members
- ▶▶ Provide cost effective business systems that improve the efficiency of business processes.
- ▶▶ Provide timely, accurate, reliable and secure information to our stakeholders

9.5 Strategic Thrusts and Actions – Fund Department

- ▶▶ Provide prompt efficient and high quality service delivery to the satisfaction of members
- ▶▶ Enforce compliance in relation to collection of contributions
- ▶▶ Accurate and efficient payment of benefits
- ▶▶ Inform members and the general public on the operations of the Fund for better cooperation and increase voluntary compliance keep the Fund up to date with trends in the social security industry
- ▶▶ Conduct periodic study towards the Development of new products and new processes

10. FINANCIAL FORECAST

SNPF Financial Information for Five Years 2011 - 2015

Revenue Account	2015 E	2014 E	2013 E	2012 E	2011 E
Revenue					
Investment Income	255 243 624	272 844 024	177 025 866	184 101 212	162 494 114
Property Investment Income	40 131 382	35 556 411	30 346 285	29 800 739	29 407 615
Fair Value gain on Investment income	3 500 000	14 338 768	4 167 806	19 410 277	6 552 906
Other Income	3 683 089	3 474 612	3 740 002	4 501 981	4 064 688
Total	302 558 095	326 213 815	215 279 959	237 814 209	202 519 323

Expenditure						
Investment Managers Fees	9 619 851	10 919 851	8 845 238	7 898 911	6 723 671	
General and Admin. Expenses	51 339 425	48 433 420	50 328 370	42 392 990	38 395 846	
Property Operating Expenses	19 061 999	17 983 018	17 632 903	17 097 315	13 259 630	
Depreciation Charge	1 806 851	1 862 733	1 990 090	2 173 290	2 625 389	
Funeral Benefit Premium	3 485 000	3 735 000	4 008 750	3 505 177	-	
Total	85 313 126	82 934 022	82 805 351	73 067 683	61 004 536	
Operating Profit/ Deficit	217 244 968	243 279 793	132 474 608	164 746 526	141 514 787	

11. OBJECTIVES, PROJECTS AND ACTION PLANS

ACTION PLAN AND TIME TABLE

11.1 GROWTH OF THE FUND

Goals / Objectives	Action/Target	Champion	Time Frame	Deliverable
1. Growth of the Fund	Facilitate conversion of the SNPF to a pension fund	CEO	30/06/2017 latest	SNPF changed to a pension fund
	Increase voluntary contributions from 5% to 15% of membership	Head of Corporate Services	31/06/2017	Increased contributions
	Increase supplementary contributions from 7% to 15% of membership	Head of Corporate Services	31/12/2017	Increased contributions

11.2 INVESTMENTS

Goals / Objectives	Action/Target	Champion	Time Frame	Deliverable
1. Investments Growth	Facilitate development of business plans for local investments	GMBDF and CEO	30/09/2016	Business plans completed
	Ensure local investments are profitable	GMBDF and CEO	On-going	Financial statements show profitability targets achieved
	Identify and analyse further local investments to maximum 50%	GMBDF and CEO	On-going	At least one local investment project per year
	Listing of Property Unit Trust (PUT)	GMBDF	On -going	Listed Properties, subject to the approval of Transfer duty exemption from the Ministry of Finance.