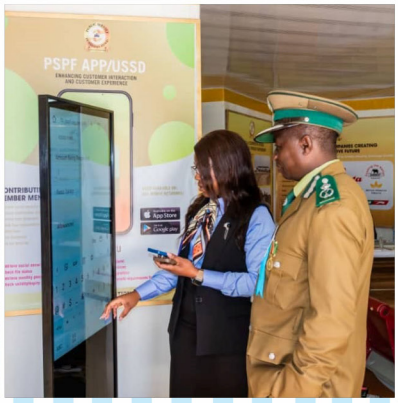
PUBLIC SERVICE PENSIONS FUND

KEEPING YOUR PENSION PROMISE









PSPF STRATEGIC PLAN

2024-2028

TABLE OF CONTENT

Board Chairperson's Statement 2

Chief Executive Officer's Remarks 3

List of Tables 5

List of Figures 5

Glossary of Terms and Definitions 6

List of Acronyms 7

Executive Summary 8

Institutional Context 10

- **Mandate** 10
- **Pension Scheme Membership and Structure of Benefits** 12
- **Key Lessons from Implementing the 2020-2024 Strategic Plan** 16

Environmental Scan 18

- **PESTEL Analysis** 18
- **SWOT Analysis** 22
- **Stakeholder Analysis** 23
- **Stakeholder Expectations Analysis** 25

Monitoring and Evaluation 30

Conclusion 31

BOARD CHAIRPERSON'S STATEMENT

The 2024 – 2028 Strategic Plan provides a pathway for the transformation of the Public Service Pensions Fund (PSPF) in how it will execute its statutory mandate. The PSPF Board is committed to rapidly modernizing pensions administration systems that are also adapted to the 21st century application of digital platforms whilst also offering automated seamless services to contributing members and pensioners.



Another critical aim of the Board is to refocus and strengthen management of the pension fund portfolio. Among the measures will be the application of best practice standards to maximize returns and always being prudent in the investment of pension funds.

The Board is cognizant of the critical role that PSPF plays in the country's social security landscape. The Board is laser focused on driving efficiency and effectiveness so that PSPF fully discharges its Mandate and contributes to improved livelihoods of the members before and after retirement, thereby "*keeping the pension promise*" and broader aims of the Government.

The 2024 – 2028 Strategic Plan is therefore ambitious but achievable. To quote Enver Yucel, the Founder of Bay Atlantic University in the United States of America, "*those who don't have dreams, don't reap reality*". The transformative nature of this Strategic Plan will also drive our human resources development so that PSPF always remains competitive with a discernible commitment to continuous improvement.

Mr. John Kasanga
Fund Chairperson

CHIEF EXECUTIVE OFFICER'S REMARKS

It is my pleasure to share with you our 2024-2028 Strategic Plan which provides a clear trajectory for the Fund for 5 years starting 2024.

On behalf of management, I acknowledge the unwavering support and guidance from the PSPF Board. The 2024-2028 PSPFB Strategic Plan development was further made possible through the valuable contributions from various key stakeholders who I also wish to acknowledge.



Let me acknowledge the active participation of the core team of staff drawn from various departments and units who provided their expertise in the development of the Strategic Plan. The teamwork which was exhibited during the process was a clear demonstration of the Fund's culture of fostering internal synergies among the diverse staff skills.

I wish to sincerely thank all PSPFB Staff for their exceptional dedication to the Fund and look forward to their continued hard work and commitment towards achieving our vision, mission, and strategic objectives for the next five years.

Finally, I am very optimistic that in collaboration with our stakeholders, the Public Service Pensions Fund will effectively implement the Strategic Plan to facilitate the Fund's timely payment of pension benefits and provision of value-added products and services to contribute to securing the future of its members and their dependants.

Mr. Francis Pindani Nyirenda
Chief Executive Officer

List of Tables

Table 1: PSPF Staffing Establishments as at 30 November 2023 11
Table 2: Active Members, Pensioners, and Beneficiaries (2020-2023) 15
Table 3: SWOT Analysis Results 22
Table 4: Stakeholder Analysis table 24
Table 5: Stakeholder expectations 25
Table 6: Strategic objectives and Key Performance Indicators 29

List of Figures

Figure 1: Pension Scheme Membership 12
Figure 2: Scheme Membership Composition 13
Figure 3: Scheme Rules, Benefits and Financing 14
Figure 4: Investments Portfolio Composition 16
Figure 5: Values 27

Glossary of Terms and Definitions

Term	Description
Actuarial Valuation	Type of appraisal of a pension fund's assets versus liabilities, using investment, economic, and demographic assumptions for the model to determine the funded status of a pension plan
Defined Benefit Scheme	Scheme which pays benefits based on a prescribed/defined formula.
Benefits	This includes monthly pension, lumpsum and refunds.
Cost Optimization	Business-focused continuous discipline intended to drive spending and cost reduction while maximizing business value.
Layman's Draft	Draft bill prepared prior to presentation to Cabinet and the Ministry of Justice
Member	This includes principal member, dependent and pensioner.
Occupational pension scheme	Employer-sponsored and financed pension scheme.
Value-added services	This includes Microfinance loans, Home Ownership Scheme, and any other services.
Professionalism	Work with integrity and accountability
Partners	These are the representative bodies that PSPF works with in pensions administration. They presently include: the Zambia National Teachers Union (ZNUT), Civil Servants and Allied Workers Union of Zambia (CSAWUZ) and Zambia National Pensioners Association (ZANAPA)
Key result areas	These are the broad areas that a job is expected to deliver results or outputs on, which are measurable
Activities	These constitute the necessary actions that shall be undertaken to achieve PSPF's objectives over the 2024 - 2028 period

List of Acronyms

Acronym	Description
8NDP	8th National Development Plan
ERP	Enterprise Resource Planning
HOS	Home Ownership Scheme
HRA	Human Resources and Administration
ICBC	Industrial and Commercial Bank of China
ICT	Information Communication Technology
KPIs	Key Performance Indicators
KRAs	Key Result Areas
KYC	Know Your Customer
M&E	Monitoring & Evaluation
MOU	Memorandum Of Understanding
OSH	Occupational Safety and Health
PESTEL	Political, Economic, Social, Technological, Ecological, and Legal
PMS	Performance Management System
PSPF	Public Service Pension Fund
ROI	Return On Investment
SI	Statutory Instrument
SPV	Special Purpose Vehicle
SWOT	Strengths, Weaknesses, Opportunities and Threats
UK	United Kingdom
ZMW	Zambian Kwacha

Executive Summary

The successes and challenges faced by the Fund during the implementation of the 2020-2024 Strategic Plan (SP) provided an important backdrop for new thinking in the identification of priority objectives and strategies needed to reposition public service pensions administration. Critical to this process was the need to align the Fund's strategic focus with Vision 2030 and the Eighth National Development Plan (8NDP). These provide a national framework for the social protection of workers, deepening financial inclusion and outlines the Government's thrust for improved public service delivery.

This culminated in the development of the Fund's 2024-2028 Strategic Plan intended to, amongst other objectives, drive automation of all business processes that should improve efficiency whilst also closely monitoring costs to enhance effectiveness. Another key aim of the 2024 – 2028 SP is to reposition and diversify the Fund's portfolio management, applying innovative approaches that result in the continuous enhancement of the value of the pension fund whilst also providing an important base for financial self-sustainability.

The theme of the 2024-2028 SP is: "Transforming public service pension scheme administration - aligning to the 21st century". This is supported by a new **Vision Statement** which is: "*A competitive and self-sustaining public service pension scheme*".

To guide the direction of activities for the plan period, the **Mission** of the Fund is: "*Fully automated seamless pensions administration systems supported by optimal returns on investments*". The Fund will aim to automate all business processes as part of its strategies in driving efficiency and effectiveness. This should also provide the members of the pension scheme seamless communication with the Fund thereby transitioning from manual interfaces and resulting delays in accessing information and pension payments.

The successful implementation of the 2024 – 2028 SP will also call for a mindset change involving the transformation of attitudes and behaviour of the Board and all employees. Emphasis is to be placed on individual performance and role modelling behaviour that always brings out the **Core Values** that the Fund will always be recognized by, encapsulated in the acronym: HIIPE explained as follows:

- **Honesty**: We will be sincere and truthful in our actions and relations with others.
- **Integrity**: We will be trustworthy and incorruptible.
- **Innovative:** We will endeavour to embrace new methods in performing our duties**.**
- **Professional**: We will be accountable driven by the quest to deliver high quality results.
- **Ethical**: We will make sound decisions and take actions that clearly distinguish between right and wrong.

Based on the Vision and Mission statements derived for the plan period, an ambitious set of six (6) Strategic Objectives (SOs) will guide all the activities of the Fund, as follows:

1. All business processes are digitized and automated.
2. Investment portfolio optimized to achieve at least 10% ROI per annum.
3. PSP Act amended and alternative optional occupational scheme introduced.
4. Pension benefits processing time reduced from 21 days to 2 days.
5. PMS drives employee development, renumeration and retention.
6. KK Mall investment fully operational.

In the development of the SOs, consideration was taken of the need to give specific focus to ensuring that all construction activities at KK Mall are completed expeditiously, and the infrastructure made fully operational under dedicated management. KK Mall represents the Fund's largest single investment with the capability to provide sustained returns where the investment risk exposure is properly managed, and its facilities continue to attract both tenants and patrons.

The achievement of the SOs and associated targets will be through development and implementation of departmental workplans that will also guide staff in all work areas, making performance management central to the successful delivery of the Fund's mandate. The Board will continuously monitor the performance of the Fund in the achievement of each of the 6 SOs and, as necessary, take corrective measures to re-align policies, procedures and delivery capacities of staff.

Institutional Context

Mandate

The Public Service Pensions Fund (PSPF or "the Fund") was established in 1996 by an Act of Parliament as a Defined Benefit Scheme. The intention was to consolidate the law relating to pensions and other benefits for persons employed in the public service in accordance with the Public Service Pensions Act Cap 260 of the Laws of Zambia.

PSPF operates as a body corporate and its assets are vested in the Board that has sole management and control of the affairs of the Fund. The Fund is based on the social insurance principle of pooling resources and sharing risks. In the pursuit of this objective, the Fund is required to take account of long-term liabilities and the linkage between higher benefits and higher contributions in the financing of pensions.

The Fund is also prohibited from undertaking any business or making any financial commitments that are inconsistent with its basic objectives and the interests of the members. This also means that the Fund is required to maintain a realistic pensions contributions structure and real value of benefits. The Board is therefore expected to curb excessive administrative costs, ensuring prudential management of the Fund.

The Board is also responsible for the appointment of all staff of the PSPF including the Chief Executive Officer (CEO) who is expected to ensure the proper management of the Fund. The functions of the CEO encapsulate the core day-to-day activities of the Fund in the discharge of its Mandate, as follows:

i. Collection of contributions and other money due to the Fund.

ii. Payment of benefits, claims and expenditure necessary for the administration of the Fund.

iii. Investment of surplus funds in accordance with the provisions of the Act.

iv. Accounting for the funds received, paid out or invested.

In the discharge of the above responsibilities, the PSPF presently has an establishment for 91 staff against which 87 positions have been filled. The breakdown of the staffing establishments and actuals as at 30th November 2023 is shown below in Table 1.

Table 1: PSPF Staffing Establishments as at 30 November 2023

Item	Functional Area	Establishment	Actuals	Variance
1	Executive Office	3	2	-1
2	Pensions Administration	25	24	-1
3	Investments	19	19	0
4	Human Resources & Admin	10	8	-2
5	Finance and ICT	20	20	0
6	Internal Audit and Risk	5	5	0
7	Legal	3	3	0
8	Corporate Communications	2	2	0
9	Procurement	4	4	0
	TOTAL	91	87	-4

Operations of the Fund are carried out from its Head offices in Lusaka, supported by a Regional Office in Ndola. Using its strategic partners, the Fund maintains representative contact points through offices established in several districts across the country that are manned by partners drawn from financial service providers, associations, and trade unions to deliver services to its clients. These act as commissioned agents thereby facilitating access to the Fund's members and beneficiaries within their localities. This has also led to the reduction in the administration costs associated with full-time employees that were deployed in the district offices.

The Fund is also responsible for managing the pension scheme under the Widows and Orphans Pensions Act, CAP 279 of the Laws of Zambia. This scheme covers public service officers that were recruited by the United Kingdom (UK) government to serve in Zambia prior to independence in 1964.

Through the Public Officers Pensions (Zambia Agreement Implementation) CAP 278 of the Laws of Zambia, Crown Agents based in UK manages the fund and carries out pensions administration on behalf of PSPF. This also means that PSPF is expected to ensure that the funds and pension administration activities carried out by Crown Agents are aligned with its overall Mandate as defined by the respective Act.

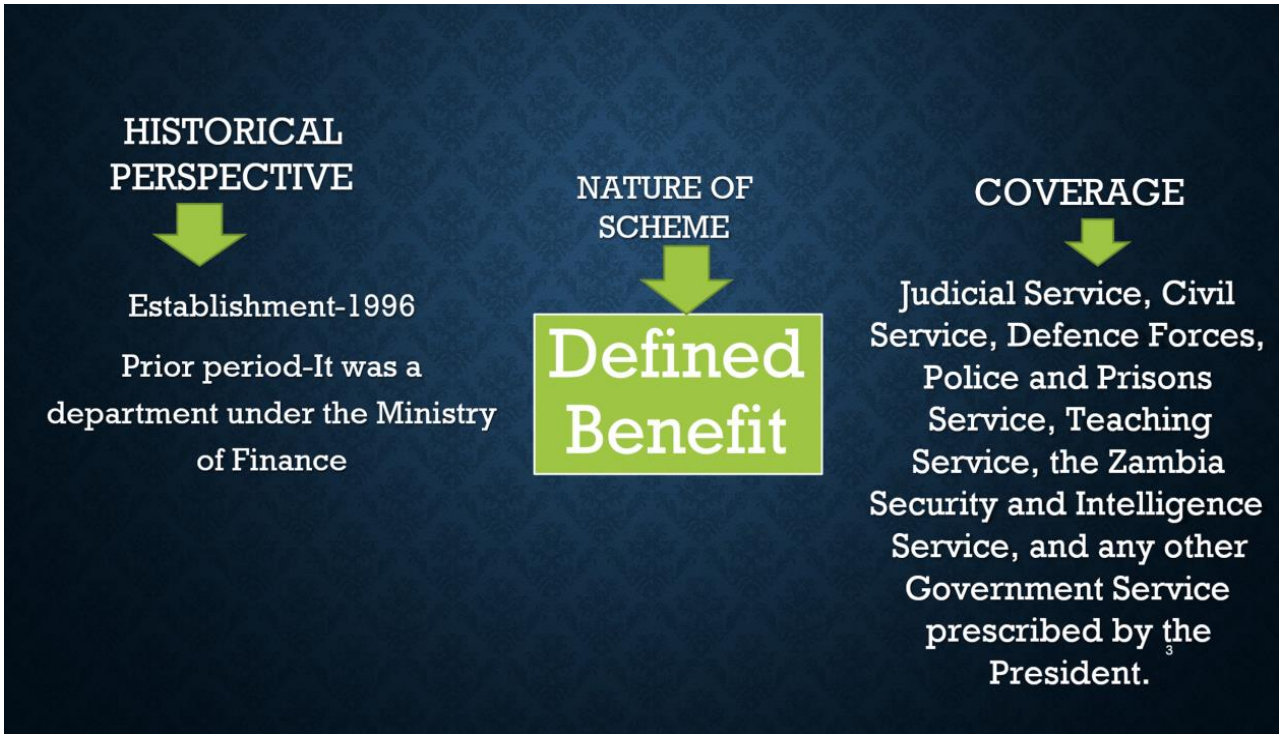
The Board therefore has a duty to ensure the prudential management of the Fund, a responsibility that cascades to all levels of staff in their respective roles. This includes ensuring that administration of pensions and investment activities are always carried out in an efficient

and effective manner. The recognition of these responsibilities have underpinned the development of the new SP.

Pension Scheme Membership and Structure of Benefits

The PSPF administers a defined benefit scheme which pays benefits based on the final salary without consideration of the actual contributions made by members to the scheme. A defined benefit scheme is a scheme that guarantees benefits through a prescribed formula and the scheme risk is borne by the sponsoring employer.

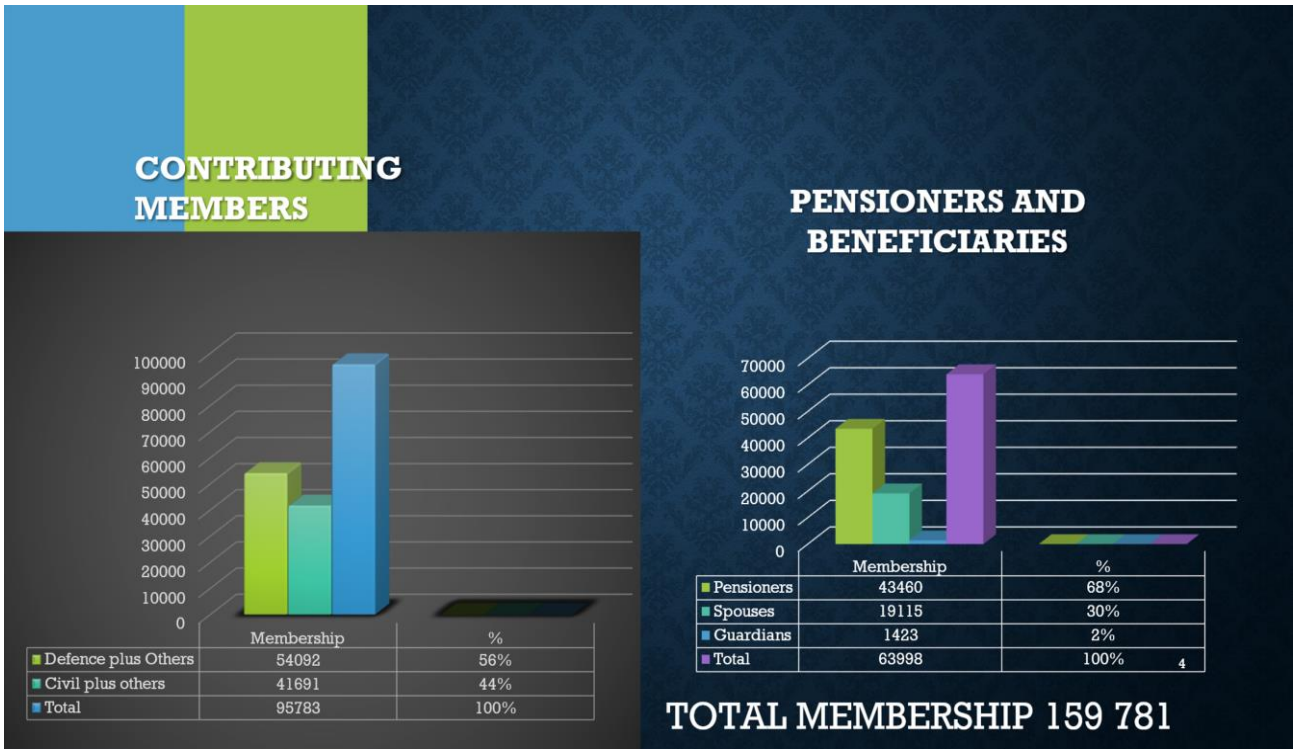
Figure 1: Pension Scheme Membership



The Fund draws its membership from members of the existing Fund and such other persons employed in the Judicial Service Commission, Civil Service Commission, Defense Forces, Police and Prisons Service Commission, Teaching Service Commission, the Zambia Security and Intelligence Service Commission, and any other Government Service prescribed by the President.

From 2000 when the National Pension Scheme (NAPSA) was established, personnel recruited into the civil service other than those indicated above were not eligible for membership to the PSPF. As of 30th June 2023, the PSPF had a total of 159,781 members broken down as follows:

Figure 2: Scheme Membership Composition



The Scheme is administered in accordance with the rules set out in the enabling legislation (i.e., CAP 260). These specify age and pensionable service qualifications. Members are required to contribute 7.25% of their basic salary each month, which is equally matched by the employer and remitted to the Fund.

Members are presently eligible to apply for short-term loans through microfinance scheme and mortgages under the Home Ownership Scheme (HOS) which are both administered directly by the PSPF. The scheme rules, benefits and financing are summarized below.

Figure 3: Scheme Rules, Benefits and Financing



The nature of the scheme design presents several challenges. Firstly, use of final salary in the computation of the lumpsum payment and annuities to retirees does not generally match with accrual rates resulting from the contributions made by the members and optimal investment returns generated. Secondly, the Fund has faced a declining membership over the years since the introduction of NAPSA for civil servants which has affected the growth of contributions.

Over time, the above have adversely affected the actuarial status of the Fund with the scheme operating under perpetual deficits due to the mismatch between contributions and benefits payment obligations. Given that the scheme if based on a final salary, each time the salaries of contributing members are increased, this also worsens the actuarial deficit. negatively impacts or consolidated into basic pay, the worsens. For example, between 2017 and 2020, the actuarial deficit worsened by 9%, i.e., ZMW46.2 billion to ZMW50.4 billion.

Between 2020 and 2023, the PSPF recorded a 4.3% increase in its active membership base, i.e., from 91,152 to 95,138. During the same period, the number of pensioners and beneficiaries increased by 12.4% from 57,741 to 64,893. This resulted in the dependency ratio deteriorating from 1.58: 1 in 2020 to 1.46:1 in 2023, which is below the recommended ratio of five active members against one pensioner (5:1). This means that there are fewer active members supporting the increasing number of pensioners and beneficiaries.

Table 2: Active Members, Pensioners, and Beneficiaries (2020-2023)

	Active Members	Growth In Members	% Growth In Members	Pensioner & Beneficiaries	Growth In Pensioners & Beneficiaries	% Growth In Pensioners & Beneficiaries
2020	91,152	-2,399	-2.56%	57,741	3,736	6.9%
2021	**97,353**	6,201	6.80%	59,512	1,771	3.1%
2022	95,259	-2,094	-2.15%	62,442	2,930	4.9%
2023	95,138	-121	-0.13%	64,893	2,451	3.9%
% Growth	**4.37%**			**12.4%**		

Lumpsum Payments

The Fund's average lumpsum pension liability increased from ZMW1.11 billion in 2015-2019 to ZMW1.64 billion in 2020-2023 while the average monthly pension liability increased from ZMW392.6 million to ZMW706.5 million. This was attributable to the maturity of the statutory retirement age from 55 to 60 years.

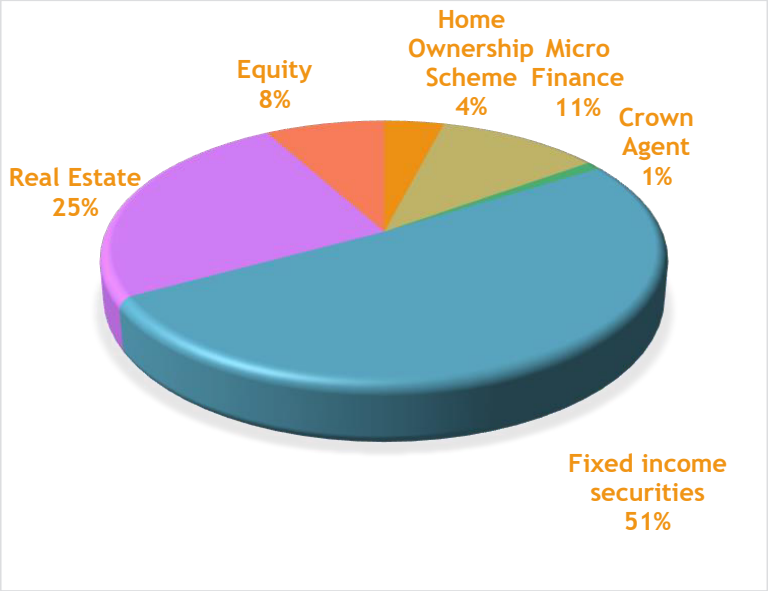
As a result of the above, the Board is not able to meet its pension payment obligations when they fall due without receiving direct government subventions. Over the past 2 years, the Fund has significantly reduced the waiting period for disbursing lumpsum payments from 1080 days to 231 days, i.e., translating into a 78% reduction. This was attributable to increased funding released timely by the government.

This mismatch constitutes a major threat to the financial sustainability of the Fund, largely due to the scheme design. The PSPF has therefore set out as one of its priorities pension scheme reforms with the view of making parametric changes to its design, such as adjustment of the contribution rate, in addition to establishing a parallel contributory scheme to new entrants on more financially sustainable parameters.

Investments Portfolio

PSPF has a diversified investment portfolio in traditional asset classes. The investment portfolio stood at ZMW6.2 billion as at 3rd quarter of 2023. PSPF continues to optimize its returns on investments by diversification into money markets, capital markets and real estate. The Figure below illustrates the current investment portfolio composition to asset classes.

Figure 4: Investments Portfolio Composition



Financial Performance

The total income generated during the period 2020-2023 was ZMW14.03 billion compared to ZMW8.51 billion in the 2015-2019 strategic plan period. This represents a 64.9% increase in income. Total expenditure also increased from ZMW7.91 billion in 2015-2019 to ZMW10.39 billion in 2020-2023, representing a 31% increase. The increase in expenditure was attributed to increased payment of outstanding pension lumpsums.

Key Lessons from Implementing the 2020-2024 Strategic Plan

Overall, implementation of the 2020 - 2024 was affected by three factors that emerged. Firstly, the COVID – 19 pandemic changed the work environment with the introduction of "work from home" and use of virtual communication platforms. It also affected levels of interactions with stakeholders. Secondly, the change of government in August 2021 with the coming into power of the United Party for National Development (UPND) led to major shifts in policy priorities and fiscal management.

Thirdly, the UPND government launched the 8th National Development Plan (8NDP) that set out specific priorities related to social protection of employees and financial inclusion anchored on sustaining livelihoods. The policy shifts also meant that PSPF had to realign its objectives and priorities.

Despite the actuarial deficit increasing, close collaboration and commitment of the government towards dismantling pension payment arrears improved considerably during the plan implementation period. More recently, funding releases from the Ministry of Finance and National Planning have become more predicable making pension payments to beneficiaries easier to plan. This level of collaboration needs to be maintained as it is also resulting in the reduction of the waiting period for pension payments to the members.

Overall, management of the real estate asset portfolio was substantially below standard. On the other hand, the Fund has been carrying undeveloped residential plots in Solwezi, Mongu and Chinsali with limited prospects of ever achieving a commercial return if developed. The inability to act proactively in determining the investment value of these assets and whether it would be prudent to continue to retain them in the investment portfolio contributed to the underperformance of the real estate portfolio.

Another factor is the limitation to 20% as the threshold that the Fund can invest in each asset class. This represents a substantial hinderance to investment portfolio growth. There is a need to amend the Act to allow greater flexibility in making investment decisions.

Administration of both, the Home Ownership Scheme (HOS) and Microfinance lending scheme, require substantial review and refinement if their availability to members is to continue. Presently, Some HOS applicants are unable to provide title deeds that would enable the Fund to secure its mortgages. The administrative processes involved in the acquisition of titles need to be addressed to reduce transaction costs and waiting periods before mortgages are approved and funds disbursed.

The performance of the microfinance scheme was less than expected. The loan repayment default rate increased, largely due to government payroll regulations concerning members take-home thresholds. More importantly, the Fund needs to carry out a detailed assessment of all costs associated with the provision of these services to members to ensure preservation capital is not compromised.

For a long time, the Fund had segmented systems of operations with several manual interfaces which did not support effective delivery of service. During the 2020 – 2024 SP period, the Fund integrated its business processes through the implementation of the Enterprise Resource

Planning (ERP) which substantially improved service delivery. The Covid-19 pandemic provided the impetus for developing ICT infrastructure to be developed to support teleworking for Staff and Fund members and business continuity capabilities.

The ERP capabilities are not fully optimized and integrated across all business processes. The automation/digitization and integration of business processes needs to be scaled up to further improve operational efficiency and enhance customer services.

The Fund made efforts to improve its risk management capabilities, reduce risk exposure and improve decision making. In view of emerging risks, such as cybercrimes and fraud, there is however a need for continued enhancement of risk management processes at the Fund.

Environmental Scan

To guide the strategic planning process, an environmental scan was carried out using three (3) analytical tools, namely: PESTEL, SWOT and Stakeholder Analysis. The results generated from the use of these analytical tools are summarized below.

PESTEL Analysis

This tool provides a critical assessment of the Political, Economic, Social, Technological, Ecological and Legal (PESTEL) environment that the Fund presently and likely to continue to operate in over the next five (5) years. The results of this analysis are summarized below that indicate a much more conducive environment is expected to prevail.

Political Environment

- ✓ Demonstrated commitment to increased transparency and adherence to democratic principles by the Government that is improving stability.
- ✓ Positive direction of policy approaches relating to social protection and expansion of pension schemes for all citizens fully expressed in the 8NDP and Vision 2030.
- ✓ Government commitment to settling public service pension arrears already being realized through predictable and stable remittances of contributions and subventions to cover financing deficits.

There are however rising expectations about economic empowerment that may affect the stability of the Fund, such the introduction of the Partial withdrawals of 20% lumpsum payments from members of NAPSA. Intimations have been made about extending this initiative to PSPF members.

Economic Environment

- ✓ Government has made substantial strides in addressing Zambia's crippling external debt which should free up resources for national development including the dismantling of domestic arrears.
- ✓ Commitment to fiscal discipline and timely disbursement of funding releases to all government ministries and public agencies.
- ✓ The resolution of obstacles related to large mining operations on the Copperbelt (Nchanga Copper Mines and Mopani Copper Mines) expected to revive economic activities and contributions of the mining sector to export earnings and growth in formal employment, that in turn, should improve the government's revenues base.
- ✓ Commitment to macroeconomic stabilization, especially inflation, bank lending rates and foreign exchange rates.

Globally, very few economies are achieving stable growth rates and containing inflation and favourable foreign exchange rates. In comparison to other neighbouring countries, Zambia's economy has shown greater reliance and stability. Once external debt restructuring is successfully accomplished, economic prospects look bright and should provide a much more conducive environment for the Fund.

Social

Zambia's social and human development indicators have shown improvement through government policies especially initiatives such as free primary education to all, and improved access to health services through the National Health Insurance Management Agency (NHIMA). The enhanced Constituency Development Fund (CDF) is practically demonstrating fiscal decentralization and already changing lives especially in rural areas providing increased opportunities for economic empowerment. Other social factors include:

- ✓ Social protection being emphasized in the 8NDP and Vision 2030 provide important signals of government's commitment to uplifting disadvantaged members of society.

- ✓ Government's commitment to fully implement the Sustainable Development Goals (SDGs).
- ✓ Efforts at promoting financial literacy and inclusion are enabling disadvantaged citizens to participate more effectively in the economy.

Poor communications infrastructure in rural areas continues to pose challenges in the Fund's beneficiary outreach efforts including settlement of monthly annuities. This is exacerbated by the paucity of banking facilities and limited access to mobile money platforms in remote areas. Another challenge relates to the antiquated systems of registering births and deaths, especially in rural areas. The Fund faces difficulties in ensuring that life certificates are up-to-date, and changes are notified timeously.

Technological

The government has established a dedicated ministry responsible for promoting Science and Technology development and is implementing "e-government" automation programmes. The rapidly increasing uptake of mobile telephony and payment platforms is also enabling improved communications across the country. Other notable developments in the information communication technology (ICT) environment include the following:

- ✓ Real-time local and international payment settlement systems being provided by banks enable seamless financial transactions.
- ✓ Cost of communication technologies is also reducing thereby enabling increased use by Zambians among lower income groups.
- ✓ Increasing adaptation of school curricula by the government emphasizing Science, Technology, Engineering and Mathematics (STEM) is expected to provide a deeper foundation in the education youths who can drive societal change and development.

The government's emphasis on strengthening technological advancement should help economic transformation and industrialization that, in turn, should spar GDP growth. This should also provide an important platform for the automation of PSPF services and improve interaction with the pension scheme members. Technology platforms need investment in training users and protection against cybercrimes. PSPF has however, large proportions of beneficiaries that do not possess the means to invest in ICT platforms or access networks in rural areas to be able to fully take advantage of technology advancements.

Environment

The government has recognized the importance of enabling the country to adapt to climate change and implementation of measures that protect the environment. Sustainable land use practices clean energy transition is being promoted supported by a dedicated Green Economy ministry. Other notable factors related to the environment include:

- ✓ Active promotion of climate smart agriculture is enabling smallholder farmers cope with adverse weather conditions better.
- ✓ Promotion of solar and other "off-grid" electricity supply options through tax rebates is enabling increased access to energy in areas not accessing nationally wheeled power supply.
- ✓ Decongestion of central business district areas of major towns by the removal of illegal street vendors is improving hygiene and overall cleanliness of the environment and susceptibility to water borne diseases.

Most of the Fund's pensioners reside in rural areas and smallholdings where they practice agriculture as a means of livelihoods. They are therefore vulnerable to adverse weather events whilst not having sufficient financial capacity to invest in long-term mitigation and adaptation measures. This is likely to continue to present a challenge to PSPF in being able to expand outreach to members using electronic platforms and achievement of broader social protection objectives of pensioners and beneficiaries.

Legal

The government has demonstrated a commitment to implementing legal reforms of national pension schemes. This should enable the PSPF to put through proposals for the amendments to enabling legislation to reposition pension scheme administration and Fund management under conditions reflective of changing times. For example, continuation of the defined benefit scheme as presently structured is unsustainable without increasing the Fund's dependency on government subventions. Other factors that presently constrain the Fund's viability include the following:

- ✓ Mixed messages resulting from legislative provisions, such as the recent Statutory Instrument (SI) Number 12 of 2023 that led to the change in the retirement age for Defense personnel from 55 to 60 years.

- ✓ The proposed placement of the PSPF under the regulatory supervision of the Pensions and Insurance Authority (PIA). Due to the actuarial deficits already being faced by the Fund, it would not meet the more stringent "fit and proper" requirements of the PIA.
- ✓ The enabling legislation restricts the placement of investment of the Fund's assets in excess of 20% of its net asset value in any one form of investment. This restriction severely limits growth of the fund due to limitations in the size of the stock market and paucity of alternative investment prospects outside of government instruments.

PSPF has given priority to working closely with the government and other stakeholders in pushing through critical legislative reforms that would improve the viability of the Fund. In addition, consideration is being given to separating scheme rules from the principal legislation that can instead be set out in regulations. This would provide some flexibility in responding to changes in the environment without requiring actual legislative changes.

SWOT Analysis

The SWOT (analysis of Strengths, Weaknesses, Opportunities and Threats) focused on the internal standing of the PSPF as it managed the Fund, pensions administration activities and support services. A summary of the results of this analysis are summarized below.

Table 3: SWOT Analysis Results

STRENGTHS	**WEAKNESSES**
i) New Board prioritising prudential management of the Fund and improved efficiency and effectiveness. ii) Qualified and motivated staff iii) Strategic partnerships with stakeholders	i) Low productivity levels across board ii) Poor management of real estate investment portfolio iii) Poor work culture iv) Weak financial management policies
OPPORTUNITIES	**THREATS**
i) Government financing support enabling bridging lump sum financing deficits. ii) Government's commitment to supporting pension reforms. iii) Stable political environment iv) E-Government v) Advancement of ICT infrastructure	i) Worsening actuarial deficit ii) Declining membership base iii) 20% investments thresholds for each asset class hinders optimization of investment portfolio growth. iv) Cybercrime and cyber-attacks. v) Volatility in the economic environment.

The analysis of weaknesses indicated the need to quickly address measures that would improve staff productivity and work culture. This would be addressed by the introduction of a demanding performance management framework supported by the structured training and development of staff.

A comprehensive review of all policies and procedures that govern the administration functions of the Fund also needs urgent review to ensure that sources of inefficiency and possible financial leakages are redressed.

The expanding e-government initiative offers tremendous opportunities for the Fund to automate all its business processes, eliminate manual data exchange with public agencies and substantially speed up computation of pension benefits.

Amongst the major threats that the Fund faces are associated with the growing actuarial deficit amid a declining membership base. This means that whilst pension liabilities are growing, growth of contributors is limited to segments of the public service thereby increasing the dependency ratio.

Stakeholder Analysis

PSPF recognizes that it exists to serve the interests of its members and key stakeholders that include the government, service providers/suppliers and collaborating agencies. A stakeholder mapping was carried out to establish perceptions on the efficiency and effectiveness of the services provided by the PSPF. The data gathering exercise involved desktop research and the conduct of customer service surveys.

The first part of the analysis focused on the identification of key stakeholders that the PSPF regularly interacts with to establish those who it must keep informed and those that need to be satisfied with the services provided. The results are summarized below in Table 4.

Table 4: Stakeholder Analysis table

High Influence	**Keep Satisfied** • Ministry of Justice • Ministry of Labour and Social Security • Ministries and public agencies where the pension scheme membership is drawn from	**Keep Informed and Involved** • Ministry of Finance and National Planning • Board of Directors • Partners • Trade Unions
Low influence	**Minimal Effort** • Local Pension sector players • International Social Security Organizations • Zambia Statistical Agency	**Keep Informed** • Active members and pensioners • Members of staff • Suppliers of goods and services • Regulators • Media Houses and Associations • Financial Institutions • Civic and Traditional Leaders • Tenants
	Low Interest	**High Interest**

The identification of the above list of stakeholders should help focus the delivery of outputs based on the dictum that: every piece of work done must be for an internal or external customer whose requirements must be met all the time.

In other instances, the PSPF must work collaboratively with other institutions in order to deliver its outputs, such as strategic partners that operate district offices. In such cases, agreeing service level standards and enforcement mechanisms is paramount so that expectations are mutually understood.

The second part of the stakeholder analysis involved the determination of expectations they had from us as managers of the Fund and pension administrators. A summary of the expectations is shown below in Table 5.

Stakeholder Expectations Analysis

Table 5: Stakeholder expectations

Stakeholder Segment	Stakeholder	Stakeholders' expectations
Internal Stakeholders	Board of Directors	• Implementation of Fund decisions • Effective communication and reporting • Prudent management of resources • All staff to be performance driven and focused on achieving results. • Supervisors at all levels within the organization to be accountable for ensuring high standards of work discipline are maintained.
	Members of staff	• Conducive workplace and competitive terms of service • Policy direction and clarity of roles • Effective communication and resources
External Stakeholders	Active members and pensioners	• Timely payment of benefits • Accountability and fiduciary • Quality service • Effective communication • Respect and empathy
	Partners	• Timely payment for services • Conducive workplace environment • Cooperation and adequate support • Effective communication/feedback • Adherence to terms of reference/mandates.
	Trade Unions	• Timely payment of pension benefits. • Investment of member contributions • Access of services by members
	Ministry of Finance and National Planning	• Accountability and fiduciary • Alignment and compliance of programmes to national priorities & policies • Execution of Fund mandate • Effective and timely provision of accurate information.
	Media Houses and Associations	• Timely provision of accurate information • Enhanced collaboration and partnerships
	Service Providers/ suppliers	• Timely payment for services • Accurate information • Transparent procurement processes
	Regulators	• Compliance to statutory obligations.

What is shown above as stakeholder expectations are intended to focus the structuring of deliverables over the 2024 – 2028 plan period. In addition, the Board and all staff will focus on performance and ensuring that pro-active measures are taken to enhance prudential management of the Fund – "doing more with less".

Concerted efforts will be made to improve work culture under a demanding performance management framework. In this regard, all staff will be subject to a regular performance appraisal. Staff retention, development, promotion, and reward will strictly be driven by the objective assessment of their performance. The overall objective will be to promote excellence in how the PSPF discharges its mandate and delivers results, drawing on innovation and dedication to duty by the Board and staff.

OVERALL GOALS OF THE 2024 – 2028 STRATEGIC PLAN

The main aim of the 20204 – 2028 SP will be to transform the PSPF's approach to fund management and pensions administration. In this regard, the Theme of the 2024 – 2028 SP is: **"*Transforming public service pensions scheme administration – aligning to the 21st century*".** This theme is intended to emphasize the need to transform how the deliverables are prioritized ensuring that strategies draw on best practices and use of technology to drive efficiency and effectiveness.

Given the challenges faced in the administration of the pension scheme by virtue of its design and perpetual exposure to actuarial deficits, the new **Vision Statement** that will guide the planning and execution of all functions and activities has been formulated as follows:

"***A competitive and self-sustaining public service pension scheme"***

As any vision statement, it encapsulates the desired state in the future and need not be fully achieved during the plan period. It however helps to focus where we want to end up, that is managing a pension scheme that applies best practices, is competitive and should substantially reduce present levels of high dependency on government subventions.

For the plan period, a Mission Statement has been derived from the Vision which is:

"***Fully automated seamless pensions administration systems supported by optimal returns on investments***".

The development pathway to achieving the Vision will commence with activities undertaken during the plan period that aim to fully automate all business processes and strategies that optimize returns on the Fund's investment portfolio.

With the automation of business processes, substantial gains in efficiency and effectiveness will accrue and place the PSPF amongst the most competitive fund managers and pension administrators. The automation will also include interfaces with both on-line, physical or direct contact with government agencies and member categories of the scheme.

The above will require demonstrable mindset change across the organization, including members of the Board who will be expected to role model best practice standards. In this regard, **Core Values** have been formulated that will guide behaviour and the collective accountability to always protect the reputation of the Fund, encapsulated in the acronym: HIIPE explained as follows:

Figure 5: Values



- **Honesty**: We will be sincere and truthful in our actions and relations with others.
- **Integrity**: We will be trustworthy and incorruptible.
- **Innovative:** We will endeavour to embrace new methods in performing our duties**.**
- **Professional**: We will be accountable driven by the quest to deliver high quality results.
- **Ethical**: We will make sound decisions and take actions that clearly distinguish between right and wrong.

Senior members of management will especially be expected to lead in the day-to-day role modelling the behaviour encapsulated in the HIIPE acronym. This will be a key performance indicator as delivery of results will call for approaches to work, leadership and engagement of subordinates demonstrate the mainstreaming of the core values in all behaviour.

Strategic Objectives

Based on the Vision and Mission statements derived for the plan period, an ambitious set of six (6) Strategic Objectives (SOs) will guide all the activities of the Fund, as follows:

1. All business processes are digitized and automated.
2. Investment portfolio optimized to achieve at least 10% ROI per annum.
3. PSP Act amended and alternative optional occupational scheme introduced.
4. Pension benefits processing time reduced from 21 days to 2 days.
5. PMS drives employee development, renumeration and retention.
6. KK Mall investment fully operational.

In the development of the SOs, consideration was taken of the need to give specific focus to ensuring that all construction activities at KK Mall are completed expeditiously, and the infrastructure made fully operational under dedicated management. KK Mall represents the Fund's largest single investment with the capability to provide sustained returns where the investment risk exposure is properly managed, and its facilities continue to attract both tenants and patrons.

The achievement of the SOs and associated targets will be through development and implementation of departmental workplans that will also guide staff in all work areas, making performance management central to the successful delivery of the Fund's mandate. The Board will continuously monitor the performance of the Fund in the achievement of each of the 6 SOs and, as necessary, take corrective measures to re-align policies, procedures and delivery capacities of staff.

Table 6: Strategic objectives and Key Performance Indicators

SN	STRATEGIC OBJECTIVES	KEY PERFORMANCE INDICATORS
1	All business processes digitised and automated.	• Business Process re-engineering. • Deploy Customer Contact Centre. • Deploy self-service systems. • Maintain real value of benefits. • Enhance Cyber security controls.
2	Investment portfolio optimized to achieve at least 10% ROI per annum.	• Enhance revenue collections. • Diversify existing resource base. • Unlock investment potential in existing investment portfolio. • Product Advertising and Marketing • Cost optimization
3	PSP Act amended and alternative optional occupational scheme introduced.	• Actuarial Assessment • Draft layman's bill/statutory instruments • Stakeholder engagement
4	Pension benefits processing time reduced from 21 days to 2 days.	• Systems integration • Maintain real value of benefits by reducing processing time.
5	PMS drives employee development, renumeration and retention.	• Organization design and development • Performance Management mainstreamed and becomes tool for employee development, remuneration and retention • Regular training and development needs assessments undertaken. • Alignment of PSPF policies • Health and Wellness at the workplace. • Implement organizational cultural change. • Enforce work discipline hance support services and safe working environment.

6	Longacres mall investment fully operational.	• Establishment and Operationalization of SPV • Construction works completed expeditiously. • KK Mall performance targets set and regularly monitored

Assumptions

i) The inflation rate is expected to be maintained at or near single digit levels.

ii) Other macro-economic fundamentals such as exchange rates and interest rates are expected to be volatile during the plan period.

iii) Increase in Government support and disbursement of funds from the treasury.

iv) Pension reforms are likely to materialize during the plan period.

v) Continued high government drive in the ICT sector.

Monitoring and Evaluation

The PSPF 2024-2028 Strategic Plan will be periodically monitored to ensure it is effectively implemented through an M&E Framework to facilitate performance review against key performance indicators. The monitoring and evaluation will be done at individual, departmental and institutional level. Progress reports prepared on implementation of the Plan will be coordinated by the Secretary & Chief Executive Officer and these reports will be submitted to the Fund for review and action.

The Fund will ensure that corrective measures are undertaken to address deviations from the set targets, through effective monitoring and evaluation. Monitoring and evaluation will be done monthly, quarterly, and a report compiled annually. A mid-term review will be undertaken during which the Fund may realign the programmes and strategies to ensure attainment of overall desired results. A final review of the Plan will be undertaken in 2028 to establish the full extent of its implementation and provide input for the preparation of the next Strategic Plan.

Conclusion

This strategic plan will transform and align the administration of the pension scheme to the 21st Century way of doing things. The Plan has been designed to enable the Boad to be flexible and adaptive to the changes in its environment by enhancing its abilities to minimize threats and optimizing opportunities. The strategic plan was developed using a bottom-up approach to ensure its successful implementation. Monitoring and communication will be a continuous process to drive the Fund towards the attainment of its vision.

PSPF - Keeping Your Pension Promise
Facebook: Public Service Pensions Fund
www.pspf.org.zm | USSD *3434#
Call Center Line +260 63 002 0101