



CLOSING CEREMONY

EXECUTIVE TRUSTEE TRAINING WORKSHOP

**ORGANIZED BY JOMO INVESTMENT AND TRUSTEE
SERVICES LIMITED, AND JOHANNESBURG SCHOOL
OF FINANCE.**

**CHOBE SAFARI LODGE, UGANDA
27 - 29 OCTOBER 2015**

**Statement by
Dr. Robert M. Okello
Board Director, URBRA**

Executive Director, Jomo Investment and Trustee Services,

Representatives of the Johannesburg School of Finance,

Distinguished Trustees and other Participating Delegates,

Ladies and Gentlemen.

It is my singular honour to represent the Board of Directors of URBRA at this closing ceremony of your workshop. I convey to you the apologies of Mr. Andrew Kasirye, the Chairman of the Board, who was unable to be here with you due to other prior commitments. You will recall that Mr. David Bonyi, the Chief Executive of URBRA, also participated at the opening of the workshop here on Tuesday.

The participation of URBRA at this level demonstrates our deep interest in the programme. We are all aware that the pension sector in Uganda is undergoing significant transformation in line with the overall economy of the country. In this regard, it faces many daunting challenges, including low coverage; still evolving legal framework which should further widen participation of voluntary pension schemes; limited investment opportunities for pension funds; and in many cases, trustees and

service providers with limited experience in the operations of pension schemes.

On the other hand, we also recognize the immense opportunity for the pension sector to grow. However, this growth depends, to a large extent, on industry readiness, which includes well-trained and skilled service providers, and in particular trustees of schemes. This is why we at URBRA are always delighted to see independent initiatives like this one, which are intended to contribute towards addressing some of those sector-wide challenges.

We therefore wish to thank the organizers, and more importantly, those who chose to come and participate in this important program. We note that the program appears to be rich and very relevant to us here in Uganda. It is our expectation that you will make use of the knowledge acquired at this workshop to better manage your schemes, and that you will thus contribute to building confidence in the sector. Governance of schemes is always critical for its sustainability.

Ladies and Gentlemen:

I would like to briefly touch on some of the key points about the Pension Sector, Pension Governance and Role of Trustees, just to reinforce what has been the focus of the Workshop.

Role of Regulator

Pension funds can play an important role in fostering long-term investment and economic growth. Indeed, in the global debate on financing for development, pension funds have correctly been identified as a potential source of nonbank funding to enhance long-term investment such as in infrastructure development. Because their mandate is to fund the retirements of workers who may not be leaving the workforce for decades, they are able and willing to make very long-term investments. A long time horizon fits both the large scale and global nature of pension operations and fiduciary responsibility.

Obviously, regulation is vitally important: it serves as a traffic officer in the crowded streets of the financial markets. Executed correctly, regulation can stimulate our ability to engage in long-term investment. Done poorly, it can have the opposite effect. Care must be taken to avoid regulation that results in constraints on long-term investment.

In general, the unintended consequences of regulation must be avoided at all times. This is where close interaction is required between URBRA and all the industry players, in particular the Trustees who are responsible for the strategic investments of the pension funds. In this regard, I wish to assure you of

the commitment of URBRA to grow the pension sector for the benefits of the retired citizens of Uganda and the overall economy of Uganda.

What is scheme governance? This is the structure, internal controls and procedures put in place to ensure that the scheme is run in the most cost effective and efficient way possible and with full regard to the security of scheme assets.

The broad objectives of pension scheme governance include –

- **To protect the best interests of pension plan members and beneficiaries.**
- **Protect the benefits of pension scheme members from fraud or misappropriation**
- **Promote the good administration of work-based pension schemes.**
- **Enhance scheme performance**

Governance of pension schemes includes a number of aspects, which Trustees must always pay attention to. Those issues include –

- **Trustees' responsibility as strategic decision makers - They must set investment policy directions, appoint appropriate service providers, and monitor fund performance.**

- **The composition of the Board of Trustees should include member and employer appointed trustees.**
- **Compliance with “Fit and Proper” test - which is a statutory requirement**
- **Continuous training of Trustees to keep up with new developments in the sector (including technological advances; investment opportunities, etc.) – This workshop is part of this process.**
- **Defining roles and responsibilities**
- **Remunerations/Allowances**
- **Evaluation of the Board**
- **Developing a code of conduct for Trustees**
- **Establishment and use of committees to facilitate the work of Board Trustees without incurring too much cost.**

Mr. Director:

I would like to conclude these brief remarks by once again expressing our appreciation for this initiative to contribute to the development of this important sector of our national economy. We look forward to another quality training of other trustees as we all join hands to develop our retirement benefits sector. Let me assure you of URBRA’s commitment to partner with you in delivering such training in the future.

To the Trustees:

We look forward to continuous collaboration, building on the governance skills you have acquired here and experience to translate to real good results in your respective schemes, because we know that:

- **Your Fiduciary Duty must go beyond loyalty (placing the company's interests ahead of one's own) and prudence (applying proper care, skill, and diligence to business decisions).**
- **Governance looks at the strategic directions and managerial controls exercised by the Trustees.**
- **The goal is to minimize agency problems or conflict of interest that can arise between the fund members and those responsible for the fund management**
- **Good governance is linked to high pension fund performance and also:**
 - **Lower costs of fund management**
 - **Linked to enhanced trust by members on all stakeholders**
 - **Reduced costs as a result of over-regulation of poorly governed schemes**
 - **Better service to scheme members and hence building confidence.**

Ladies and Gentlemen:

Let me end by wishing you all safe travel to your various destinations.

It is now my humble privilege to declare this Trustee Training Workshop officially closed.

Thank You

29 October 2015.