

## Santiago Principles Self-Assessment

### Agaciro Development Fund

[Fund Details](#) <sup>[1]</sup> [Fund Website](#) <sup>[2]</sup> [Search Assessments](#) <sup>[3]</sup>

#### Pillar 1

#### Legal framework, objectives, and coordination with macroeconomic policies

##### Principle 1 Description:

1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).
  - 1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.
  - 1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.

##### Principle 1 Implementation:

Agaciro Development Fund (AGDF) was officially launched on 23rd August 2012 by His Excellency the President of the Republic of Rwanda, Paul Kagame. AGDF is registered with Rwanda Development Board as a trust fund under registration No. 103050268 and operates in accordance with Law No 20/2013 of 25/03/2013 regulating the creation of trusts and trustees as a Sovereign Wealth Fund wholly owned by the people of Rwanda.

AGDF operates under the custodianship of the National Bank of Rwanda (BNR) and reports quarterly and annually to the Ministry of Finance and Economic Planning which is its supervisory authority.

##### Principle 2 Description:

The policy purpose of the SWF should be clearly defined and publicly disclosed.

**Principle 2 Implementation:**

The policy purpose of AGDF is disclosed to the public via the Fund's website.

<http://www.agaciro.rw/index.php?id=34> [4]

**Principle 3 Description:**

3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

**Principle 3 Implementation:**

BNR is the custodian of AGDF. The Bank is the Government monetary body, while the Ministry of Finance and Economic Planning is a supervisory authority and monitors AGDF's consistency with the overall macroeconomic policies.

**Principle 4 Description:**

4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

4.1. The source of SWF funding should be publicly disclosed.

4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.

**Principle 4 Implementation:**

AGDF Finance Policy spells out the general approach to funding, withdrawal, and spending operations and is disclosed to the public via its website.

The sources of AGDF funding are publicly disclosed at its website:

1. Contributions from Rwandans living in Rwanda, Rwandans living abroad, business organisations, NGOs and friends of Rwanda
2. Returns from AGDF investments
3. Government contribution

**Principle 5 Description:**

5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

**Principle 5 Implementation:**

Regular audited financial reports reflecting AGDF financial position are submitted to the Ministry of Finance quarterly and annually. The reports are reviewed and approved by Board prior to transmittal to the Ministry.

Financial statements are published in newspapers with broader readership and on AGDF website to ensure information disclosure to the stakeholders of on its financial position.

AGDF is included in the National Strategic Plans set to deliver on Rwanda's vision.

## **Pillar 2**

### **Institutional Framework and Governance Structure**

#### **Principle 6 Description:**

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

#### **Principle 6 Implementation:**

AGDF is governed by the Board of Trustees. The Board membership is approved by the Cabinet meeting. The Board is accountable to the Government of Rwanda, through the Ministry of Finance and Economic Planning, in ensuring that AGDF complies with laws and the highest standards of corporate governance. The functions, structure and overall governance of the board are clearly set out in the Board Charter.

#### **Principle 7 Description:**

7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

#### **Principle 7 Implementation:**

AGDF objectives are set out in the Trust Deed endorsed by the Government of Rwanda and Board of Trustees and are publicly disclosed through its website.

The governing body's (Board of Trustees) clear procedures for appointment and exercising oversight AGDF operations are explained in the Trust Deed. The overarching role of the Board is to provide professional, transparent and accountable management of the Fund so that it benefits current and future generations of Rwandans.

#### **Principle 8 Description:**

8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

#### **Principle 8 Implementation:**

The Board of Trustees is mandated to manage AGDF and oversee its operations in the

interest of the people of Rwanda. The Trustees' fiduciary duties are clearly set out in the Trust Deed.

The Trustees are experts drawn from different sectors of the economy both in public and private sectors and possess a pool of skills and competencies in diverse areas.

**Principle 9 Description:**

9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

**Principle 9 Implementation:**

AGDF has in place institutional policies that set out clearly the organisational chart and well-defined staff responsibilities. The policies also define the governance structure.

**Principle 10 Description:**

10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

**Principle 10 Implementation:**

The Board has the responsibility of oversight and management of AGDF's operations and is accountable to the Government of Rwanda, through the Ministry of Finance, in ensuring legitimacy, compliance with the highest standards of corporate governance as well as ensuring performance of the portfolio. On a daily basis, the Management headed by the Chief Executive Officer runs the Fund's operations within the parameters of strategies and policies set by the Board.

**Principle 11 Description:**

11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

**Principle 11 Implementation:**

AGDF submits annual report and financial statements to the Ministry of Finance and Economic Planning.

The Financial statements are prepared as per the requirements of Organic Law N°12/2013/OL of 12/09/2013 on State finances and property in accordance with International Financial Reporting Standards.

[http://www.minecofin.gov.rw/fileadmin/\\_migrated/content\\_uploads/Law\\_on\\_State\\_Finances\\_and\\_Property.pdf](http://www.minecofin.gov.rw/fileadmin/_migrated/content_uploads/Law_on_State_Finances_and_Property.pdf)  
[5]

**Principle 12 Description:**

12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent

manner.

**Principle 12 Implementation:**

The financial statements of AGDF are audited quarterly and an overall audit is carried out annually by an internationally recognised external auditor in accordance with IFRS and IAS.

Audited financial statements are published in the newspapers with wider readership and AGDF website for accountability and transparency to the stakeholders.

<http://www.agaciro.rw/index.php?id=62> [6]

**Principle 13 Description:**

13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.

**Principle 13 Implementation:**

AGDF has adopted professional and ethical standards as basic principles for its operations. Specifics thereon are defined in the Trust Deeds publicly disclosed. The Board Charter and Code of Conduct also spell out AGDF commitment to promoting professional and ethical standards.

**Principle 14 Description:**

14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

**Principle 14 Implementation:**

All AGDF dealings with its third parties are done basing on economic and financial grounds, and follow laws, rules and procedures.

**Principle 15 Description:**

15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

**Principle 15 Implementation:**

Currently, AGDF only operates on Rwandan territory and complies with regulatory requirements related to its business.

AGDF has adopted ethics and transparency as upfront principles of its operations and complies with international conventions and regulations related to investment and trade by respecting the laws and cultures of the country where its business may be extended.

**Principle 16 Description:**

16. The governance framework and objectives, as well as the manner in which the SWF's

management is operationally independent from the owner, should be publicly disclosed.

**Principle 16 Implementation:**

The Board of Trustees makes professional decisions independently and is accountable to the Government of Rwanda, through the Ministry of Finance on the portfolio performance. The accountability and reporting hierarchy are publically through the website.

<http://www.agaciro.rw/index.php?id=24> [7]

**Principle 17 Description:**

17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

**Principle 17 Implementation:**

Updates on the AGDF financial status spelling out assets under management and other relevant financial information and future plans are disclosed to the public via its website and widely read newspapers.

**Pillar 3**

**Investment and Risk Management Framework**

**Principle 18 Description:**

18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.

18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

18.3. A description of the investment policy of the SWF should be publicly disclosed.

**Principle 18 Implementation:**

AGDF Investment Policy statement, including objectives and investment strategy, is published on our website.

The AGDF aims to support Rwanda's economic security and development and build wealth for future generations of Rwandans.

AGDF is a professional and prudent institutional investor with a long-term investment horizon. This enables it to seek out sustainable real returns and ride out short-term economic and financial market fluctuations. AGDF aims to achieve above-average real

returns while maintaining risk within acceptable limits, so as to preserve capital.

AGDF's long-term objectives and expected economic and market conditions determine the choice of asset classes and their weights in the Fund. The Board reviews the Fund's asset allocation periodically for consistency with the objectives and evolving opportunities and risks.

Information about the AGDF asset allocation is available on our website.

The criteria and procedures for recruitment of internal investment managers are clearly set out HR Policy. The Chief Investment Officer is the lead manager. As to the hiring of External Fund Manager ("EFM"), we have not yet hired one, but Guidelines thereon have been established to address the process by which they are selected and how their performance is monitored.

**Principle 19 Description:**

19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.

19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.

**Principle 19 Implementation:**

The investment decisions are made by the Board of trustees in consideration of the Fund's Investment Policy and strategic frameworks on basis of economic and financial grounds.

The Board's duty is to seek risk-adjusted financial returns. The Board is required to operate in a manner consistent with international best practice for institutional investment. The Board's focuses on acting as a prudent investor seeking to maximise risk-adjusted returns.

The management of AGDF's assets are consistent with what is generally accepted as sound asset management principles.

**Principle 20 Description:**

20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

**Principle 20 Implementation:**

AGDF does not run its business competing with private sector. It does not have any privilege of getting information ahead of other players in investment industry.

**Principle 21 Description:**

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

**Principle 21 Implementation:**

AGDF adheres to the basic principles of acting in good faith and enhancing shareholder value in the long-term when exercising voting rights.

The Board is required to follow and abide by the Fund's mandate and observe the international best practices in investment.

**Principle 22 Description:**

22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.

22.2. The general approach to the SWF's risk management framework should be publicly disclosed.

**Principle 22 Implementation:**

The internal risk analysis framework stipulates clearly how the Fund manages risks. It sets out comprehensively diverse manners to identify, assess, and manage the risks of AGDF investment.

The Chief Investment Officer assists the Investment Committee in managing AGDF investments strictly within the Fund's investment guidelines, risk parameters and return targets. He researches and recommends the Committee and the Board on the opportunity, viability, risks and mitigation.

**Principle 23 Description:**

23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

**Principle 23 Implementation:**

The investments' returns are regularly reported to the owners.

The preparation and reporting of AGDF assets are done in accordance with the



requirements of Organic Law N°12/2013/OL of 12/09/2013 on State finances and property and submitted periodically (quarterly) to the Ministry of Finance. The audited financial statements are published in widely read newspapers and AGDF website for the purposes of information disclosure to the owners and stakeholders the financial position of the Fund.

[http://www.minecofin.gov.rw/fileadmin/\\_migrated/content\\_uploads/Law\\_on\\_State\\_Finances\\_and\\_Property.pdf](http://www.minecofin.gov.rw/fileadmin/_migrated/content_uploads/Law_on_State_Finances_and_Property.pdf)

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#### **Principle 24 Description:**

24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.

#### **Principle 24 Implementation:**

AGDF is committed to conducting a regular review of implementation of Santiago Principles as required.

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#### **Links**

[1] <http://www.ifswf.org/node/462>

[2] <http://www.agaciro.rw/>

[3] <http://www.ifswf.org/assessments>

[4] <http://www.agaciro.rw/index.php?id=34>

[5]

[http://www.minecofin.gov.rw/fileadmin/\\_migrated/content\\_uploads/Law\\_on\\_State\\_Finances\\_and\\_Property.pdf](http://www.minecofin.gov.rw/fileadmin/_migrated/content_uploads/Law_on_State_Finances_and_Property.pdf)

[6] <http://www.agaciro.rw/index.php?id=62>

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