



ADF 2019

Agaciro Development Fund

Pillar 1: Legal

Legal framework, objectives, and coordination with macroeconomic policies

Principle 1

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.

Agaciro Development Fund (AGDF) is registered with Rwanda Development Board as a corporate trust fund with registration N°103050268 under company law and operates as a national sovereign wealth fund wholly owned by the people of Rwanda. AGDF was officially launched on 23rd August 2012 by His Excellency the President of the Republic of Rwanda, Paul Kagame.

The Law Regulating the Creation of Trusts and Trustees and the Law governing Companies in Rwanda provide the legal framework for AGDF

The Government of Rwanda is the sole registered shareholder of AGDF and the company reports quarterly and annually to the Ministry of Finance and Economic Planning which is its supervisory authority.

Principle 2

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

The policy purpose of AGDF is well-defined and disclosed to the public via the [Fund's website](#)

The objectives of the Fund are clearly defined in its Trust Deed approved by the Government.

The Fund was set up to:

1. build up public savings to build prosperity for generations;
2. maintain stability in times of shocks to the national economy; and
3. accelerate Rwanda's socio-economic development goals.

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.

Principle 3

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.

The Ministry of Finance and Economic Planning is the supervisory authority that monitors AGDF's consistency with the overall macroeconomic policies. The activities of the Fund are reported to the Government via the ministry of finance. Overall, the performance of the AGDF is coordinated by the Prime Minister's office.

Principle 4

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.

AGDF [Finance Policy](#) spells out the general approach to funding, withdrawal, and spending operations and is disclosed to the public via its website. This policy is supplemented by other key policies including the Investment Policy, the risk management policy and Internal Audit policy.

The sources of AGDF funding are publicly disclosed at [its website](#):

1. Contributions from Rwandans and friends of Rwanda
2. Returns from AGDF investments
3. Grant of the Government of Rwanda
4. Proceeds from the privatization of Government assets

No withdrawals from AGDF for spending purposes are accepted. The Fund serves principally as the vehicle for long term investments for generations of Rwandans and as such withdrawals for spending on behalf of Government are therefore not in line with the Fund's mandate.

Principle 5

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.

Regular audited financial reports reflecting AGDF financial position are submitted to the Ministry of Finance quarterly and annually to the Government. The reports are reviewed and approved by the Board of Trustees prior to transmittal to the Ministry of finance. Detailed investment Reports are also prepared and submitted.

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

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

<http://agaciro.rw/index.php?id=62>

Pillar 2: Institutional

Institutional Framework and Governance Structure.

Principle 6

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.

AGDF is governed by the Board of Trustees. The Board membership is approved by the Cabinet and the Board is accountable to the Government of Rwanda, through the Ministry of Finance and Economic Planning. The Government of Rwanda has tasked the Board of Trustees to manage the funds on its behalf. The role of the Board's is to provide professional, transparent and accountable management of the Fund so that it benefits the current and future generations of Rwandans and to ensure that AGDF complies with the highest standards of corporate governance. The board makes investment decisions independently in line with the AGDF objectives as approved by the Government. The Board Charter sets out comprehensively the role of the board. The management headed by the CEO who is appointed by the Cabinet of Rwanda is responsible for overseeing the running the operations of the fund on a daily basis.

AGDF is a shareholder in different companies owning a varying shareholding ranging from minority to majority following the Government of Rwanda's decision transferring to AGDF shares it previously owned in different companies that operate in various investment sectors [IT, agro processing, banking and services]. AGDF is represented on boards where it is a significant shareholder.

Principle 7

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.

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) procedures for appointment and exercising oversight of 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. The governing body of the AGDF is the board of trustees which is appointed by the government. The chairperson of the board is accountable to the Government through the ministry of finance and signs performance contracts with the minister of finance in addition to meeting annually for evaluation of how the targets have been achieved.

Principle 8

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.

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 vast pool of skills and competencies in business management, law and other relevant different areas.

The board is responsible for setting strategy and policy aimed at achieving the AGDF goals in line with the AGDF objectives. The AGDF has investment, finance and risk management policies that are approved and regularly reviewed by the board.

Principle 9

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

AGDF has in place institutional policies that set out clearly the organizational chart and well-defined staff responsibilities. The policies also define the governance structure. Operational management of the fund is also well-elaborated in the board charter, finance policy, audit policy, HR policy, investment policy, risk management and procurement policy.

The board makes investment decisions independently in line with the AGDF objectives as set by the Government. The CEO oversees the operational management of the day-to-day activities including managing budget approved by the board, human resources management, development and recruitment in accordance with HR policies approved by the board. The CEO signs the performance targets together with the chairman, the progress of which is monitored and evaluation is done annually.

Principle 10

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

The Board has responsibility for the oversight and management of AGDF's operations and is accountable to the Government of Rwanda, through the Ministry of Finance, in ensuring compliance with the highest standards of corporate governance as well as ensuring the performance of the portfolio.

Principle 11

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.

AGDF submits an 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. So far, no contingent liabilities or off-balance sheet items have been recorded in the AGDF finance statements.

Principle 12

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.

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

Audited financial statements are published in the newspapers with wider readership and [AGDF website](#) for accountability and transparency to the public.

AGDF financial statements disclosed to the public contain information on accounting policies including the opinion of the auditors. ([Annual Report and Financial Statements](#))

Principle 13

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.

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

Members of the board must at all times comply with the express terms and spirit of their statutory obligations to the Board including acting honestly and in good faith and in what they reasonably believe to be the best interests of the Board.

Members of the board must ensure that information they hold about the Board is treated in strict confidence and that property of the Board (including information) is used solely in the best interests of the Board.

Board members and staff operate in compliance with the Code of Conduct which sets out the standards of appropriate ethical and professional conduct for the Board.

The Board charter stipulates matters related to conflicts of interest that may arise.

Principle 14

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.

All AGDF dealings with its third parties are carried out based on economic and financial grounds and follow the laws, rules and procedures that have previously been referenced in this document.

Principle 15

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.

Currently, AGDF only operates on Rwandan territory and complies with the 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 as well as all applicable local laws and regulations.

Principle 16

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.

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

Principle 17

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.

Updates on the AGDF financial status with details on assets under management and other relevant financial information and future plans are disclosed to the public via its website and widely read newspapers. Financials are published in 2 widely read newspapers in *Rwanda NewTimes* and *ImvahoNshya* on a quarterly basis. The information on AGDF asset allocation, benchmarks etc are disclosed on the website of the AGDF.

Pillar 3: Investment

Principle 18

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.

The investment policy approved by the board provides details on objectives, risk tolerance and investment strategy.

The investment policy provides guidance on the risk management of the fund. It is complemented by a Board-approved Risk Management Policy.

The investment policy sets out the responsibilities and authority of the investment managers as well as their performance monitoring. The criteria and procedures for the recruitment of internal investment managers are set out in HR Policy. Regarding the hiring of external fund managers, AGDF investment policy sets out guidelines on their selection, responsibilities and monitoring. The powers to approve external fund managers are entrusted with the board with the help of management.

The AGDF site has an [Investment Policy statement](#) on its website.

Principle 19

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.

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

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

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

Principle 20

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

AGDF does not run its investments in competition with the private sector. It does not have any privilege of information compared to other players in the investment industry.

Principle 21

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.

AGDF adheres to the basic principles of acting in good faith and enhancing shareholder value in the long-term. The fund is owned by Rwandans with the oversight of the Government of Rwanda. The Government appoints the board to make investment decisions in line with approved regulations.

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

Principle 22

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 23

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.

The AGDF investments' returns are regularly reported to the Ministry of Finance as well as to the public.

The AGDF investment policy highlights that the purpose of monitoring and reporting on investment performance is for the Board to be able to ensure compliance with system policy and applicable law, manage the risk of the portfolio and assess performance. The fund's policy underlines that the Investment Portfolio's performance must be calculated on a quarterly basis with the minimum requirements set out in the policy.

The preparation and reporting on 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 about the financial position of the Fund.

The AGDF Finance Policy sets out that its financial statements are prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS).

Principle 24

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

AGDF has been conducting a self-assessment annually. AGDF remains committed and will continue to conduct a regular self-assessment on its adherence to the Santiago Principles.