



ADF 2022

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.

AgDF Corporate Trust Ltd (AGDF standing for Agaciro Development Fund, hereinafter referred to as "AgDF" or the "Fund") is a private limited liability company duly incorporated and registered as a corporate trust under company code No103050268, wholly owned by the Government of Rwanda. The Fund operates in accordance with the law governing companies as amended from time to time.

AgDF was launched on 23rd August 2012 by His Excellency the President of the Republic of Rwanda, Paul Kagame.

AgDF is governed by the Board of Directors appointed by Cabinet Resolution which oversees the operations of the Fund. The Board reports quarterly and annually to the Government of Rwanda, through the Ministry of Finance and Economic Planning (MINECOFIN) which is its supervisory authority as the line Ministry acting in the name of the Government of Rwanda, sole shareholder of the Fund.

Principle 2

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

The mandate and mission of AgDF are 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;

build up public savings to build prosperity for generations;

maintain stability in times of shocks to the national economy; and

accelerate Rwanda's socioeconomic 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 MINECOFIN. Overall, the performance of the Government is coordinated by the Office of the Prime Minister.

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's Finance Policy spells out a 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 Statement, the Risk Management Policy and Internal Audit Policy.

The sources of AgDF funding are publicly disclosed on its website:

Dividends from portfolio companies.

Returns from investments.

Proceeds from privatization of Government assets.

Grant of the Government of Rwanda.

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 the 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's financial position are submitted to the Ministry of Finance and Economic Planning quarterly and annually. The reports are reviewed and approved by the Board of Directors prior to transmittal to the Ministry of Finance and Economic Planning. Detailed investment reports are also prepared and submitted.

Financial statements are published on the AgDF website to ensure information disclosure to the stakeholders on its financial position.

The current external auditor of the Fund is Ernst&Young.

[AGDF is included in the National Strategic Plans](#) set to deliver on the Country's vision.

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 Directors appointed by the Cabinet, and the Board is accountable to the Government of Rwanda through the Ministry of Finance and Economic Planning.

The role of the Board is to provide professional, transparent and accountable management of the Fund. AgDF complies with the highest standards of corporate governance. The Board makes investment decisions independently in line with AgDF's objectives as approved by the Government. The Board charter sets out comprehensively the role of the Board. The Management is headed by the CEO, who is appointed by the Cabinet and is responsible for overseeing the running the operations of the Fund on daily basis. The CEO is assisted by a Chief Finance Officer, a Chief Investment Officer and a Chief Shared Services Officer.

Following the Cabinet's decision to transfer its shares in a number of companies to AGDF, the Fund is a shareholder in different companies owning a varying shareholding ranging from minority to majority. The portfolio companies operate in various sectors of the economy such as IT, agri-processing, banking and services. AGDF is represented on most Boards of its portfolio companies.

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's objectives are set out in the Trust Deed endorsed by the Government of Rwanda and the Board and are publicly disclosed on its website.

The oversight of AgDF operations is explained in the Trust Deed and the Board Charter.

The chairperson of the board is accountable to the Government through the Ministry of Finance and Economic Planning and signs performance contracts with the MINECOFIN in addition to meeting annually for evaluation of how the targets have been achieved.

The Board members sign director service agreements with the Chairperson.

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 Directors is mandated to manage AgDF and oversee its operations in the interest of the people of Rwanda. The fiduciary duties are clearly set out in the Trust Deed.

The Board members 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, investment, economics, law and other relevant different areas.

The Board is responsible for setting strategy and policy aimed at achieving AgDF's goals in line with its objectives. AgDF has investment, finance, HR, procurement 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 define the governance structure and clearly set out the organizational chart and well-defined staff responsibilities.

The 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 AgDF's objectives. The CEO oversees the operational management of the day-to-day activities, including managing the budget approved by the Board, human resources management, development and recruitment in accordance with HR policies approved by the Board. The CEO is involved in the performance targets signed by the chairperson, the progress of which is monitored and an 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 and Economic Planning.

AgDF also complies with Law N° 007/2021 of 05/02/2021 governing companies and other applicable laws and regulations.

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.

The current external auditor of the Fund is Ernst&Young.

Audited financial statements are published on the 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 the Board Charter and Code of Conduct which spells out AgDF's 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 but especially the Fund.

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 but especially the Fund.

Board members and staff comply 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 one investment abroad in OneWeb Global based in the United Kingdom.

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 Directors makes professional decisions independently and is accountable to the Government of Rwanda through the Ministry of Finance and Economic Planning on the portfolio performance. The accountability and reporting hierarchy are publically disclosed through the annual report, which is published on the website of the Fund.

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. The information on AgDF asset allocation, and benchmarks, are disclosed on AgDF's website at <https://www.agaciro.rw/index.php?id=116>

Pillar 3: Investment

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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 Statement approved by the Board provides details on objectives, risk tolerance and investment strategy.

The Investment Policy Statement provides guidance on the risk management of the Fund. It is complemented by a Board-approved Risk Management Policy.

During the FY 2022, AgDF developed a risk register for the Fund, and it is subject to being updated annually.

The Investment Policy Statement sets out the responsibilities and authority of the investment managers as well as their performance monitoring. The criteria and procedures for recruitment of internal investment managers are set out in HR Policy. Regarding the hiring of external fund managers, AgDF's investment policy sets out guidelines on their selection, responsibilities and monitoring. The power to approve external fund managers is entrusted to the Board with the help of management.

The AgDF site has its 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 in consideration of the Fund's Investment Policy Statement 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 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 the people of Rwanda 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.

AgDF's investments' returns are regularly reported to the Ministry of Finance and Economic Planning as well as to the public.

AgDF's Investment Policy Statement 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 is 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 and Economic Planning. The audited financial statements are published on [AGDF's website](#) for the purposes of information disclosure to the owners and stakeholders about the financial position of the Fund.

AgDF's 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.