Rwanda

Ministerial Order regulating Investment Undertaking by a Decentralised Entity
Ministerial Order 7 of 2019

Legislation as at 18 July 2019
FRBR URI: /akn/rw/act/mo/2019/7/eng@2019-07-18

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PDF created on 21 February 2024 at 14:30.

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Ministerial Order regulating Investment Undertaking by a Decentralised Entity

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Published in Official Gazette special on 18 July 2019
Assented to on 16 July 2019
Commenced on 18 July 2019

[This is the version of this document from 18 July 2019.]

The Minister of Finance and Economic Planning;
Pursuant to the Constitution of the Republic of Rwanda of 2003 revised in 2015, especially in Articles 121, 122
and 176;
Pursuant to Law no 75/2018 of 07/09/2018 determining the sources of revenue and property of decentralised
entities, especially in Article 64;
After consideration and approval by the Cabinet, in its session of 07/06/2019;

ORDERS:

Article One – Purpose of this Order

This Order determines the amount of money for investment and other matters relating to investment
undertaking by a decentralised entity.

Article 2 – Definitions

For the purpose of this Order, the following terms are defined as follows:

1° market value of investment: amount of money for which investment would be sold on the market on a
given date;
2° Minister: Minister in charge of finance;
3° risk profile: risks associated with investment, to which the decentralised entity is exposed;
4° surplus funds: positive margin between decentralised entities own revenues and its recurrent expenses.

Article 3 – Investment funds

A decentralised entity may invest surplus funds.
A decentralised entity may undertake investment from its budget even if it has no surplus funds, when an
investment has socio-economic impact and there is not any interested private investor.

Article 4 – Permissible investments

A decentralised entity may invest in the following:

1° private enterprises;
2° publicly-owned enterprises;
3° commercial or savings banks;
4° pension funds;
5° insurance companies;
6° capital market.

However, a decentralised entity cannot invest out of the country except if that investment is registered as a commercial activity in Rwanda.

**Article 5 – Investment proposal**

An investment proposal must include the following information:

1° type of investment;
2° purpose of investment;
3° opportunity to diversify investment;
4° financial statement of the previous two (2) financial years and the forecasts for at least two (2) financial years following the financial year when the investment proposal is adopted;
5° duration of the proposed investment;
6° liquidity and market value of the proposed investment;
7° proposed investment cost, including commissions, fees, charges and duties payable;
8° risk of capital or income loss or depreciation;
9° projected returns on investment and their timing.

**Article 6 – Investment proposal approval**

The head of decentralised entity submits to the Council of the decentralised entity the investment proposal for discussion and adoption.

**Article 7 – Invitation of the Council to the meeting to discuss on investment proposal**

Invitation to the meeting of the Council to discuss the investment proposal is issued at least fifteen (15) working days before the date of the meeting.

**Article 8 – Content of a resolution adopting an investment proposal**

The resolution adopting an investment proposal must include the following information:

1° type of investment;
2° purpose of investment;
3° opportunity to diversify investment;
4° source and amount of money to be invested;
5° capital, liquidity and timing for return expectation;
6° risk profile;
7° authority for implementation and management of the investment;
8° performance benchmarks to evaluate the investment outcome against the investment objective;
9° monitoring, evaluation and reporting requirements;
10° other information, where appropriate.

Article 9 – Validity of the resolution adopting an investment proposal

The resolution adopting an investment proposal is valid only if the investment agreement is concluded in the financial year of the resolution.

The resolution is subject to the approval of the Minister.

Article 10 – Request for investment approval

Within fifteen (15) working days after the resolution adopting the investment proposal is taken, the decentralised entity request, in writing, the approval from the Minister to undertake the investment.

Article 11 – Content of the request for investment approval

The request for investment approval must indicate:
1° name of applying entity;
2° full address;
3° mobile and office telephone;
4° investment location;
5° investment name and conditions of the investment, including investment amount;
6° duration of investment and annual interest rate if applicable;
7° copy of the resolution of the Council of a decentralised entity adopting the investment proposal;
8° financial statement of the decentralised entity for the previous two (2) financial years and the forecasts for at least two (2) financial years following the financial year when the investment is approved;
9° decentralised entity budget annual accounts for the three (3) financial years before the financial year when the investment is approved;
10° statement of the status of other investment taken by the decentralised entity in the past.

Article 12 – Criteria for investment approval

Criteria for investment approval are the following:
1° analysis of the request;
2° principles, standards and laws determining management of public finance;
3° principles, standards and laws determining investment in Rwanda.

Article 13 – Response to the request for investment approval

If the Minister does not give his or her response, in writing, within sixty (60) days of receipt of the request, the investment is considered approved.

If the request for investment approval is rejected, the Minister informs, in writing, the applying entity the reason for rejecting the request.
Article 14 – Management of investment finance

A decentralised entity must maintain a register of investments.
The decentralised entity submits to the Minister quarterly and annual investment report through financial reports.
The Council of a decentralised entity must review the performance of the decentralised entity’s investments at least once in a year.
The Executive Committee of a decentralised entity, within six (6) months after the end of each financial year, prepares and submits to the Council of the decentralised entity a consolidated report summarising the decentralised entity’s investments.

Article 15 – Content of the register of investment

The register of investment indicates the following for each investment:
1° source and amount of the capital invested;
2° kind of investment undertaken;
3° rate of interest to be paid;
4° income obtained from the investment.

Article 16 – Content of the consolidated report summarising the investment

The consolidated report summarising the investment contains the following information:
1° invested amount;
2° profit and loss statement;
3° assessment of the financial and related non-financial performance of the investments for the financial year;
4° cost-benefit analysis of the decentralised entity continued investment.

Article 17 – Validity of investment undertakings undertaken before

This Order does not affect an investment lawfully undertaken by a decentralised entity before the commencement of this Order.
Any restructure or change to new investment products must comply with this Order.

Article 18 – Repealing provision

All prior provisions contrary to this Order are repealed.

Article 19 – Commencement

This Order comes into force on the date of its publication in the Official Gazette of the Republic of Rwanda.