

REPUBLIC OF RWANDA



Special Guarantee Fund

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SGF ANNUAL ACTIVITY REPORT 2018-2019

September, 2019

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FOREWORD

Special Guarantee Fund (SGF), a Government of Rwanda insurance agency mandated to compensate victims of accidents and damages caused by uninsured and non-identified automobiles and wild animals. During 2018/2019 SGF settled claims both related to road accident and animal's damages as its core mission, this document includes the overview of insurance sector in Rwanda, the structure of SGF's staff, the list of SGF's Board member, compensation details and other support services performed throughout the whole year as detailed in the report hereinafter. At the end of the report a copy of audited financial statement of 2018/2019 is attached.



Dr. Joseph NZABONIKUZA

Director General



EXECUTIVE SUMMARY

During the year 2018-2019, SGF received a total number of 3,249 new claims of which 2,995 are from victims of wild animals' damages and 254 from victims of road traffic accidents. Compared to the year 2017/18, the total number of claims increased by 52% where claims for wild animals' damages increased by 54.8% while claims for damages caused by road accidents decreased by 20.8%.

The number of claims related to road accidents caused by non-identified automobiles (75 new claims) represented 29.5% of the total new claims for road traffic accidents received against 179 claims related to road accidents caused by non-insured automobiles representing 70.4% of total claims.

During the year under review, a total number of 2,670 claims have been effectively compensated of which 2,470 claims for wild animals' damages and 200 claims for damages caused by road traffic accidents. Compared to the year 2017/18, the total number of claims compensated increased by 46.5% where claims for wild animals' damages increased by 49.7% and claims for damages caused by road traffic accidents increased by 7%. On the other hand, a total number of 158 Claims have been repudiated of which 118 claims for wild animals' damages and 40 claims for road traffic accidents. Compared to the year 2017/18, the total number of claims repudiated increased by 18.3% driven by claims for wild animals' damages which increased by 30.5% to offset a decline of 17.5% for road traffic accidents claims.

Prevention being better than cure and as it is part of its mission to take part in accidents prevention activities, the SGF awareness campaign has been raised through trainings that have been given to taxi motors drivers in 3 districts of Kigali city and the training has continued in current 2019-2020 Fiscal year to reach other parts of the country. This activity has been performed in collaboration with different stakeholders and led by Rwanda National Police under Gerayo Amahoro road safety campaign.

With regard to financial performance, SGF has recorded strong improvement in revenues collection as they increased by 22.2% from FRW 897.6 Million recorded in the previous year to FRW 1,153 Billion in the year under review. This increase is mainly attributed to insurance premiums collected by insurance companies for SGF that increased by 19.3% from 888.45 in the

previous year to 1.1 Billion in the current year as a result of recently increased premium tariffs and revenues from tourism activities that increased from 682.6 Million in 2017/18 to 964.2 Million in 2018/19.

On expenditures side, it is worth noting that for the first time since July 2018 to June 2019 SGF recorded a decline of the compensation cost as it decreased by 7.3% from FRW 1,321 Billion recorded in 2017/18 to FRW 1,255 Billion in 2018/19. This decline has been driven by lower compensation for road accident claims on which FRW 934.2 Million were spent against FRW 1.07 Billion in 2017/2018 to offset the increase of 45.9% of the cost of compensation of victims of wild animals' damages to reach FRW 310.3 Million.

I. OVERVIEW OF INSURANCE SECTOR

Rwanda's insurance industry is comprised of public and private insurers. Public insurance business is run by 2 public health insurers (former RAMA and MMI) and one special scheme (Special Guarantee Fund-SGF), while private insurance business consists of 12 private insurers (9 non-life insurers and 3 life insurers). The number of insurers dropped by 2 reflecting the merger of SAHAM Assurance General merged with SORAS in May 2019 (SAHAM Vie merged with SORAS Assurance General). The four companies that merged held combined market share of 19.8% of total insurance industry in December 2018. Insurance intermediaries consisted of 707 agents, 17 brokers, and 19 loss adjusters as at June 2019 from 581 agents, 16 brokers and 13 loss adjusters as at June 2018.

Table 1 Key financial highlights for insurance sector (in FRW billion, except otherwise indicated).

Description	Period					% change Jun-18/17	% change Jun-19/18
	Jun- 15	Jun- 16	Jun-17	Jun-18	Jun-19		
Insurance sector (Public & Private)							
Gross written premiums	47.5	52.9	59.7	64.3	73.4	7.7	14.1
Net written premiums	41.1	46.1	52.3	57.9	66.2	10.7	14.3
Total claims	22.0	30.2	30.9	34.4	37.3	11.5	8.3
Management expenses	13.6	17.2	15.2	16.2	18.4	6.7	13.6

Net underwriting returns	5.4	(1.4)	6.3	6.3	4.9	9.7	13.6
Investment income	9.8	11.6	12.7	16.3	14.5	28.0	-10.8
Net profit after taxes	14.7	10.0	18.6	20.8	23.2	11.6	11.8
Assets	295.3	332.60	366.50	422.97	477.1	15.4	12.8
Technical provisions	59.0	74.2	80.5	85.5	97.1	6.2	13.6
Liabilities	18.0	20.3	19.8	26.2	26.1	32.2	-0.5
Capital and reserves	218.4	238.1	266.0	311.3	354.7	17.0	14.0
Private insurance							
Gross written premiums	27.9	30.6	33.8	37.7	40.8	11.5	8.1
Net written premiums	21.5	23.7	26.5	31.3	33.6	18.1	7.3
Total claims	13.6	18.5	18.4	18.5	20.5	0.5	10.9
Management expenses	11.0	13.2	12.3	13.5	13.6	9.4	1.0
Net underwriting returns	(3.1)	(8.0)	(4.2)	(3.0)	(0.9)	-29.3	-70.6
Investment income	4.0	4.1	5.2	6.1	7.0	16.6	15.4
Net profit after taxes	0.3	(4.1)	0.6	2.7	4.7	346.0	74.5
Assets	116.7	124.7	136.4	157.5	174.2	15.5	10.6
Technical provisions	58.5	73.4	79.8	84.4	95.8	5.8	13.5
Liabilities	15.9	17.5	17.3	21.5	23.7	24.1	10.6
Capital and reserves	42.2	33.8	39.2	51.6	55.5	31.7	7.5
Public insurance							
Gross written premiums	19.6	22.4	25.8	26.6	32.6	3.2	22.5
Net written premiums	19.6	22.4	25.8	26.6	32.6	3.2	22.5
Total claims	8.4	11.8	12.5	16.0	16.8	27.7	5.3
Management expenses	2.6	4.0	2.9	2.8	4.8	-4.5	72.9
Net underwriting returns	8.6	6.6	10.5	7.9	11.0	-24.8	39.7
Investment income	5.8	7.5	7.5	10.2	7.5	35.8	-26.4
Net profit after taxes	14.4	14.1	14.1	17.9	18.1	1.0	2.5
Assets	178.6	207.9	230.1	265.5	302.9	15.4	14.1
Technical provisions	0.4	0.7	0.7	1.1	1.3	53.4	21.0
Liabilities	2.0	2.8	2.5	4.7	2.3	88.9	-50.5
Capital and reserves	176.2	204.3	226.8	259.7	299.2	14.5	15.2

Source: BNR, Monetary and Financial Stability Statement of 22 August 2019, p. 62

PERFORMANCE OF INSURANCE SUB-SECTOR

By end June 2019, total assets of the insurance sector increased by FRW 54.3 billion to FRW 477.3 billion (1.8 % of GDP). Assets of public insurers (RSSB- Medical and MMI) registered the highest increase by FRW 37.4 billion, compared FRW 16.9 billion for private insurers. Assets of the insurance sector were boosted by capital injections (FRW 4.3 billion) and retained earnings (FRW 50 billion). During the period under review, insurers increased their holdings of Government securities from 16% to 19% while deposits in Banks reduced from (47% to 39%). Insurers' substitution of deposits with government securities reflects Government's increased issuance of long-term, risk free, securities during the period under review.

Motor and Medical insurance premiums accounted for 61% of total premiums (FRW 25 billion out of 40.9 billion) registered by private insurers in HI 2019 and 74% of total non-life insurance premiums. The remaining 39% of private insurers' premiums came from property (7%) guarantees (4%), engineering (3%), accident and health (2%), transportation (1%), liability (2%, other non-life insurance products (3%) and life insurance products (17%).

Table 2: Performance of Motor Insurance Business

Description (FRW Billion)	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
Net earned Premiums	9.2	11.0	11.0	12.9	14.1
Claims incurred	6.0	9.8	8.8	8.7	7.4
Expenses	4.3	5.1	4.4	5.2	6.1
Net underwriting profit/loss	(1.1)	(4.9)	(2.2)	(0.9)	0.7
Key financial Ratios (%)					
Claims ratio (60%-70%)	65	89	80	68	52
Expenses ratio (<30%)	47	46	40	40	43
Combined ratio(<100)	112	136	120	108	95

II. OVERVIEW ON THE SPECIAL GUARANTEE FUND

The Special Guarantee Fund (SGF) is a public institution affiliated to the Ministry of Finance and Economic Planning with the supervisory role. It is headed by the Board of Directors with decision

making role and competency to approve the Guarantee Fund's general policy, budget and annual accounts, activities report, internal rules and regulations, administrative, accounting, budgeting and financial procedures for an efficient and transparent management.

SGF is led by the Director General with the role of coordinating all services in order to ensure the interaction and collaboration at all levels. He also represents the Guarantee Fund in its activities with partners, users of its services or to other administrative and judiciary institutions. In addition, the Director General acts as the secretary to the Board of Directors.

SGF is composed by two units each of which headed by a Director. Those units are namely Compensation Unit and Administration and Finance Unit. The staff that does not belong to the aforementioned units is under direct supervision of the Director General.

II.1 SGF MISSION, VISION, organization and functioning

The SGF has been established by the law n° 52/2011 of 14/12/2011 determining its mission, organization and functioning as follows:

II.1.1SGF mission:

- 1° To compensate victims of damages or injuries caused by an automobile where:
 - a) the automobile is not identified;
 - b) the civil liability is not covered by compulsory civil liability insurance for motor vehicles;
 - c) the automobile was stolen or taken away from its owner or driver or from any other person that has the right over the automobile;
- 2° Compensate victims of damages caused by wild animals;
- 3° Help in covering medical expenses for people injured or incapacitated by accidents caused by automobiles or animals while waiting for the person responsible for civil liability to be identified;
- 4° Collect comprehensive data on insurance for automobiles through insurance companies, the Rwanda Revenue Authority and other institutions, in order to know which automobiles are not insured so that, in collaboration with police organs, they can be removed from road traffic;
- 5° Participate in accident prevention activities;
- 6° Take part in activities meant to assist and advise the victims of the accidents mentioned in subparagraphs 1^o and 2^o of this Article when they claim compensation and thereafter.

II.1.2 SGF Vision:

To set road users and wildlife neighbors mind at rest and become a leading institution in this field in Africa.

a. SGF Principles and Core value:

PRINCIPLES	VALUES
Transparency and being accountable	<ul style="list-style-type: none"> • Openness: to communicate, consult and provide information timely;
Managing for performance	<ul style="list-style-type: none"> • Excellence and timely service: to deliver high quality of service, • Leadership: to set the direction, • Expertise: to develop necessary skills and apply them in a professional manner; • Effectiveness: to achieve objectives, • Efficiency: to achieve value for money, • Propriety: to ensure proper use of public funds, • Teamwork and innovation, • Trust and care • Encouragement
Developing our culture of service	<ul style="list-style-type: none"> • Commitment: To give our best • Integrity: To be impartial and ethical • Courtesy: To treat others decently • Responsiveness : To react to problems or claims and changing circumstances,
Living within our means	<ul style="list-style-type: none"> • Foresight: To forecast and plan ahead within available resources; • Partnership: To complement other government entities and private sector;

b. Overall Goals of SGF

1) To compensate effectively and efficiently victims of accidents and damages as defined by the law

- ✓ Improve claims management;
- ✓ Manage litigations and matters in disputes;
- ✓ Improve the investigation of claims;
- ✓ Implement MSGH;
- ✓ Build synergy with different stakeholders.

2) To develop a capable, efficient and responsive institution

- ✓ Enhance transparency, efficiency and good service delivery;
- ✓ Design an inclusive human resource management and development strategies;
- ✓ Design mechanisms to facilitate management decision-making (Design results-based management and evidence-based decision making mechanisms);
- ✓ Strengthen ICT;
- ✓ Promote cooperation with national and international institutions operating in insurance sector.

3) To become a proactive institution

- ✓ Set up a proactive insurance verification system;
- ✓ Build road accidents prevention strategy;
- ✓ Develop a fraud prevention strategy;
- ✓ Educate and sensitize the public on SGF mission.

4) To ensure its financial sustainability

- ✓ Optimize insurance premiums and audit regularly insurance premiums in insurance companies;
- ✓ Productively invest reserves;
- ✓ Recover SGF's money spent on accidents caused by 3rd party motor vehicles not covered by compulsory civil liability insurances;
- ✓ Reinsure the Special Guarantee Fund.

II.1.3 Organization:

a. The source of funds:

The property of SGF comes from the following sources:

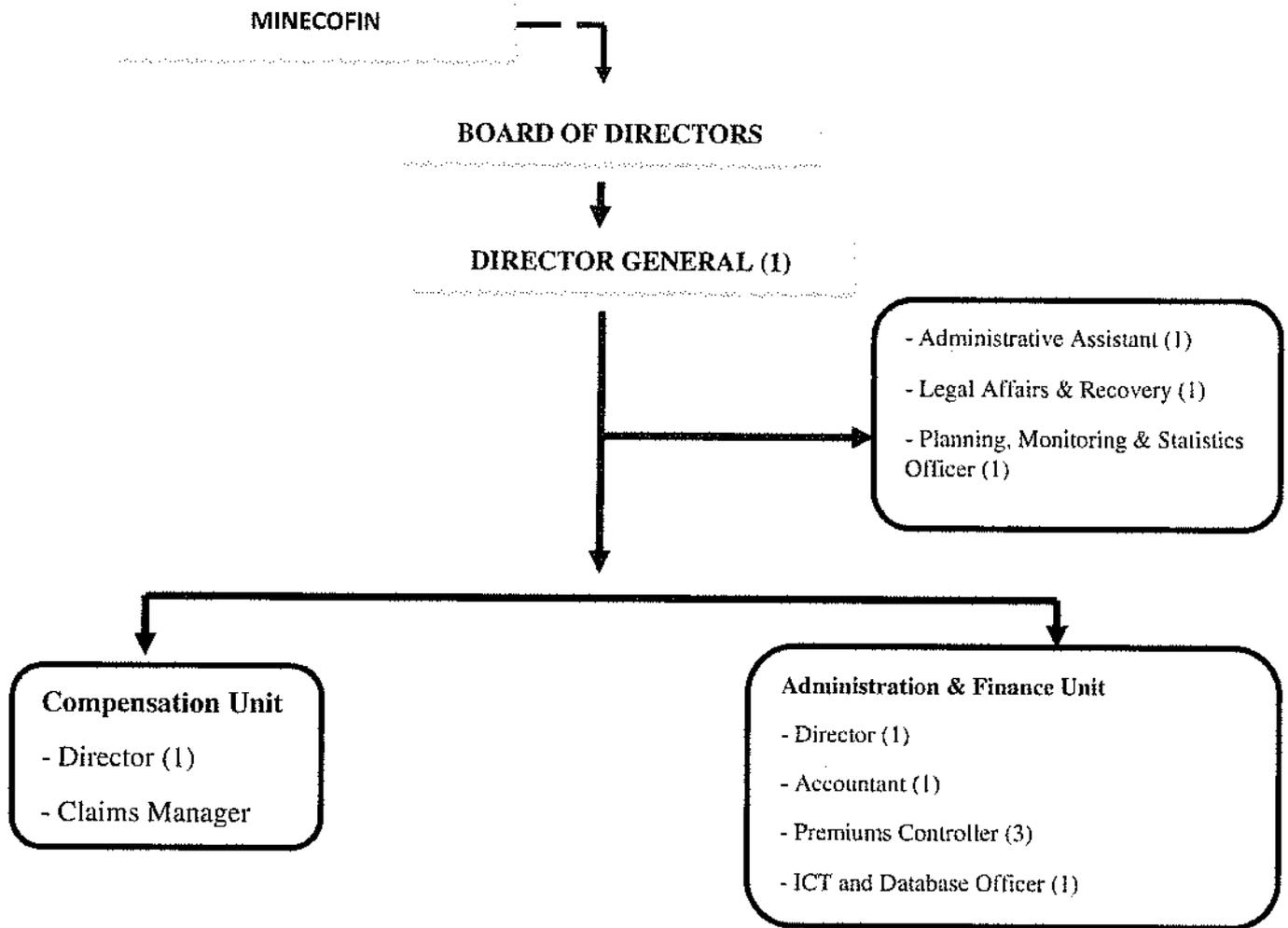
1. Ten per cent (10%) of insurance premiums for automobiles.
2. Five percent (5%) of gross annual income that the organ in charge of tourism gains from tourism activities.
3. Income generating activities, deposits in banks or in capital markets, and any other sources following a decision of the Board of Directors upon proposal by the head of the General Directorate;
4. Donations and bequests;
5. Loans granted to SGF upon approval by the Minister in charge of finance;
6. The state budget allocations, when deemed necessary.

b. Powers:

SGF has the power to:

1. Exercise control over insurance companies in relation to payment of insurance premiums for civil liability for motor vehicles;
2. Sell by public auction automobile which caused the accident if, after three months of notification, the owner fails to reimburse the money paid out by SGF. When the money from such a public auction is less than the amount to be recovered, SGF shall have the right to file the case in courts of law in order to obtain the remaining amount of money;
3. Sell by public auction the wreckage of an automobile for which compensation has been paid;
4. Request the insurance company of the automobile which caused the accident to reimburse medical expenses;
5. File a case in courts of law against any person responsible for damage or injury caused by an animal where after a month from the time of notification, he/she failed to reimburse the amount of compensation paid by SGF.

c. Current Organizational Structure



d. Current composition of SGF regulatory Board as of 30th June, 2018

Names	Photo	Board member profile
KAMPAYANA AUGUSTIN, CHAIRPERSON OF BOARD		DIRECTOR OF RURAL SETTLEMENT, RWANDA HOUSING AUTHORITY

Names	Photo	Board member profile
<p>MUKAKIMENYI VENERANDA, VICE CHAIRPERSON OF BOARD</p>		<p>GOVERNMENT AUDITOR, MINECOFIN</p>
<p>NKURUNZIZA MARK, BOARD MEMBER AND CHAIRMAN OF AUDIT COMMITTEE</p>		<p>CHIEF FINANCIAL OFFICER, RWANDA DEVELOPMENT BOARD (MTN)</p>
<p>DUSABE THÉOPHILE, BOARD MEMBER</p>		<p>MAINTENANCE PROGRAMMING SENIOR ENGINEER, RWANDA TRANSPORT DEVELOPMENT AGENCY (RTDA)</p>
<p>KARAKE DOREEN, BOARD MEMBER</p>		<p>DIRECTOR OF LEGAL AFFAIRS AND COMPANY SECRETARY, NGALI HOLDINGS LTD</p>

Names	Photo	Board member profile
<p>CP. RUMANZI GEORGE, BOARD MEMBER</p>		<p>COMMISSIONER FOR OPERATIONS, RWANDA NATIONAL POLICE</p>
<p>MRS. KAREMERA CLAIRE, BOARD MEMBER</p>		<p>FUNDS MOBILIZATION MANAGER, BRD</p>
<p>Dr. NZABONIKUZA JOSEPH</p>		<p>SGF DIRECTOR GENERAL</p>

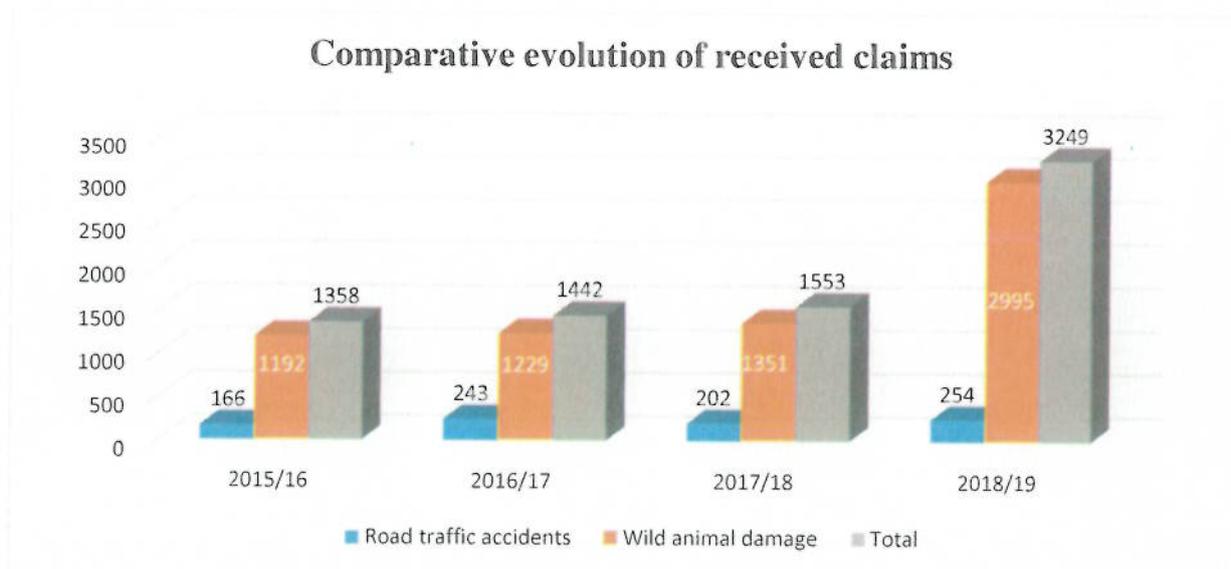
III. CLAIMS MANAGEMENT

Claims management constitutes the SGF core mandate which is to compensate victims of road traffic accidents and damages caused by wild animals. Claims management process includes claims reception and registration, eligibility analysis, investigation, provisioning, computation of compensation fees, transaction with claimants and payment.

III.1 NEW CLAIMS RECEIVED IN 2018-2019

During the year under review, a total number of 3,249 new claims have been received of which 2,995 were related to wild animals' damages and 254 to damages occurred in road traffic accidents. Compared to the year 2017-2018, the total number of new claims received increased by 52% attributed mainly to claims for wild animals' damages which increased by 54.8% compared to 20.8% increase of claims related to road traffic accidents.

Figure 1 Comparative evolution of new claims received, in number



It is worth noting that the increase of new claims for road traffic accidents received in 2018/19 is explained by an increasing number of bikers without third party insurance cover. For claims related to wild animals' damages, recorded significant increase in new claims received is globally explained by the population awareness about the SGF mission and activities. Particularly high increase of claims has been recorded in Kinigi and Rwimbogo sectors.

III.1.1 Road accidents' claims handling

In 2018-2019, 75 cases representing 29.5% of the total new claims related to road traffic accidents received have been reported as caused by non-identified automobiles, while 179 cases representing 70.4% of total new claims have been reported as caused by uninsured automobiles. By type of damages, 214 new claims received were related to body injuries and death while 40 were related to property damages. On average, SGF received 21 new cases of claims related to road traffic accidents per month; that is an increase of 23.5% compared to the year 2017-2018 where SGF received on average 17 new claims per month.

The table 2 shows that out of 115 new claims for road traffic accidents received in 2017/18 representing 45% of total new claims related to road accidents occurred in Kigali City. The Eastern Province comes in the second position with 57 new claims (22.4%) followed by Western Province with 32 new claims (12.5%), Southern Province with 29 new claims (11.4%) recorded and Northern Province with 21 new claims representing 8.2% of total.

Table 3 New claims for road traffic accidents received in 2018/19, in number

Place of accident	Non-identified		Non-insured		Total
	Property	Corporal	Property	Corporal	
KIGALI CITY	6	29	19	61	115
Gasabo	3	12	11	32	58
Nyarugenge	1	7	4	19	31
Kicukiro	2	10	4	10	26
SOUTHERN PROVINCE	1	8	1	19	29
Kamonyi	0	2	0	6	8
Huye	1	2	0	3	6
Nyanza	0	0	1	1	2
Nyamagabe	0	0	0	1	1
Muhanga	0	0	0	1	1
Ruhango	0	4	0	4	8
Gisagara	0	0	0	2	2
Nyaruguru	0	0	0	1	1
EASTERN PROVINCE	2	12	5	38	57
Rwamagana	0	2	1	5	8
Gatsibo	0	0	0	5	5
Bugesera	1	3	0	3	7
Kayonza	0	3	1	5	9

Kirehe	0	0	2	8	10
Ngoma	0	2	0	3	5
Nyagatare	1	2	1	9	13
NORTHERN PROVINCE	0	6	3	12	21
Gakenke	0	3	0	0	3
Gicumbi	0	3	0	6	9
Rulindo	0	0	3	4	7
Musanze	0	0	0	2	2
Burera	0	0	0	0	0
WESTERN PROVINCE	1	10	2	19	32
Rubavu	0	5	2	5	12
Karongi	1	1	0	4	6
Rusizi	0	0	0	5	5
Nyamashake	0	2	0	2	4
Rutsiro	0	0	0	1	1
Nyabihu	0	1	0	2	3
Ngororero	0	1	0	0	1
Overall	10	65	30	149	254

III.1.2 Wild animals' damages claims handling

During the year 2018-2019 SGF received 2995 claims related to wild animal's damages of which 2003 claims (66.8%) were from Northern province, 612 (20.4%) from Eastern province, 259 claims (8.5%) from Southern province, 120 (4%) claims from Western province and only one claim from Kigali city.

On the financial side, the largest share (50%) of wild animals' damages in compensation was paid in Eastern Province amounting FRW 124.5 million, followed by Northern Province with against FRW 95.7 million paid representing 38.7% of total amount paid for claims related to wild animals.

Table 4: New claims for wild animals' damages received and paid in 2018-2019

Province	District	Sector	Reported	Rejected	Paid		Average by claim
			Number	Number	Number	Amount	
	Musanze	Gataraga	339	6	277	10,197,391	36,814
		Shingiro	174	1	122	8,217,573	67,357
		Kinigi	1,187	85	821	49,752,783	60,600
		Nyange	154	8	136	17,612,808	129,506
NORTH		Musanze	2	0	2	93,000	46,500
		Cyuve	2	0	1	82,000	82,000

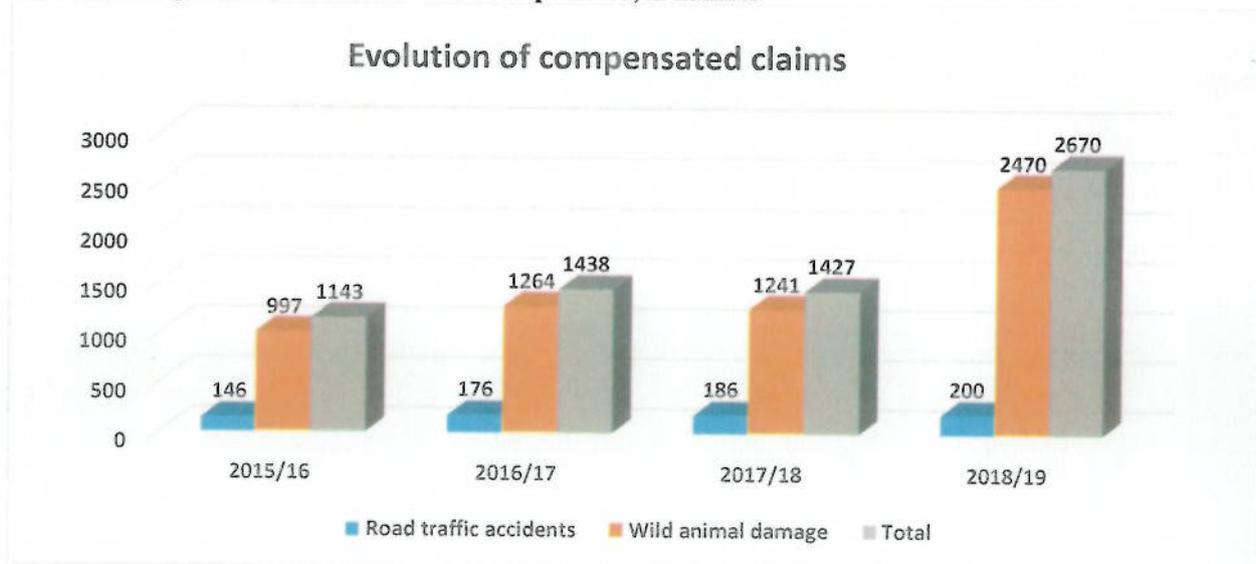
		Busogo	2	0	1	35,200	35,200
	Burera	Gahunga	20	0	20	6,031,272	301,564
		Rugarama	21	0	11	449,957	40,905
		Cyanika	102	0	120	3,284,145	27,368
S/Total	S/Total		2,003	100	1,511	95,756,129	63,373
SOUTH	Nyamagabe	Kitabi	175	8	196	11,883,711	60,631
		Gatare	11	0	9	484,429	53,825
		Muganza	2	0	2	180,000	90,000
	Nyaruguru	Nyabimata	22	0	15	1,050,000	70,000
		Ruheru	42	0	31	3,521,031	113,582
		Kivu	7	0	2	290,000	145,000
S/Total	S/Total		259	8	255	17,409,171	68,271
		Karangazi	36	0	29	15,820,126	545,522
	Nyagatare	Rwimiyaga	11	0	6	475,097	79,183
		Katabagemu	1	0	0	0	0
		Nyagatare	1	0	2	6,480,000	3,240,000
		Ndego	34	1	35	3,722,935	106,370
		Mwili	85	0	75	33,863,002	451,507
		Rwinkwavu	7	0	7	870,018	124,288
		Gahini	6	0	6	1,583,188	263,865
	Kayonza	Kabare	13	0	14	8,120,658	580,047
		Murundi	102	0	88	23,663,200	268,900
		Rwimbogo	94	4	90	10,002,204	111,136
	Gatsibo	Kiramuruzi	2	0	7	974,496	139,214
	Bugesera	Rweru	68	0	12	392,444	32,704
		Ririma	41	0	58	3,504,318	60,419
		Gashora	4	0	3	267,850	89,283
		Juru	22	0	64	2,030,105	31,720
		Mugesera	1	0	1	313,282	313,282
	Kirehe	Mpanga	6	3	28	4,255,594	151,986
		Nyamugari	24	0	24	2,460,233	102,510
		Nasho	32	0	34	2,357,883	69,350
		Mahama	11	0	23	2,059,379	89,538
	Ngoma	Kigina	1	0	1	253,750	253,750
		Rukumberi	9	0	9	844,395	93,822
		Rurenge	0	0	13	208,978	16,075
		Sake	1	0	0	0	0
S/Total	S/Total		612	8	629	124,523,135	197,970
	Karongi	Twumba	0	0	2	131,100	65,550
	Rutsiro	Nyabirasi	2	0	1	44,260	44,260
		Ruhango	2	2	3	407,850	135,950
	Nyabihu	Kabatwa	72	0	28	2,003,929	71,569
		Mukamira	6	0	0	0	0
WEST		Jenda	10	0	8	642,431	80,304
	Nyamasheke	Mahembe	1	0	9	901,585	100,176

		Bushekeri	5	0	6	430,435	71,739
	Rubavu	Bugeshi	5	0	5	526,276	105,255
		Cyanzarwe	0	0	2	4,088,792	2,044,396
		Busasamana	2	0	0	0	0
	Rusizi	Nkungu	14	0	11	482,492	43,863
		Nyakabuye	1	0	0	0	0
S/Total	S/Total		120	2	75	9,659,150	128,789
KIGALI CITY	Nyarugenge	Kigali	1	0	0	0	0
S/Total	S/Total		1	0	0	0	0
TOTAL	Total General		2,995	118	2,470	247,347,585	100,141

III.2 CLAIMS SETTLEMENT

During the financial year under review, on one hand a total number of 2670 claims have been effectively compensated of which 2470 related to wild animals' damages and 200 claims to road accidents claims. Compared to the year 2017-2018, the total number of claims compensated increased by 46.5% driven by claims related to wild animals' damages which increased by 49.7% to offset a decline of 7% recorded in claims related to damages caused by road traffic accidents. On the other hand, a total number of 158 Claims have been repudiated of which 118 are related to wild animals' damages and 40 to road traffic accidents.

Figure 2: Comparative evolution of claims compensated, in number



In addition to 81 claims pending by end 2017-2018, SGF received 254 claims related to road accidents in 2018-19 financial year, but 200 claims were paid, 40 claims were repudiated due to ineligibility while 131 claims were not yet settled by end June 2019.

As shown in the table 3 below 86% of claims compensated were related to corporal damages (injury and death) and 14% remaining were related to property damage. Among all 200 claims paid 140 claims representing 70% are accidents causes by non-insured automobiles and 60 claims representing 30% were caused by non-identified automobiles.

Table 5: Claims for road traffic accidents compensated in 2018/19, in Millions of FRW

Types	Damage		Non identified	Non insured	Total	Percentage %
Claims paid	Body injury	number	53	118	171	86
		amount paid	206,661,910	366,486,103	573,148,013	94
	Property	number	7	22	29	14
		amount paid	5,907,050	33,585,848	39,492,898	6
	Total	number	60	140	200	100
		amount paid	212,568,960	400,071,951	612,640,911	100

It is worth noting that repudiated claims were mainly due to delays in claims declaration and fraudulent cases. However, the number of repudiated road accident claims in 2018-2019 decreased by 17.5% compared to the previous year while repudiated claims related to wild animal's damages increased by 30.5% in the same period. This trend in repudiated wild animal damages claims is explained by overall big increase of received claims which more than doubled. As shown in table 5 below 84.7% (100 claims) of were originating from Northern Province.

Table 6: Claims for wild animals' damages repudiated in 2018-2019

PROVINCE	Number of claims	% of Total
NORTHERN	100	84.7
SOUTHERN	8	6.7
WESTERN	2	1.6
EASTERN	8	6.7
TOTAL	118	100.0

Figure 3: Comparative evolution of claims repudiated, in number

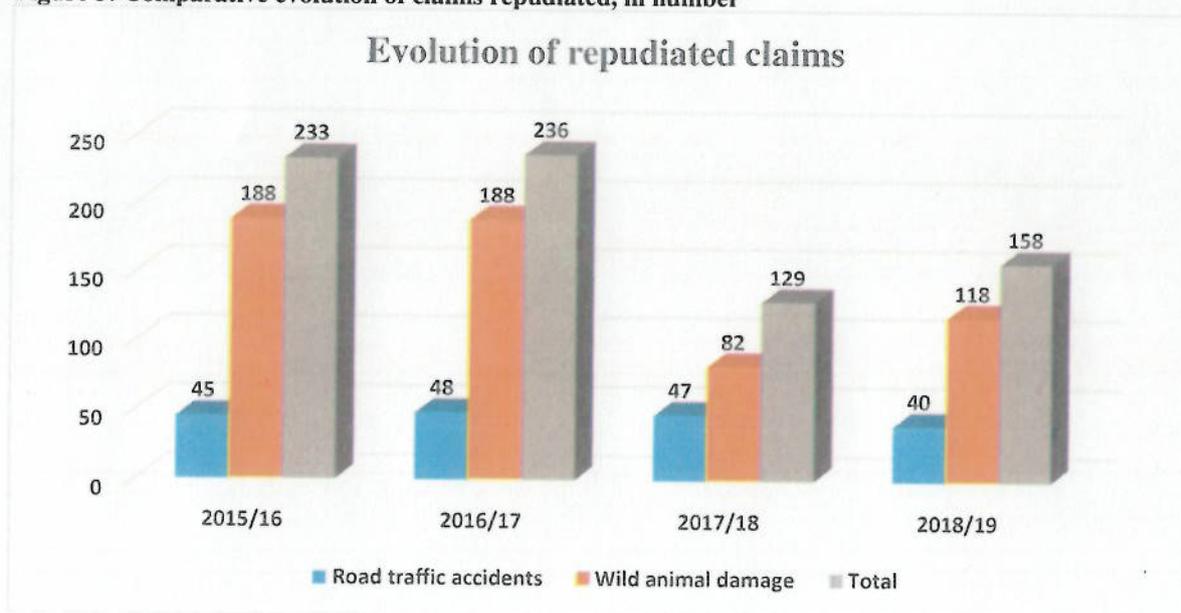


Table 7: Claims for road traffic accidents repudiated in 2018/19

Types	Damage		Non identified	Non insured	Other	Total	Percentage %
Claims rejected	Body injury	number	14	14	0	28	70
		provision	44,670,981	40,191,838	0	84,862,819	52
	Property	number	4	8	0	12	30
		provision	2,427,544	76,666,610	0	79,094,154	48
	Total	number	18	22	0	40	100
		provision	47,098,525	116,858,448	0	163,956,973	100

IV. CORPORATE AND SOCIAL RESPONSIBILITY AND AWARENESS

IV.1 Road traffic accidents prevention campaign

As it is part of its mission to take part in accidents prevention activities, the SGF awareness campaign has been raised through trainings that have been given to taxi motors drivers in 3 districts of Kigali city and the remaining provinces will be trained in the next Fiscal year and collaborated with RNP in the campaign of Gerayo Amahoro of preventing road accidents damages and SGF has participated in road accident prevention activity organized by MININFRA in

IV.2 Meeting with stakeholders

In December 2018, SGF has been engaged with some stakeholders including RNP and ASSAR to brainstorm on an important technology to be introduced for using DVCMS to help monitoring in real time driver's behavior in traffic with the objective of reducing road traffic accidents. In March 2018, SGF organized in Kigali a meeting gathering all agronomists and veterinaries from different sectors neighboring protected areas to review compensation tariffs to come up with an increase of 7.1% in average for crops and 11% for livestock, effective from April 1st, 2019.



Picture 1: Dr. Joseph Nzabonikuza addressing the meeting on compensation tariffs review.

IV.3 Sponsorship of social events

This year under review, SGF sponsored volleyball tournaments in a bid to raise public awareness on SGF mission, activities as well as road accidents prevention.

Picture 1 Sponsorship of Volleyball tournaments



IV.4 KWIBUKA 25

SGF staff visited Nyabihu memorial site to mark the 25th commemoration anniversary of the genocide against the Tutsi. At this occasion, SGF gave financial support to Nyabihu Genocide Memorial site for its daily maintenance and gave financial support to the needy genocide survivors selected by local authorities in Nyabihu district to buy cows for them.

Picture 2&4: SGF staff at Nyabihu Genocide Memorial site



IV.5 Awarding the best employee performer

Miss KAZENEZA Blandine Planning, Monitoring and Statistics Officer was selected as the best performer of the year 2018/19 and was awarded on 1st May 2019 (international Labor Day) at Nobleza Hotel.

Picture 3 Best performer of the year 2018/2019



IV. OVERVIEW ON ACHIEVEMENTS AGAINST SGF 2018/2019 IMIHIGO

Key SGF activities that have been conducted throughout the period from the 1st July 2018 up to 30th June 2019 were in line with concluded performance contracts with MINECOFIN, the line Ministry. The aim of all activities has been to achieve the SGF's core mission of compensating victims of road accidents and wild animal damages all other activities have been performed to support the core mission, directly or indirectly, in short or longer terms.

Over the year under review, out of 5 Board of Directors' performance contracts, 3 have been well achieved at an excellent level and 2 have been achieved in the range of good level.

With regards to detailed implementation of SGF business plan by units, out of 54 planned performance targets, 42 (77.7%) were achieved at excellent level, 8 (14.8%) achieved at good and very good levels, while 4 (7.4%) were not achieved mainly due to their cancelation following unexpected challenges.

II. THE SCORING APPROACH USED FOR ACTION PLAN EVALUATION- (MINECOFIN GUIDELINES)

GREEN COLOR: **ACHIEVED** – at least **90%** of the target has been achieved. This indicates that the activity has been completed at an excellent level.

YELLOW COLOR: **PARTIALLY ACHIEVED** – When the result is **between 50% and 89%** of the target. This indicates that the target is not achieved, but the achievement level has been in the range of good and very good.

RED COLOR: **NOT ACHIEVED** – When the achievement is **less than 50%** of the target. This indicates that the objective is not achieved due to internal or exogenous factors.

Table 8: Implementation status of 2018-2019 SGF Imihigo

No	Planned results for 2018/19	Baseline for 2017/18	Performance indicator	Actual achievements
1	100% of claims received fulfilling all requirements for settlement to be settled within required timeframe .	1)100 % of new claims received have been settled within 30 days i.e. claims settled by end June 2018 (including wild animals' damages and road accidents) in a total of new claims received by end May 2018 (including wild animals damages and road traffic accidents) within 30 days following fulfillment of all requirements for settlement	1) % of claims received that are settled within 30 days following the fulfillment of all requirements for settlement	86% of received claims i.e 2632 claims out of 2947 claims received have been settled within the required timeframe
2	Investment revenues to reach 183.8FRW Million by end June 2019 to reach	167.1FRW Million reached by end June 2018 which equals to 94.5% of the target for 2017/18	% change in investment revenues	104% increase in investment i.e FRW 192.1 Million achieved against FRW 183.8 Million planned for the whole year 2018/19.
3	25 % increase in recovered money i.e FRW 23.2 Million that SGF spent on accidents caused by uninsured motor vehicles responsible for accidents to be achieved by end June 2019	FRW 18.6 Million recovered in FRW 22 Million outstanding by June 2018 i.e. 84.9% of the target for 2017/18	FRW recovered in total outstanding amount to be recovered.	225% increase in recovered amount from debtors i.e FRW 54 Million achieved against FRW 24 Million planned for the whole year.

No	Planned results for 2018/19	Baseline for 2017/18	Performance indicator	Actual achievements
4	Financial statements audited and unqualified audit report for 2017/18 obtained	SGF obtained an Unqualified audit opinion for its 2016-2017 Financial Statements in the audit conducted by GPO Partners	Availability of an unqualified audit opinion on SGF financial statements	100 % achieved, unqualified 2017-2018 audit opinions obtained
5	100% of audit recommendations implemented over total recommendations	50% of audit recommendations are fully implemented i.e. 8 are fully implemented against 8 (50%) are partially implemented out of 16 recommendations	% of audit recommendations implemented	74% of audit recommendations have been fully implemented, 21% are partially implemented, 4% not implemented and 1 recommendation is not applicable.
6	Corporate social responsibilities and Public awareness activities conducted	2 social events organized by end June 2017 including Sponsorship of Rwanda Volleyball Federation and Support to the survivors of the genocide against the Tutsi in 1994 in Murambi sector.	Number of public awareness activities conducted.	<p>1. Meeting with agronomists occurred in March covered by the media by March 2019;</p> <p>2. The financial support of FRW 2.2 Million were given to Nyabihu Genocide memorial site and to some needy victims of the Genocide against Tutsi;</p> <p>3. The financial support has been provided to the Rwanda Volleyball Federation;</p> <p>4. The SGF awareness campaign has been raised through trainings that have been given to taxi motors drivers in 3 districts of Kigali city and the remaining provinces will be trained in the next Fiscal year.</p>

No	Planned results for 2018/19	Baseline for 2017/18	Performance indicator	Actual achievements
				<p>5. SGF has provided 3 Million to MININFRA as a financial contribution in road accident prevention;</p> <p>6. Meeting with some stakeholders (RNP and ASSAR) have been done and came up with a decision of start using DVCMS which will help to monitor the driver's behavior in the traffic which will help in reducing road traffic accidents.</p>

ANNEX.

Audited Financial statement 2018/2019

SPECIAL GUARANTEE FUND

Financial statements and Audit report

For the year ended 30th June 2019

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**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

CORPORATE INFORMATION

Directors

Mr. KAMPAYANA Augustin	Chairperson
Mrs. MUKAKIMENYI Veneranda	Vice Chairperson
Mr. NKURUNZIZA Mark	Member
Mrs. KAREMERA UWIMANA Claire	Member
Mrs GAHONGAYIRE KARAKE Doreen	Member
Mr. DUSABE Théophile	Member
CP. RUMANZI George	Member

Senior Management Functions

Dr. NZABONIKUZA Joseph	Director General
BUKURU Joseph	Director, Administration and Finance Unit
NIBAKURE Florence	Director, Compensation Unit
KAZENEZA Blandine	Officer, Planning, Monitoring & Statistics
REKAMUHINKA Jeanne D'Arc	Officer, Legal advisor & Recovery

Registered Office

Special Guarantee Fund
P.O Box 7359
Kigali-Rwanda

Auditors

GPO PARTNERS RWANDA LTD
KG 7Ave,
Aurore Building– Kacyiru
PO Box 1902
Kigali, Rwanda

Bankers

National Bank of Rwanda
BANK of Kigali
G.T BANK
COGEBANQUE
Banque Populaire du Rwanda
ECOBANK
I&M BANK Ltd
KCB Rwanda Ltd
Agaseke Bank
AB BANK Ltd

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 30 June 2019.

MISSION

The Special Guarantee Fund (SGF) is a public financial institution affiliated to the Ministry of Finance and Economic Planning and supervised by the National Bank of Rwanda. It is governed by the Board of Directors with decision making role and competency to approve the institution's general policy, budget and annual accounts, activities report, internal rules and regulations, administrative, accounting, budgeting and financial procedures for an efficient and transparent management. The daily Management is led by the Director General who represents the institution in its activities with partners and customers.

The SGF has the following missions:

1. To compensate victims of road accidents caused by an automobile when:
 - a) the automobile is not identified;
 - b) the civil liability is not covered by compulsory civil liability insurance for motor vehicles;
 - c) the automobile was stolen or taken away from its owner or driver or from any other person that has the right over the automobile;
2. To compensate victims of damages caused by wild animals;
3. To help in covering medical expenses for people injured or incapacitated by accidents caused by automobiles or animals while waiting for the person responsible for civil liability to be identified;
4. To collect comprehensive data on insurance for automobiles through insurance companies, Rwanda Revenue Authority and other institutions, in order to know which automobiles are not insured so that, in collaboration with police organs, they can be removed from road traffic;
5. To participate in accident prevention activities;
6. To take part in activities meant to assist and advise the victims of the accidents mentioned in sub-paragraphs 1^o and 2^o when they claim compensation and thereafter

DIRECTORS

The membership of the Board of Directors and Management during the year ended 30th June 2019 is set out on page 3.

AUDITORS

The term of the SGF's current auditor, GPO Partners Rwanda ltd, has come to an end in accordance with law No 7/2009 relating to companies. SGF is in the process of appointing another auditor.

BY ORDER OF THE BOARD OF DIRECTORS

Kigali, 31.../12/2019

Director General



**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

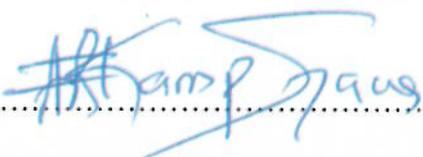
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The law N° 52/2011 of 14/12/2011 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society as at the end of the financial year and of the operating results of that year. It also requires the directors to ensure the Organisation keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation. They are also responsible for safeguarding the assets of the society.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and in the manner required by the law. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the society and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Organisation will not remain a going concern for at least the next twelve months from the date of this statement.


Director



Director

INDEPENDENT AUDITOR'S REPORT

To the Management of Special Guarantee Fund

Report on Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Special Guarantee Fund** which comprise the Statement of financial position as at 30th June, 2019, the statement of income and expenditure for the period from 1st July 2018 to 30th June 2019, the statement of change in equity and the statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the audited Financial Statements give a true and fair view of the financial position of Special Guarantee Fund as at 30th June 2019 and of its financial performance and its cash flows for the year then ended in accordance with organic law N° 52/2011 of 14/12/2011.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements (*in jurisdiction*), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparation of the financial statements, Management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are all required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with the governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify through our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independent, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For GPO PARTNERS RWANDA LTD



Patrick GASHAGAZA
Partner

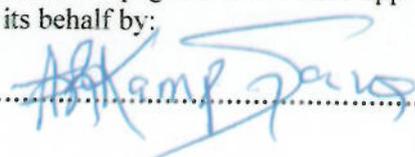
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**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

I.STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2019

	Notes	12 Months to 30/06/2019 <u>FRW</u>	12 Months to 30/06/2018 <u>FRW</u>
ASSETS			
Non-Current assets			
Property, Plant and equipment	3	145,431,267	145,024,082
Financial Assets	4	1,156,225,980	1,061,158,231
		<u>1,301,657,247</u>	<u>1,206,182,313</u>
Current assets			
Cash and cash equivalents	5	1,089,898,323	824,167,435
Trade and other receivables	6	1,742,493,802	1,507,146,367
		<u>2,832,392,124</u>	<u>2,331,313,801</u>
TOTAL ASSETS		<u>4,134,049,372</u>	<u>3,537,496,114</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Government of Rwanda	7	43,266,248	43,266,248
Prior year adjustment	8	1,251,673,398	964,439,467
Accumulated surplus		787,900,856	870,692,225
Retained earnings-surplus		465,665,949	-82,791,369
S/Total capital and reserves		<u>2,548,506,451</u>	<u>1,795,606,571</u>
Current liabilities			
Payables	9	36,060,761	48,424,033
Provisions	10	1,549,482,159	1,693,465,510
		<u>1,585,542,921</u>	<u>1,741,889,543</u>
Total Equity and liabilities		<u>4,134,049,372</u>	<u>3,537,496,114</u>

The Financial Statements on pages 9 to 22 were approved by the Board of Directors on 30/12/2019 and were signed on its behalf by:

Board Chairman : 

Director General: 



**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
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IL STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30th JUNE 2019

	Notes	12 Months to 30/06/2019 <u>FRW</u>	12 Months to 30/06/2018 <u>FRW</u>
Income			
Subscriptions from insurance companies	11	1,100,132,359	888,456,853
Revenues from Tourism Activities	12	964,242,437	682,624,538
Interests Revenues	13	187,550,965	165,367,528
Other Income	14	60,731,211	12,872,857
Total Income		<u>2,312,656,972</u>	<u>1,749,321,776</u>
Expenditure			
Compensation	15	1,211,377,097	1,321,028,681
Staff costs	16	296,631,675	264,832,070
Goods and services	17	322,690,305	226,131,342
Depreciation		16,291,946	20,121,052
Total expenses		<u>1,846,991,023</u>	<u>1,832,113,145</u>
Surplus for the period		<u>465,665,949</u>	<u>(82,791,369)</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

III. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30th JUNE 2019

	Share capital <u>Frw</u>	Retained earnings <u>Frw</u>	Total <u>Frw</u>
At 1 July 2017	43,266,248	1,754,422,814	1,797,689,062
Prior year adjustment	-	80,708,878	80,708,878
Surplus for the year	-	(82,791,369)	(82,791,369)
At 30 June 2018	<u>43,266,248</u>	<u>1,752,340,323</u>	<u>1,795,606,571</u>
At 1 July 2018	43,266,248	1,752,340,323	1,795,606,571
Prior year adjustment	-	287,233,931	287,233,931
Surplus for the year	-	465,665,949	465,665,949
At 30 June 2019	<u>43,266,248</u>	<u>2,505,240,203</u>	<u>2,548,506,451</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

IV. STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30th JUNE 2019

	12 Months to 30/06/2019 <u>FRW</u>	12 Months to 30/06/2018 <u>FRW</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus (deficit) for the year	465,665,949	(82,791,369)
Adjustment for:		
Depreciation	21,297,809	20,121,052
Prior year adjustment	287,233,931	80,708,878
Profit before working capital changes	774,197,689	18,038,561
Decrease/ (Increase) in receivables	(235,347,435)	(277,954,668)
Increase (Decrease) in payables	(156,346,624)	689,131,812
Net cash used in/from operating activities	<u>382,503,630</u>	<u>429,215,705</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(21,704,994)	(59,091,934)
Increase in Financial asset	(95,067,749)	(23,688,591)
	-	(89,000,000)
Net cash used in investing activities	<u>(116,772,743)</u>	<u>(171,780,525)</u>
Net movement in cash and cash equivalents	265,730,887	257,435,180
Balance at beginning of the year	<u>824,167,435</u>	<u>566,732,255</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE 2019	<u><u>1,089,898,323</u></u>	<u><u>824,167,435</u></u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
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Cash and cash equivalents

Cash and cash equivalents comprise cash and cash balances and call deposits with maturities of three months or less from the acquisition date are subject to an insignificant risk of changes in their fair value and are used by the company in the management of its short-term commitments.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available for sales financial assets are recognised initially at fair value plus any directly attributable transactions costs. Subsequently to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available for sale debt instruments are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified for profit or loss. Available for sale financial assets comprise equity securities and debt securities.

II. Non-derivative financial assets

The company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument. The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The company classifies on derivative financial liabilities into the other financial liabilities' category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

f) Receivables

Receivables are amounts due from insurers or persons responsible for the accidents against which SGF made payments to the victims. They also include premium subscriptions due from insurance premiums at the period end while other receivables represent advances to staff and interest receivables on T-bonds.

Receivables are recognised initially at fair value of the consideration paid to claimants and subsequently measured at cost less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that SGF will not be able to collect all the amounts due or when the timing of the receipts is expected to be significantly altered. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Revenue and expenditure.

**SPECIAL GUARANTEE FUND
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FOR THE YEAR ENDED 30 JUNE 2019**

g) Provisions

Provisions are recognised when: the organisation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

h) Employee benefits

The employees and the company contribute to the Social Security Fund of Rwanda, a national defined contributions retirement benefits scheme. Contributions are determined by the country's statutes and the Company's contributions are charged to the income statement.

i) Tax

The Special Guarantee Fund as a government entity established through an organic law is not subject to corporation tax on any surplus earned during the period.

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

3 Property Plant and Equipment

	Fittings	Computers	Total
	Frw	Frw	Frw
At 1 July 2017	49,958,664	139,397,841	189,356,505
Additions	9,060,000	50,031,934	59,091,934
AT 30 JUNE 2018	59,018,664	189,429,775	248,448,439
At 1 July 2018	59,018,664	189,429,775	248,448,439
Additions	2,966,812	18,738,182	21,704,994
AT 30 JUNE 2019	61,985,476	208,167,957	270,153,433
DEPRECIATION			
At 1 July 2017	(37,802,876)	(45,500,429)	(83,303,305)
Charge for the year	(7,614,016)	(12,507,036)	(20,121,052)
AT 30 June 2018	(35,976,276)	(67,448,081)	(103,424,357)
At 1 July 2018	(35,976,276)	(67,448,081)	(103,424,357)
Prior year Adjustment	(1,217,112)	(3,788,751)	(5,005,863)
charge fo the year	(7,343,640)	(8,948,305)	(16,291,946)
AT 30 JUNE 2019	(44,537,028)	(80,185,137)	(124,722,166)
NBV At 30 June 2018	23,042,388	121,981,694	145,024,082
NBV At 30 June 2019	17,448,448	127,982,820	145,431,267

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

4 Financial Assets

	12 Months to 30/06/2019 FRW	12 Months to 30/06/2018 FRW
Treasury bonds	916,414,640	916,414,640
ITERAMBERE investment	61,811,340	55,743,591
Investment in HORIZON	178,000,000	89,000,000
	<u>1,156,225,980</u>	<u>1,061,158,231</u>

5 Cash and Banks

Cash at Bank	640,756,423	675,988,695
Cash on hand	88,000	16,240
Treasury bills	249,053,900	148,162,500
Term deposit in BPR	200,000,000	-
	<u>1,089,898,323</u>	<u>824,167,435</u>

6 Trade and other receivables

Trade receivables	1,069,425,373	811,099,232
Recours	649,228,215	693,136,770
Prepayments	2,307,267	2,125,233
Interests on T-Bond	21,523,738	-
Other receivables	9,209	785,132
	<u>1,742,493,802</u>	<u>1,507,146,367</u>

The board of directors has approved to write-off doubtful receivable of Frw 548,587,458 in March 2019 and a receivable of Frw 508,775,692 in June 2017. The total amount of doubtful receivable written off as of 30th June 2019 was Frw 1,057,363,150.

7 Share capital

Own funds	<u>43,266,248</u>	<u>43,266,248</u>
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**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

8 Prior year adjustments

Prior year Adjustments	12 Months to 30/06/2019 <u>FRW</u>	12 Months to 30/06/2018 <u>FRW</u>
Opening Balance	964,439,467	883,730,589
Adjustment for the year	287,233,931	80,708,878
	<u>1,251,673,398</u>	<u>964,439,467</u>

9 Payables

Trade payables	31,786,360	45,389,852
PAYE payable	-	703,006
RSSB	-	108,321
Taxes payable	3,799,134	1,758,712
Withheld performance security	475,266	464,142
	<u>36,060,760</u>	<u>48,424,033</u>

10 Technical provision

Provision for road accident compensations	476,043,382	427,573,218
Provision for litigations	299,796,174	465,410,012
Provision for damages caused by animals	112,448,602	83,982,956
Provision for MSGH	11,965,786	23,362,554
Provision for bad debts (*)	649,228,215	693,136,770
	<u>1,549,482,159</u>	<u>1,693,465,510</u>

- To reflect the reality over hardly recovery of funds paid to a claimant for a non-insured vehicle, The Organization recognizes both receivable and a Provision for doubtful receivable at the time of payment. Thus, the balance of doubtful receivables reported represent 32% of total receivables.

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

11	Subscription from insurance companies	12 Months 30/06/2019 <u>Frw</u>	12 Months 30/06/2018 <u>Frw</u>
	SONARWA	118,364,900	115,575,208
	SORAS	214,284,143	235,183,130
	CORAR	33,163,543	48,698,379
	PRIME	145,049,957	62,649,719
	PHOENIX	78,452,979	76,851,334
	RADIANT	394,107,890	268,393,957
	UAP	45,113,107	43,062,454
	BRITAM	20,218,263	15,685,298
	BK INSURANCE	40,233,390	16,191,987
	MAYFAIR INSURANCE	11,144,187	6,165,387
		<u>1,100,132,359</u>	<u>888,456,853</u>
12	Revenues from tourism activities		
	5% Accrued revenue from Akagera Management	96,350,575	47,768,643
	5% Accrued revenue from RDB	867,891,862	634,855,895
		<u>964,242,437</u>	<u>682,624,538</u>
13	Interests Revenues		
	Interest from fixed deposits	49,330,180	40,517,945
	Interest from treasury bonds	115,259,988	115,260,000
	Interests from Horizon	12,912,689	3,961,311
	Interests from treasury bill	10,048,108	5,628,272
		<u>187,550,965</u>	<u>165,367,528</u>
14	Other income		
	Recovered from owners of uninsured vehicles	54,663,462	8,959,639
	Penalty on delay of supply	-	31,318
	Inflows from sale of tender documents	-	185,000
	Gain on fixed asset	-	8,309
	Revenue from investment trust	6,067,749	3,688,591
		<u>60,731,211</u>	<u>12,872,857</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

15 Compensation costs

	12 Months 30/06/2019	12 Months 30/06/2018
	<u>Frw</u>	<u>FRW</u>
Compensation due to automobiles `damages	890,207,380	1,077,311,919
Compensation due to wild animals `damages	310,190,476	212,539,810
MSGH expenses	10,979,241	31,176,952
	<u>1,211,377,097</u>	<u>1,321,028,681</u>

16 Staff costs

Salaries	144,435,199	140,258,184
Transport allowances	15,404,681	15,175,526
Housing allowances	20,972,189	19,934,390
Other benefits	16,784,071	16,556,261
Employer contribution to RSSB	9,311,728	8,863,786
Health insurance	11,010,455	10,465,605
Contractual staff	43,652,381	22,631,941
Lump sum payments	24,656,920	21,539,976
Beverages, tea and coffee	8,451,670	6,936,405
Team building and sports	545,809	2,469,996
Terminal Benefits	1,406,572	-
	<u>296,631,675</u>	<u>264,832,070</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

17 Goods and services	12 Months 30/06/2019 <u>Frw</u>	12 Months 30/06/2018 <u>Frw</u>
Rent	99,072,000	52,665,600
Advertising	-	2,119,280
Local travel	55,487,094	43,315,454
Legal Fees	753,000	386,110
Meeting Costs	20,393,290	7,442,066
Domestic Per diem	33,288,900	20,246,001
Fax & telephone	9,201,418	9,134,298
Consultancy	7,092,029	8,082,482
Stationery	20,792,200	11,953,425
Frais d`adhesion/membership fees	-	-
Internet Costs	5,428,333	5,373,176
Water & electricity	3,770,800	2,800,000
Domestic entertainment	85,300	250,900
Bank Charges	258,648	235,465
Journals & newspapers	484,027	390,115
Other expenses	4,390,128	1,955,394
ICT Equipment	2,100,000	224,029
Official	794,258	849,388
Insurance	-	625,889
Maintenance	4,991,988	4,491,371
Postage	116,400	80,800
Technical assistance remuneration	4,684,571	1,201,058
Withholding tax on term deposit	16,212,327	13,238,128
Equipment spare parts	6,455,429	1,873,317
Sponsorship	11,000,000	11,000,000
Capacity building	486,765	948,900
External buck up	384,972	320,810
Public relations and awareness	3,000,000	8,507,600
Promotion materials	230,000	250,000
Social responsibilities and membership fees	6,604,228	11,170,286
Road accident and other damages prevention	3,793,200	5,000,000
Codification fee of fixed assets	1,339,000	-
	<u>322,690,305</u>	<u>226,131,342</u>

**SPECIAL GUARANTEE FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUATION)

18 Contingent liabilities

Considering the requirement of National Bank of Rwanda as one of SGF regulators, there may be claims incurred but not yet reported (IBNR) which may lead to outflows of SGF economic benefits and which are estimated to 10% of the above first four provisions disclosed in note 16 detailed as follows:

	<u>FRW</u>
10% of Provision for road accident compensations	47,604,338
10% of Provision for litigations	29,979,617
10% of Provision for damages caused by animals	11,244,860
10% of Provision for MSGH	1,196,579
Total contingent liabilities	90,025,394

19 Reporting currency

The Financial Statements are presented in Rwandan Francs (Frw).

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Special Guarantee Fund
P.O. Box 7359
Kigali
Rwanda

*Seen on 31/dec/2019
→ JAF
Planning, Nds officer
Fyi and follow up
action. M ds*

December 30th, 2019

Our reference:
0219/SGF/OK/19

Dear Sirs,

Subject: Financial Statements and Audit Report and Management Letter for the year ended 30 June 2019.

Enclosed please find 5 copies of the Financial Statements and Audit Report for the year ended 30 June 2019 for Special Guarantee Fund. Also please find enclosed in the same package 3 copies of the Management Letter for the same period.

We avail of this opportunity to thank you for the confidence entrusted in us and reaffirm our commitment to always provide you with the best services which will always meet your full satisfaction.

Yours Faithfully,

For GPO Partners Rwanda Ltd

Patrick Gashagaza
Managing Partner

GPO Partners Rwanda Ltd
KG 7 Ave. - Aurore Building - Kacyiru
P.O. Box 1902 - Kigali - Rwanda
Company Code / V.A.T. : 100161492
Audit - Accounting - Tax - Consulting

SPECIAL GUARANTEE FUND
31 DEC 2019
FOR RECEIPT