

UNIVERSITY OF SAINT JOSEPH MBARARA



ENDOWMENT POLICY

JANUARY, 2023

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Policy Statement

This policy statement provides a framework for the management of the investable assets (“Endowment”) of the University of Saint Joseph Mbarara. This Policy sets rules and guidelines for the management, investment, and distribution of endowment funds. Its objectives and guidelines are intended to govern the overall management of the University’s endowment funds. The guidelines allow for flexibility and a process to capture investment opportunities, while prudently and carefully setting forth reasonable risk control parameters for the investment program.

The endowment capital is held and invested, and the investment earnings are spent for the purposes intended. Endowment funds are restricted funds which must be used in accordance with the purposes specified by donors or by the University Governing Council and are not available for use in support of general operations.

The investments of the Endowment will be diversified to help minimize the overall risk of the portfolio, unless, under the circumstances, it is clearly prudent not to do so.

This policy addresses the following issues:

- i. The oversight of the Endowment, goals and objectives of the Endowment and the investment program; and
- ii. The investment strategy including asset allocations, procedures and investment guidelines.

Goals and Objectives

The goal of the investment program for the Endowment is to provide a real total return from assets invested that will preserve the purchasing power of endowed capital, while generating an income stream to support the activities funded by the Endowments for the University.

Achievement of the real total return will be sought from a continuation of investment strategies, which provide an opportunity for superior returns within acceptable levels of risk and volatility. For the long term, the primary investment objective for the Endowment is to earn a total return, net of investment and custodial fees, within prudent levels of risk, which is sufficient to maintain in real terms the purchasing power of the Endowment, while providing annual support to various University programs.

Rev. Fr. Dr. Deus Karemire (PhD)
Vice Chancellor

1.0 VISION, MISSION, PHILOSOPHY AND CORE VALUES

The Archdiocese of Mbarara (AoM) started a university as part of its mission and mandate to establish educational institutions of different levels to share in the salvific ministry of Christ by being the salt and light to the world. The founders coined the name: University of Saint Joseph Mbarara (USJM), for the university from St. Joseph, foster father to Jesus and the patron Saint of the pioneer St. Joseph Technical School, whose tradition of hard workmanship and community responsive education, USJM is to uphold.

The personal qualities and values of St. Joseph, the worker, such as integrity, hardworking, commitment, are behind this tradition, and the University will uphold them. USJM aims at total orientation and focus on tertiary education that meets community needs and engineers' socioeconomic transformation. It delivers relevant, affordable, high quality, inclusive and community-responsive university education. The University of Saint Joseph Mbarara derives its vision and mission from the Christian understanding of the integral growth of a person.

- i. **Vision:** A leading center for integrated community responsive university education.
- ii. **Mission:** To provide holistic education for sustainable development.
- iii. **Motto:** Foster Excellence and Integrity (***Praestantia et Integritate Foveat***)

- iv. **Slogan:** For and With the Community
- v. **Philosophy:** Community-Responsive and Engaged university education
- vi. **Core Values**
 - a. God fearing,
 - b. Integrity,
 - c. Excellence,
 - d. Accountability,
 - e. Community responsiveness
- vii. **Objectives:**
 - a. To provide relevant university education.
 - b. To promote research and innovation among the students.
 - c. To nurture citizens of integrity and sense of common good.
 - d. To nurture students with demand-oriented skills.
 - e. To promote best practices in institutional governance.
 - f. To promote pastoral mission of the church

It is USJM commitment to encourage the development of each individual through education at all levels, stressing in particular the creation/promotion of an environment where intellectual and moral values are priorities. Since the person is at the Centre of all growth and development, both at individual and societal levels, all members of the community respect each other in an attempt to create an environment of openness and trust. The University is

committed to promoting justice, respect, solidarity, human rights, equality, and environmental protection, both in its own community and society in general.

1.2 DEFINITION OF TERMS AND ABBREVIATIONS

1.2.1 Endowment

An endowment is a fund where the principal amount is held for investment and the interest on the principal is available for spending as directed by the donor, or by the source of the original funds.

1.2.2 Donors

Individuals or entities that provide financial and or non-financial contributions to the endowment fund.

1.2.3 Trustees

The group of persons or legal entity responsible for oversight of the endowment fund.

KEY:

UGC: University Governing Council

USJM: University of Saint Joseph Mbarara

NCHE: National Council for Higher Education

USJMEP: University of Saint Joseph Mbarara Endowment Policy

EMC: Endowment Management Committee

USD: United States Dollar

M&E: Monitoring and Evaluation

1.3 University Profile

University of Saint Joseph Mbarara, a privately owned university was established in 2017 by the Archdiocese of Mbarara. The University is accredited by National Council for Higher Education (NCHE) to offer a wide range of programs and courses at undergraduate level. It has a dedicated pool of academic staff who offer quality education to students and engage in research in various fields.

The Board of Trustees has made significant investments in fixed assets (land, buildings, fixed equipment, infrastructure, and moveable equipment) to support the university's objectives in line with its mission and vision of teaching, research, outreach, and community engagement activities.

The University is committed to delivering high-quality education while also promoting and living by its core values. The curricula of the University, which are continually revised for the benefit of the changing needs of society, aim at developing professional people who will combine career competence with a strong sense of moral responsibility and the social values demanded by the challenges of the (changing) world today.

The size of an institution's endowment can be a reliable indicator of its financial viability because endowments are such a major aspect of educational institutions world over. By leveraging the accumulated endowment funds, they enable the university to finance both operating and capital development projects from sources other than tuition fees and assure a certain level of financial sustainability.

1.4 Policy

The management of the University of Saint Joseph Mbarara (USJM) and the Board of Trustees are both aware of the central role endowment funds play in ensuring the long-term sustainability of the Foundation's efforts to advance higher education as well as supporting the University in realizing a stream of cash flows in perpetuity and fulfilling its mission and vision. Management has developed this Endowment Policy to give guidelines on how endowment funds shall be managed, invested, and utilised.

1.5 Authority.

The Policy shall be approved by the University Governing Council who shall oversee the management of the endowment fund including the development of investment and spending regulations and procedures. The Committee of Finance, Planning and Development shall have direct responsibility for the oversight and management of the endowment funds and for the establishment of investment and spending policies and procedures. The Governing Council may establish one or more individual endowment funds (collectively referred to as (“the Endowment”), to be used in furtherance of its support of the University. It shall maintain control and discretion over endowment funds and shall ensure that the funds are used exclusively for the identified purposes.

1.6 Policy Objectives

The objectives of this policy are to:

1. Identify and mobilize funds for the benefit of the University
2. Provide guidelines for establishing, investing and managing USJMEF in such a manner as may from time to time be determined by the Board of Trustees in line with the university investment policy; and
3. Support implementation of selected University goals financially, including ~~scholarships~~ research,

infrastructure, teaching and learning materials, staff remuneration and activities that are aimed at attaining the objectives for which the University was established.

1.7 Scope of the Policy

This Endowment Policy is intended to provide long-term support for the attainment of higher levels of quality in teaching, research, capital development, increase support for needy students, initiate pioneering research, develop stronger teaching programs and invest in new technologies and innovations among others.

1.8 Citation

This Policy will be known as the University of Saint Joseph Mbarara Endowment Policy (USJMEP).

1.9 Types of Endowments we shall have

Endowment funds are invested for the long-term, with a prudent portion of investment returns distributed to support university programs and operations. There are four different types of endowments: unrestricted, term, quasi, and restricted.

- i. **Unrestricted endowments** are assets that can be spent, saved, invested and distributed at the

discretion of the institution receiving the gift.

- ii. **Term endowments** usually stipulate that only after a period of time or a certain event can the principal be expended.
- iii. **A quasi-endowment** is a donation by an individual or institution, given with the intent of having that fund serve a specific purpose. The principal is typically retained while the earnings are expended or distributed per specifications of the donor. These endowments are usually started by the institutions that benefit from them via internal transfers or by using unrestricted endowments already given to the institution.
- iv. **Restricted endowments** have their principal held in perpetuity, while the earnings from the invested assets are expended per the donor's specifications or Governing council discretion after thorough appraisal of the university priorities.

1.10 Institutional Mandate and Strategic Plan site

One of the university's mandates as stipulated by the Higher Education and other Tertiary Institutions Act, 2001 as amended is the advancement of knowledge

through teaching research and community engagement. The University's Strategic Plan 2020–2024 under strategic goal no. 4 identifies the need for Efficient and Sustainable Resource Capacity and Mobilization that aims at identifying, increasing and diversifying possible funding sources for the university. The resource mobilization to finance enhancement of current programs, and future development initiatives requires effective strategies of which the growth of the Endowment Fund is one of them.

1.11 Sources of Funds

The Catholic Church has a rich heritage that may attract many external groups annually to support development projects of the Archdiocese of Mbarara, University of Saint Joseph Mbarara being one of them. The following mechanisms shall be used to raise resources to support the endowment Fund:

- i. Specific Fund-raising campaigns. The Fund shall engage in several fundraising activities both from within and outside of the country
- ii. Specific Charitable donations

- iii. Contributions from alumni.
- iv. Pillars of USJM
- v. Board of Trustees contributions
- vi. 50 % of the development fee charged under functional fees paid by each student per semester. Each student shall pay UGX: 35,000 (thirty-five thousand shillings only) per semester as part of functional fees as their contribution to USJMEP. From students' collections. Initiary, the Fund will generate over UGX: 35 million (thirty-five million shillings only) based on 500 students.
- vii. 5 % of proceeds from university leases of its properties or any other understanding or partnerships between the university and other organizations/individuals or groups.
- viii. Any other income approved by Governing Council

All Endowment contributions shall be added to the fund with in five working days.

1.12 Management of Gifts received in Kind

In general, all in-kind gifts will be liquidated as soon as practical after receipt and added to the Endowment fund.

Any exceptions to this policy will be approved by the USJM endowment management committee. Exceptions require clear documentation of the rationale for the exception and require a plan outlining the long-term intentions for managing the in-kind gift or Separately Invested Fund on an ongoing basis.

1.13 Management of the Fund

The Fund shall be managed by selected members or committee known as USJM Endowment Management Committee (USJMEMC) approved by the GC. The following members are proposed to manage this fund:

- (i) One Member of Board of Trustees (AoM)
- (ii) Chair of the Finance Planning and Development Committee
- (iii) One member from University Governing Council from M & E
- (iv) The Vice-Chancellor
- (v) The Deputy Vice Chancellor
- (vi) The University Bursar
- (vii) One representative from the alumni.

1.14 Investment of the Funds

All investments shall be made in US dollars to minimize the risk of foreign exchange exposure and maintain stability. For the purpose of managing the Fund, an endowment account in US dollars shall be opened.

The fund shall maintain the following signing mandate: (Financial Administrator of Mbarara Diocese -**Principal signatory**, Vice Chancellor, and University Bursar as **alternate signatories**)

The funds will be invested in accordance with the existing University practices and strategies to best meet the Fund's objectives and to maximize benefits available from the endowed resources. The investment must be compliant with investment policy, all applicable trust fund laws and regulations.

1.15 Utilization of Funds

The purpose of the endowment is to provide funding in perpetuity for university programs. The amount of this funding each financial year will be in accordance with donor designated guidelines or by the Board of Trustees of the Fund as stipulated in this Policy,

Any utilization of the funds shall be done upon approval by the Fund Management Committee (Trustees).

1.15.1 Life Span of the Fund

The University Endowment Fund is an unrestricted endowment with perpetuity.

1.15.2 Review of the Policy

This Endowment Policy shall be reviewed after every three years or when need arises. Revision to this Investment Policy shall be communicated to and approved by the Governing Council.

1.16 Responsibilities of the Endowment Management Committee (EMC)

The primary roles of the Committee are:

1. Meet regularly to evaluate policy compliance, review progress in achieving the Endowment's goals and assess the effectiveness of the investment program.
2. Review and evaluate investment results in the context of predetermined performance standards.
3. Monitor and review annually the overall cost of the investment program
4. Periodically review the ability to meet the Endowment's spending policy.

5. Review the status of the purchasing power (unit values) of the Endowment on an annual basis
6. Establish and amend the Statement of Investment Policy and Objectives, including the strategic asset allocation.
7. Take appropriate action if objectives are not being met or if policy and guidelines are not being followed.
8. Comply with all applicable laws, regulations, and rulings that relate to the Fund's investment management process.
9. Establish and implement policies addressing issues that may result in perceived or actual conflicts of interest.

1.17. Investment of funds

Annually, a spending distribution will be made from the Endowment. The amount will be calculated in accordance with the Endowment Spending criterion.

Administrative Fees and Expenses. The investment committee may establish an administrative fee to be assessed to all endowments for only expenses that are appropriate and reasonable in relation to the assets and the skills available to manage the Fund.

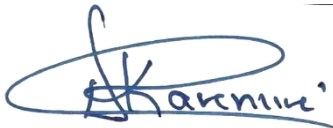
1.18 Reporting

Annually the Governing Council shall receive a report from Endowment Management Committee showing details of the investment earnings received during the year, distributions and the Endowment’s compliance with investment and spending policies including any changes that might have occurred on the Endowment. The Governing Council shall prepare an annual report to the Board of Trustees in respect to the status of the Endowment Fund.

This Endowment Policy has been approved by Governing Council and signed on this day of



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REV. FR. DIDO NSEKANIMANYA
Chairperson Governing Council



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REV. FR. DEUS KAREMIRE (PhD)
Vice Chancellor