

CALL FOR PROPOSALS

THE CONSULTANCY SERVICES TO CONDUCT A STUDY ON THE VALUATION PRACTICE IN RWANDA

PROCURING METHOD: National Open Competitive Bidding for Individual Consultants

1.0 INTRODUCTION

1.1 BACKGROUND

The Institute of Real Property Valuers in Rwanda (IRPV) was established by Law N° 17/2010 of 12/05/2010 establishing and organizing the real property valuation profession in Rwanda as published in Official Gazette n° 20 of 17/05/2010.

The legal responsibilities of the Institute are:

1. To analyze and find solutions to all problems related to the real property valuation profession.
2. To analyze and find solutions to all problems related to the conduct of real property valuers.
3. To exchange information related to the real property valuation profession.
4. To promote the real property valuation profession in Rwanda.
5. To prepare regulations and guidelines governing the real property valuation profession.
6. To prepare real property valuation standards.
7. To represent the interest of, and advocate for Real Property Valuers in Rwanda and abroad.

1.2 PROBLEM STATEMENT

Since its establishment, the Institute of Real Property Valuers in Rwanda has grown in terms of the number of registered valuers, services, partners, and stakeholders. Valuation services are mainly needed by financial lenders (commercial banks & microfinance institutions), insurance companies, bailiffs, government institutions for compensation during expropriation, among others. However, there has been increasing complaints from valuers, clients and stakeholders regarding valuation influence, bribery, valuation inaccuracy, valuation variance, lack of local valuation standards and practical guidelines to valuers, among others.

The concern originates from the availed process and procedures to which mortgage valuation practice is being implemented in Rwanda. When it comes to mortgage valuation practice in Rwanda, the main key players are IRPV, Central Bank, Commercial Banks, Microfinances and RDB.

As per the availed process and procedure, mainly initiated by banks and microfinance, panelist valuers who are in contract with any of among local financial institutions claim to be facing various obstacles of being pushed to be influenced, bribery, being pushed to work unethically, all originated from the availed process and procedure that gives the power the bank-staff together with his/her client to imposes their terms and conditions to the subject valuer who remain alone to be professional in-between the client who pays valuer's fees and client's provider, thus a bank staff. On the other hand, financial institutions claim a non-reasonable valuation variance and over-valuation issues evidenced in various valuation reports of valuers produced by IRPV members that misguide financial institutions in making security assessments. *Banks claim that sometimes valuers over value properties and these values are not realized during auction hence cheating the banks (Kigali Today, 15th June 2018). There malpractices coming in the Valuation profession confirmed by then PS MINILAF (The Inspirer, 18th June 2018). In 2023, Transparency International Rwanda in few sampled property auctioning cases found out that properties were sold at an average of 38% of their actual values (The NewTimes, 23rd November 2023). The most recent BNR's March 2024 Report on Challenges encountered during the forced sale recovery in Rwanda revealed that 52.2% of properties valued for auction had their values reduce compared to their values at mortgage registration.*

Despite the various measures taken by IRPV to address those ethical and practical problems, the issues regarding malpractice still prevail. There has never been a detailed study about general valuation and mortgage valuation practice in Rwanda. IRPV is seeking a holistic approach to address those problems and harmonize the valuation practice in Rwanda through a study that would uncover the root causes of those problems and recommend short-term, mid-term, and long-term solutions.

1.3. OBJECTIVES

The objective of the study is to analyze all aspects of valuation practice in Rwanda and highlight areas where there are malpractices, gaps, and recommend solutions. Specifically, the study will aim at the following:

- i. To discuss the theoretical and conceptual frameworks of valuation based on the existing literature.

- ii. To analyze valuation practice in Rwanda vis-a-vis the theoretical standards and best practices in other countries.
- iii. To identify challenges facing stakeholders in the valuation profession in Rwanda, i.e., Regulators, valuers, lenders, borrowers, insurers, and other users and beneficiaries of valuation services.
- iv. To propose solutions to challenges identified at each aspect of valuation practice in Rwanda.

1.4 SIGNIFICANCE OF THE STUDY

The comprehensive study on Valuation Practice in Rwanda with specific emphasis on mortgage valuation will be expected have a number of benefits to different stakeholders which include but not limited to the following:

- i. Identifying the existing gaps in the legal and policy frameworks governing Valuation profession in Rwanda and suggesting the possible changes in these legal instruments
- ii. Identifying different aspects of valuation practice in Rwanda including identification of the skills gap among valuers, the status of the available valuation standards and guidelines and recommending possible measures based on international valuation standards and best practice
- iii. Finding out the relationship between stakeholders and valuers regarding the mortgage valuation practice and recommending the possible best working relationships
- iv. Critically identifying the key challenges facing mortgage valuation practice and suggesting the roles of different stakeholders in addressing these challenges

1.5. SCOPE OF WORK

The scope of work is as follows:

- i. Undertake in-depth and breadth analysis of theory and practice of Valuation profession.
- ii. Critically evaluate the applicable legal and policy frameworks governing Valuation profession in Rwanda.

- iii. Broadly analyze different aspects of valuation practice in Rwanda, e.g., valuation approaches and methods, data availability and reliability, valuation standards, ethical standards, reporting standards, valuer-customer working relationships, among others.
- iv. Assessing the qualifications, knowledge, skills, experience and competence of certified valuers in various valuation competency areas
- v. Discuss the practice of mortgage valuation and associated challenges in Rwanda.
- vi. Involve all stakeholders in the study to solicit their concerns and suggestions towards improving valuation practice in Rwanda – Valuers, Council of Regulation of the real property valuation in Rwanda, the central bank (BNR), Bankers Association, Association of Microfinance Institutions, RDB, MINIJUST, Districts, insurance companies, Bailiffs, etc.
- vii. Prepare and present draft study report to the stakeholders, describing all challenges, proposed solutions, and guidelines to ensure quality, professionalism, transparency, comparability, and confidence in valuation practice.
- viii. Submit final study report validated by stakeholders and approved by the IRPV Board of Directors.

1.6 EXPECTED DELIVERABLES:

- i. Inception report (2 hard copies and a soft copy) detailing the proposed methodology and timelines.
- ii. Draft study report (4 hard copies and a soft copy) on the harmonization of valuation practice in Rwanda to be validated by stakeholders.
- iii. Final study report (4 hard copies and a soft copy). well bound and approved by the Board of Directors of IRPV.

1.7 REPORTING

The consultant will be reporting to the Board of Directors of IRPV and will be supported by the Executive Secretary on a day-to-day basis for any enquiries and guidance.

2.0 REQUIREMENTS FOR THE CONSULTANT

The Consultant must be an individual and not a firm and must have the following qualifications and experiences:

- i. The Consultant **MUST** have a PhD, or a master's degree with Seven (7) years of experience, in Real Estate, Land Economics, Economics, Real Estate Appraisal/Valuation, or Real Estate Business.
- ii. The Consultant **MUST** have published at least two papers in peer-reviewed journals in the areas related to the study.
- iii. The Consultant **MUST** have carried out similar studies for government institutions or other renowned organizations with at least three (3) good completion certificates.
- iv. The Consultant **MUST** prove that he/she has sufficient knowledge in real estate valuation or indicate that he/she has a valuation expert that will provide support. In the latter case, the Consultant must include certified degree certificates and CV of the proposed supporting valuation expert.
- v. The Consultant **MUST** be familiar with Financial Institutions in Rwanda. This must be proved with evidence of employment experience or any other engagement with financial institutions

3.0 EVALUATION CRITERIA

Proposals will be evaluated on the following criteria:

- Technical proposal (80%)
- Financial proposal (20%)

N°	Criteria	Marks
A	QUALIFICATION AND EXPERIENCE OF THE INDIVIDUAL CONSULTANT	70
	The Individual Consultant MUST have a PhD, or a master's degree with Seven (7) years of experience, in Real Estate, Land Economics, Economics, Real Estate Appraisal/Valuation, or Real Estate Business	20

	The Consultant MUST have published at least two papers in peer-reviewed journals in the areas related to the study	10
	The Consultant MUST have carried out similar studies for government institutions or other renowned organizations with at least three (3) good completion certificates	15
	The Consultant MUST prove that he/she has sufficient knowledge in real estate valuation or indicate that he/she has a valuation expert that will provide support. In the latter case, the Consultant must include certified degree certificates and CV of the proposed supporting valuation expert	20
	The Consultant MUST be familiar with Financial Institutions in Rwanda. This must be proved with evidence of employment experience or any other engagement with financial institutions	5
B	METHODOLOGY PROPOSED	30
	Suitability of Technical Approach and Methodology (understanding of the TORs)	20
	Suitability of Work-plan	10

4.0 DURATION OF THE ASSIGNMENT

The study will be conducted in 60 days starting from the day the contract is signed by both parties.

The consultant is expected to provide a detailed practical time frame for each of the expected deliverables in their submission of the technical proposal for better implementation and timely completion of the assignment.

5.0 PAYMENT SCHEDULE

1 st Payment	40 % upon submission and approval of the inception report (both soft and hard copies)
2 nd Payment	30 % upon submission and approval of the interim study report (both soft and hard copies).
3 rd Payment	30 % upon submission and approval of the

	final study report on harmonization of valuation practice in Rwanda (both soft and hard copies).
--	--

How to apply

IRPV invites eligible and interested companies to submit their applications by email on info@irpv.rw, including a technical proposal, financial proposal, copy of company registration certificate, CVs mentioning the profile of company personnel, before 5:00 PM, 25th July 2024.

Done at Kigali, 24th June 2024

John MUGISHA

Chairperson, Board of Directors